

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

DATE: Tuesday, June 14, 2022**TIME:** 10:00 a.m.**PLACE:** Nā Lama Kukui

560 N. Nimitz Hwy. Suite 200, Honolulu HI 96817

Virtual Meeting viewable at www.oha.org/livestream OR

Listen by phone: (213) 338-8477,

Webinar ID: 836 5298 6719

Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice. This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 836 5298 6719. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.

AGENDA**I. Call to Order****II. Public Testimony on Items Listed on the Agenda***

(Please see page 2 on how to submit written testimony or provide oral testimony online. Oral testimony by telephone/landline **will not** be accepted)

III. Approval of Minutes

A. May 31, 2022

IV. Unfinished Business - None**V. New Business**

A. ACTION ITEM RM #22-11: Approve the Awarding of 'Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

B. ACTION ITEM RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022

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

VI. Executive Session

A. Consultation with Board Counsel Robert G. Klein re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to executive session minutes, pursuant to HRS§92-5(a)(4).

B. Approval of Executive Session Minutes

1. July 22, 2021

2. August 3, 2021

3. September 14, 2021

4. January 25, 2022

VII. Announcements**VIII. Adjournment**



**STATE OF HAWAII'
OFFICE OF HAWAIIAN AFFAIRS**

If you require an auxiliary aid or accommodation due to a disability, please contact Everett Ohta at telephone number (808) 594-1988 or by email at: everetto@oha.org no later than three (3) business days prior to the date of the meeting. Meeting materials will be available to the public 72 hours prior to the meeting and posted to OHA's website at: www.oha.org/rm.

In the event that the livestream or the audiovisual connection is interrupted and cannot be restored, the meeting may continue as an audio-only meeting through the phone and Webinar ID listed at the beginning of this agenda. Meeting recordings are available upon request to BOTmeetings@oha.org until the written meeting minutes are posted to OHA's website.

†Notice: The 72 Hour rule, pursuant to OHA BOT Operations Manual, Section 49, shall be waived for distribution of new committee materials.

§ Notice: This portion of the meeting will be closed pursuant to HRS § 92-5.

*** Public Testimony on Items Listed on the Agenda must be limited to matters listed on the meeting agenda.**

Hawai'i Revised Statutes, Chapter 92, Public Agency Meetings and Records, prohibits Board members from discussing or taking action on matters not listed on the meeting agenda.

Testimony can be provided to the OHA Board of Trustees either as: (1) **written testimony emailed** at least 24 hours prior to the scheduled meeting, (2) **written testimony mailed** and received at least two business days prior to the scheduled meeting, or (3) live, **oral testimony online** or **at the physical meeting location** during the virtual meeting.

- (1) Persons wishing to provide **written testimony** on items listed on the agenda should submit testimony via **email** to BOTmeetings@oha.org at least **24 hours prior** to the scheduled meeting or via **postal mail** to Office of Hawaiian Affairs, Attn: Meeting Testimony, 560 N. Nimitz Hwy., Suite 200, Honolulu, HI 96817 **to be received at least two business days prior** to the scheduled meeting. Any testimony received after these deadlines will be 'late' testimony and will be distributed to the Board members after the scheduled meeting. **Due to COVID-19 office closure and limited in-office staffing, please do not fax or hand-deliver written testimony.**
- (2) Persons wishing to provide **oral testimony online** during the virtual meeting must first register at:
https://us06web.zoom.us/webinar/register/WN_jnzM2sseT2mh5nPGSVRcpg

You need to register if you would like to **orally testify online**. Once you have completed your registration, a confirmation email will be sent to you with a link to join the virtual meeting, along with further instructions on how to provide **oral testimony online** during the virtual meeting. The registration page will close once the Public Testimony* agenda item has concluded.

To provide **oral testimony online**, you will need:

- (a) a computer or mobile device to connect to the virtual meeting;
- (b) internet access; and
- (c) a microphone to provide oral testimony.

Once your **oral testimony online** is completed, you will be asked to disconnect from the meeting. If you do not sign off on your own, support staff will remove you from the Zoom meeting. You can continue to view the remainder of the meeting on the livestream or by telephone, as provided at the beginning of this agenda.

- (3) Persons wishing to provide **oral testimony at the physical meeting location** can sign up the day-of the meeting at the Nā Lama Kukui OHA lobby.

Oral testimony online or **at the physical meeting location** will be limited to five (5) minutes.

Oral testimony by telephone/landline **will not** be accepted at this time.

Please visit OHA's website for more detailed information on how to submit Public Testimony OR Community Concerns at: <https://www.oha.org/how-to-submit-testimony-for-oha-bot-meetings/>.

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

06/08/2022

Date

June 14, 2022 - Continued

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'āina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

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

May 31, 2022 1:30 p.m.

ATTENDANCE:

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

ADMINISTRATION STAFF:

Sylvia Hussey, CEO / Ka Pouhana / Administrator
Casey Brown, COO / Ka Pou Nui
Daniel Santos, IT
Grace Chen, FS
Kevin Chak, IT
Nietzsche Ozawa, Corporation Counsel
Ramona Hinck, CFO
Ryan Lee, Interim Investment Manager

EXCUSED:

Trustee Dan Ahuna
Trustee Keli'i Akina

GUESTS:

Thomas Williams, ERS Executive Director

BOT STAFF:

Crayn Akina
Melissa Wennihan

I. CALL TO ORDER

Chair Waihe'e calls the Committee on Resource Management meeting for Tuesday, May 31, 2022 to order at **1:30 p.m.**

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

MEMBERS			AT CALL TO ORDER (1:30 p.m.)	TIME ARRIVED
CHAIR	JOHN	WAIHE'E, IV	PRESENT	
VICE CHAIR	LUANA	ALAPA	PRESENT	
TRUSTEE	LEINA'ALA	AHU ISA	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	BRENDON KALEI'AINA	LEE	PRESENT	
TRUSTEE	CARMEN HULU	LINDSEY	PRESENT	
TRUSTEE	MILILANI	TRASK	PRESENT	

At the Call to Order, **SEVEN (7) Trustees are PRESENT**, thereby constituting a quorum.

EXCUSED from the RM Meeting are:

MEMBERS			COMMENT
TRUSTEE	DAN	AHUNA	MEMO – REQUESTING TO BE EXCUSED
TRUSTEE	KELI'I	AKINA	MEMO – REQUESTING TO BE EXCUSED

II. PUBLIC TESTIMONY on Items Listed on the Agenda*

None

III. APPROVAL OF MINUTES

A. May 3, 2022

Trustee Ahu Isa moves to approve the minutes of May 3, 2022.

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**.

							1:32 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA	1		X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA						EXCUSED
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY		2	X			
MILILANI	TRASK			X			
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 all members present vote 'AE (YES) and the **MOTION PASSES**.

IV. UNFINISHED BUSINESS

None

V. NEW BUSINESS

A. Administration Presentation re: State of Hawai'i, Employees Retirement System, Executive Director, Thomas Williams, Endowment Function

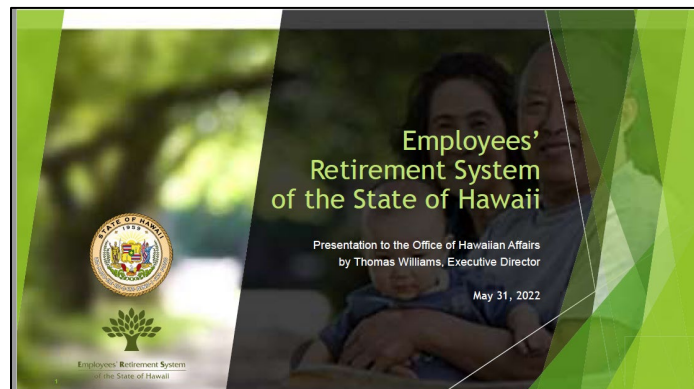
Chair Waihe'e turns it over to Ka Pouhana Sylvia Hussey.

Pouhana Hussey: Thank you, Chair. Trustees, we've invited the State of Hawai'i Employees Retirement System's Executive Director Thomas Williams. He'll be able to share some insights. You did receive the latest newsletter published by the ERS System, as well as a small slide deck. So, I will turn it over to Thom as this time.

ERS Executive Director Williams: I would like to begin by thanking the Chair, Vice-Chair, and members of the Committee on Resource Management, as well as you, Sylvia, for the invitation to have a conversation largely with the members of the Committee. I'm really, grateful for the opportunity to describe a little bit about how we're operating here at the ERS.

I think there are obviously, some substantial differences between our organizations, but some level of commonality as well. You may be aware that we've poached your guys, for several of our investment staffers, over the years.

For example, it's my understanding that our Deputy CIO, Howard Hodel may very well have served some number of years ago as a consultant for OHA. It's also my understanding that David Okamoto, served as one of your Chief Investment staff individuals and he is now responsible for our credit investments here at the ERS. We're delighted to have acquired those individuals and trust they served you well and we're the beneficiary of the experience that they've gained with you.



ERS Executive Director Williams: I want to say that the slide deck, is very elementary because I wanted to afford, an opportunity for us to chat. When Sylvia called me, she thought that might be the most important aspect of our discussions today. So, one of the things we wanted to talk about is the organization and I'm hoping that the organization chart that describes our structure is displayed here.

We are an attached agency to the Office of Budget and Finance. At the top there, we have the Office of the Director of Budget and Finance, I think many of you are aware that the ERS is a fairly unique organization, to the extent that we have the powers of a corporation.

ERS Executive Director Williams: So, our Board manages this organization. While we're attached, in fact, to the Budget and Finance agency, there is a level of independence from the agency that's fairly, unusual in the context of how the typical agency's structure works.

We do have a Board of Trustees, it's an eight-person Board of Trustees. The composition would represent three who are appointed by the Governor, two of which have to have some experience in banking or investments. A fourth person is the Director of Budget and Finance, who serves on our board as an *ex-officio member* because of his particular role. Then we have four elected Trustees, two of which are general employee population, one represents the teachers, and one the retirees.

At present, we have seven on our board. We have an opening that was not filled; at least not during this recent session. So, we're operating not at full capacity, but we have a very competent and engaged board.

Under that you see the Office of the Executive Director, I report directly to the Board and am responsible for all aspects of the organization's operation. The board tends to operate in the context of policy and strategic direction. Operationally, we tend to leave that to the Executive Director and to the Committees and we'll talk a little bit about the committee structure.

As you can see, under me, there's an Investment Operation there; I believe 10 individuals in our investment operation. It's fairly complicated, complex, global in nature, and we can talk in more detail about that, and I have a slide that illustrates the positions that are reflected there.

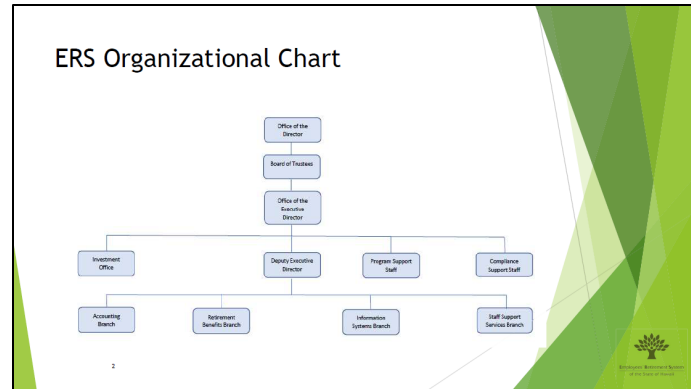
There is a Deputy Executive Director Kanoe Margol, many of you may know her.

Elizabeth Burton is our current CIO. Elizabeth actually has announced her departure, she's going to be leaving to head back to the mainland to spend some time with her family.

There's a program support unit, we call them Program Specialists. They are helpful in developing the strategic plan for the organization and ensuring its implementation.

A new position, we have a Chief Compliance Officer that was just filled this February, so that's a new role, but it's ensuring our compliance with a whole range of federal regulations, state regulations, IT requirements, and policies that our systems are updated; you name it.

Then below our Deputy Executive Director are all the operations, we have four primary operating areas. Our Accounting branch, our Retirement Benefits branch, those are the people who work with all of our members, are keepers of the records, and help pay out the benefits. There is an information services branch, our IT branch, and then there's something we call Staff Support Services and they're internal - providing mail delivery, scanning, and activities such as that.



ERS Executive Director Williams: Board of Trustees, I mentioned to Sylvia that about two almost three years ago, we engaged an outside consultant to review our board policies and practices to assure that they aligned with best practices for public pension plans.

As a result of that, we affirm our committee structure, and in fact the board has undergone some fairly significant policy changes since I arrived here just about six years ago. It's not uncommon that boards are active and hands-on in making a lot of decisions. Particularly in the investment arena, they used to select all of our investment managers - that's no longer the case.

That's not the best practice because typically, our board members are not as well versed in investment complexity as our professional staff, and what they've done is they've actually delegated the decision making, as it relates to our investment to staff, to me, and to the Chief Investment Officer.

The Chief Investment Officer reports to me, and we have several committees to which investment ideas are presented. They get approved at the Internal Committee level, then they come up to the Executive Committee that I chair, and we determine everything that goes into the portfolio; below 2% of the fund's assets. We're now at about 22-and-a-half-billion dollars in assets. They've grown substantially since 2015, when I came here; we had a great year. You probably read about it, I won't belabor the details of that, but it's helped our program in terms of its funding ratio.

Because of the way in which we spread our gains out, we have money set aside for the next four years. There's an actuarial strategy called *smoothing*, that they don't show all gains or losses in a single year - they're spread out over a period of four years. So, we've had a very good year and got a little bit of a buffer going ahead, it's only a couple of billion dollars.

The committees are the Investment Committee, Administrative, and Audit; much of the decision making has been pushed down to the committee level. Rather than decisions all being made at the board level at the board meetings, they're really being made at the committee level and reported to the board.

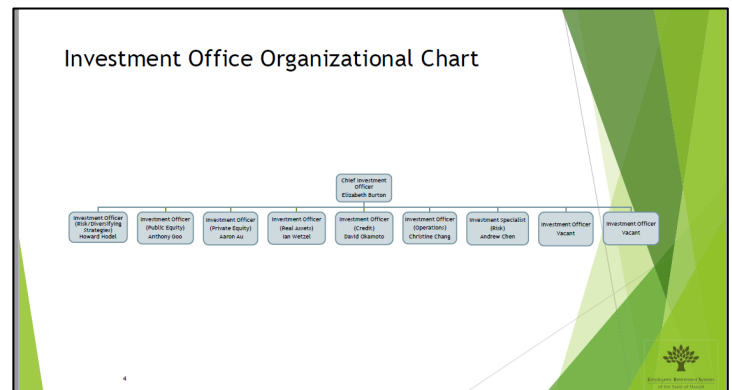
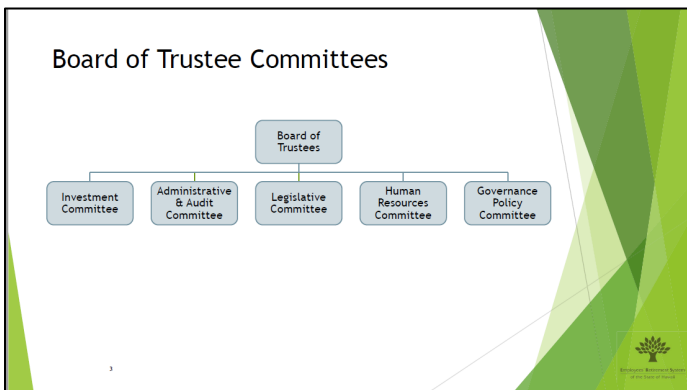
There are still a number of areas that require full board approval. For example, most of our activities operationally are approved in the committees and then brought forward to the board. So, the Administrative and Audit Committee looks internally to our operations. We provide very transparent reports on; the numbers of calls, the numbers of queries, the number of retirements, estimates that we're sending out, the things that we do well, the things that we don't do so well, and they monitor that on a monthly basis.

ERS Executive Director Williams: The Audit Committee, that's another function of the Administrative and Audit, they are responsible for both internal and external audit. If you're familiar, the State has an audit program that we all participate in, but we've had for some period of time an internal audit function that we actually lease out. We hire a local consulting firm, KMH, to provide those internal audit functions, because we couldn't get staff to do it. We can get the legislature to approve the budget necessary.

We have a Legislative Committee, which on an annual basis reviews our legislative proposals, as well as all of those that come from the legislature that affect our plan. We typically have one or two major pieces of legislation that we think are critical to the funding of the system, and then we have another 20 or 30 pieces of legislation introduced by others that affect us. This year was not unusual in that regard, as you all know, there were a number of bills proposed for teachers' salary increases. We think those are all wonderful things, but they all have implications for unfunded liability. So, we testify in relation to those impacts on our programs.

ERS Executive Director Williams: We have something called a Human Resources Committee. It was renamed; it was Compensation Review. It was initially responsible for reviewing and making recommendations as to the compensation for the exempt staff. We have about 130 employees total, only about 12 of which are exempt - that's the Executive Director, the CIO, and the investments staff. The rest of our staff, all of the branch chiefs that I alluded to earlier, are civil service employees.

Then there is a Governance Policy Committee, which is comprised of the Chairs of all of the Committees and the Chair of the Board, and it focuses on broad policy direction and governance.



ERS Executive Director Williams: Please, I want members of the committee or others who choose, to please interrupt at any time because this is going to be a very brief presentation. I really want to respond, more importantly, to your questions.

Our Investment organization is listed here, it's very flat. We'd like it to have a little more depth, but you know we really have challenges every year in getting approval for additional staff. It's extended this year because we got two people added, those two boxes on the far right, that are not yet filled because the fiscal year has been commenced, but that's our CIO.

We have functions like, Howard, for example, Deputy CIO is here on the left, he's our Risk Officer.

We also have Investment Officer, Anthony Goo who's responsible for public equities.

We have Private Equity, Aaron Au, I think, who was formerly with Kamehameha Schools.

ERS Executive Director Williams: We have Real Assets, that involves Real Estate and infrastructure, Farmland, those kinds of investments; Ian Wetzel is responsible for that.

We have Credit, David Okamoto, that's the private credit for the most part, not public credit.

Investment Officer for Operations, she's new, Christine Chang, just joined us in March of this year. It's a new position that was first approved in last year's budget.

We have an Investment Specialist who is actually a Civil Service individual who does a lot of our data and analytics, and the like.

So that's the outline of the investment operation.

We in fact would like to see a little more depth. We would like to have some analysts and people who could train and move into some of these roles. In fact, we have quite a bit of cross-training involved, even though they have their own target investment area. We try to get, for example, Christine to help in our diversifying strategies area, both liquid and illiquid investments, and I can talk a little bit about those later.

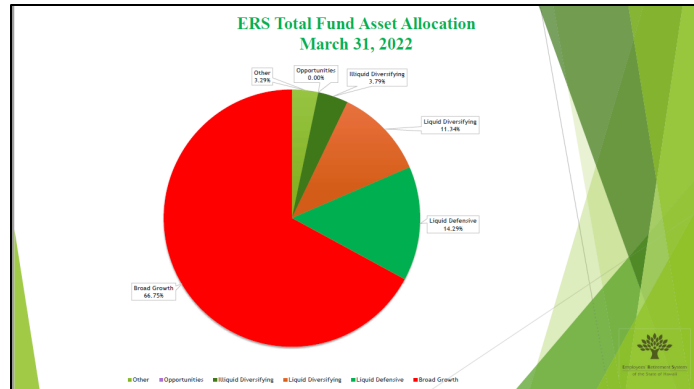
ERS Executive Director Williams: Not a terribly interesting slide, but this is the asset allocation. It shows that we are risk-focused, in terms of how we look at the plan. All of these investments, whether they're equity, private equity, real estate - falls into a risk category that we broadly look at as growth.

So, everything that provides return and an expansionary market, we have growth and that's where the greatest risk of the plan lies. In a 60/40 plan about 95% of the risk of the plan is to be found in the equity component and the growth component. We're trying to offset that, not that we don't like growth, but what we have is a modest funding level. We have a significant unfunded liability, \$14.2 billion is often largely from monies being skimmed away from the fund 20 to 30 years ago.

We would be fully funded otherwise, but with that level of funding ratio we're only 58.3% funded, so we have 58.3 cents for every dollar that we owe. We're targeting, trying to be fully funded, but that's going to be about 24 years from now - if all of the assumptions hold.

On the right, upper segment of this chart, are so called diversifying strategies and these are investments that are uncorrelated to the growth market. They tend to provide good returns when the other parts of the market, the equity markets, are declining.

Or this correlation, even some of these funds do well, even in these declining markets and we could go into some detail about that. It's actually worked for us in the first quarter of this year. Actually, much longer than that, but when the average public pension fund for the first quarter was down about 4%, we were down six basis points. So, we look for downside protection because that's our greatest risk, that we will deplete our assets. We're poorly funded, but as we move toward full funding, we will change the risk profile of our plan, but it takes a long time.



ERS Executive Director Williams: This is just where we're located. I think you all know, we're down in City Financial Tower, it's one of our real estate investments.

ERS - Oahu Office

- City Financial Tower
- 201 Merchant Street, Suite 1400
- Validated Parking in the building
- Ph. (808) 586-1735
- Hours: 7:45 a.m.-4:30 p.m. (Except Holidays)

ERS Executive Director Williams: These are offices that we hold - on the neighbor islands, we have staff on the Big Island, Kaua'i, and Maui and contact numbers.

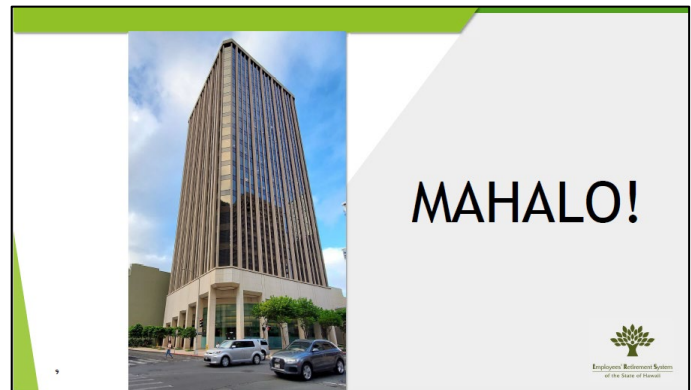
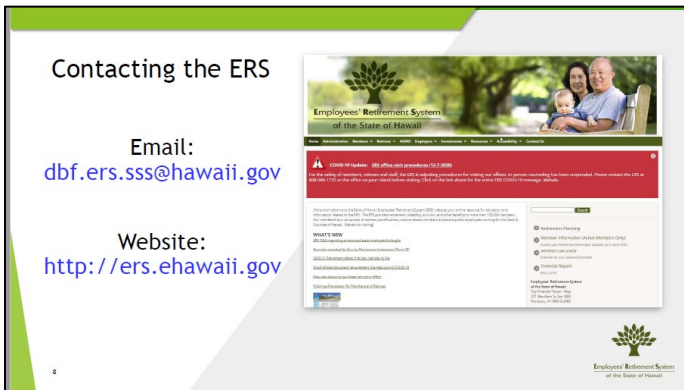
ERS Neighbor Islands - Hawaii, Kauai, Maui

Hawaii	Kauai	Maui
101 Aupuni St., #208 Hilo, Hawaii 96720 Ph. (808) 974-4074 (808) 974-4000 Ext. 61735 (toll free to Oahu)	3060 Eiva St., #302 Lihue, Hawaii 96766 Ph. (808) 274-3010 (808) 274-3141 Ext. 61735 (toll free to Oahu)	54 S. High St., #218 Wailuku, Hawaii 96793 Ph. (808) 984-8181 (808) 984-2400 Ext. 61735 (toll free to Oahu)

Molokai/Lanai members: 1-800-468-4644 Ext. 61735 (toll free to Oahu) or our Maui Office

ERS Executive Director Williams: Obviously, a lot of our members are serviced via the website and electronically. We're trying to increase the availability and content that is available electronically. We're not doing that to the exclusion of in-person service, but we just know we've got to be diverse in terms of how we serve our members. We want them to be served in the way in which they really, want to be served.

So, a very, quick overview. I hope it's been quick, and I really would just encourage any questions that you might have.



Chair Waihe'e recognizes Trustee Ahu Isa.

Trustee Ahu Isa: Hi Thom, Mr. Williams.

ERS Executive Director Williams: Thom is good, thank you.

Trustee Ahu Isa: I am a retiree, so I get your newsletter. I retired a long time ago from the University of Hawai'i. I talked to Senator Les Ihara about this, this is not only pertaining to this - because we are fiduciary trustees, and you folks got an exception from the sunshine law. *How did you get that?*

ERS Executive Director Williams: I'm not sure. *What exceptions from the sunshine law?*

Trustee Ahu Isa: When you meet, you don't have to discuss... you're exempt...

ERS Executive Director Williams: Not from the Sunshine Law.

Trustee Ahu Isa: Sylvia, you want to explain to him, Sunshine law.

ERS Executive Director Williams: Well, I think I know a little bit about Sunshine Law, but I don't think we're exempt in any way from it.

Trustee Ahu Isa: I looked it up and we were going to discuss it, because we're also a State department. Anyway, I just wondered how you got that, but you might not know how, probably way back when.

But yeah, I had a question about your liability. I know you're underfunded. When I was in the legislature, we took money and we're not supposed to and then that's where the lawsuit came with David Shimabukuro, because we took \$90 million that year to balance the budget from ERS.

Trustee Ahu Isa: You have here, the report - the latest *liabilities grew faster than expected due to salary increases larger than current expectations for the general employee group. Small gains were made for the special category group. So, you have two different groups you deal with?*

ERS Executive Director Williams: Yes, there are two large groupings, if you will. We call them *all other employees* and that's the vast majority of our membership. It's the legislature, the judiciary, city and county workers, the university employees, schoolteachers, it's everyone other than Police and Fire.

We from an actuarial perspective carve out Police and Fire because they have a significantly different benefit and liability structure than most employees.

So that's the two large groups, and what we find is that we look on an annual basis at the underlying activity.

- *Does salary grow as forecasted?*
- *Was inflation what we anticipated?*
- That the compensation, the numbers of people in the plan, we think that it will grow at a certain rate and if it grows under that rate, it means we get less money in.

So, we're on an annual basis looking at every aspect of a plan. So, we know where the salaries increase more than expected or less than expected and those represent actuarial gains or losses. They don't matter so much one year to the next, but they do add up over time and, over time, we tend to do an experienced study to validate our underlying assumption.

ERS Executive Director Williams: If we've assumed salary is going to go at 3%, on average, over a person's career - and we find out over the last 10 years it's been growing at 3.5%, then we change those assumptions. Those result in changes of the underlying financials, underlying liability, etc. We look at that each year. I wouldn't get particularly concerned about any one year or more. In prior years, the Police and Fire we're growing at a faster rate than general employees, because these increases have sometimes *deferred*, and they are resulting from collective bargaining; they get delayed.

But yes, that's absolutely right, we have two primary groups.

Trustee Ahu Isa: Sounds like a moving target. *Their contributions are different too?*

ERS Executive Director Williams: That's correct, 24%, they started in 2017. They moved up considerably to get us on track to full funding. They're now 24% for general employees by the employer, that is. And 41% for Police and Fire.

Trustee Ahu Isa: Wow, that's a lot.

ERS Executive Director Williams: It's a lot, yeah.

Trustee Ahu Isa: It's like a moving target, you can never say... and when the raises go up, the increase, inflation now, with the salary increases - yeah well, thank you very much.

ERS Executive Director Williams: I would just add, for example, when I mentioned legislation, there was a bill that I think did pass that would increase teacher compensation between \$7,700 and \$26,000 a year. Well deserved, I might add.

But that would have resulted, and will result in about 370 million dollars, of additional unfunded liability for us, because that is a salary increase that we did not factor in; we couldn't anticipate that.

We testify to the legislature that, to the extent they can, we would appreciate monies to offset that increase in liability, so that we might stay on track toward full funding. We are on track for 24 years. We reduced the period by two full years, last year, because we had the best returns in our 96-year history, quite frankly.

Trustee Ahu Isa: At 26.9%, congratulations.

ERS Executive Director Williams: Yeah, really, extraordinary for a public fund, thank you.

Trustee Ahu Isa: Thank you, Chair.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you. Chair. Thank you, Thom, for coming and speaking with us today. My question is kind of a general one. The Investment Officer Org. chart - I was just trying to put together the puzzle. So, it shows that you have the two vacant IO positions. *Are they IO-specific categories?*

Like the rest of them, I noticed they're very specific as to what their duties are for IO, and I know that you're cross-training, but their actual titles are very specific. Those two vacant spots, *do they have specific duties that you have in mind, or will it depend on who you've filled them with?*

ERS Executive Director Williams: This is going to be tough to answer, because we're undergoing some change here. As I mentioned earlier, our Chief Investment Officer has just announced that she's moving back to the mainland. That changes our prospect as to what we need to fill in, so they weren't pre-designated to any particular strategy, so to speak.

We have all of our strategies covered, but in some instances, we need more than one person on those because, for example, diversifying strategies represents at present about 35% of our portfolio and it's the most complex things that we do. So, to invest in a single individual with that responsibility is risky, but we don't control budget process, and whether we get the resources.

So, we're going to have someone help with the diversifying strategies portfolio. The answer, more specifically, *no*, we don't have ideas of where we'd like them to be deployed. Because of the changes that have taken place with our CIO - that changes the equation, a little bit for us, and the deputy actually will probably retire in a year-and-a-half. That's what has been communicated to us. So, we've got to be planning, and also likely elevates the importance for us to bring on people with substantial experience and skills.

We would like to bring some junior folks on and have them grow up through the organization, but we have our priorities in which we really need skilled experienced staff at present, as opposed to growing our own internally and organically.

Trustee Lee: Thanks Thom, that helps as I try to put together the puzzle.

ERS Executive Director Williams: Thank you, it is a puzzle, you characterized it accurately.

Trustee Lee: Thank you.

Chair Waihe'e: *Are there any other questions for Thom, members?*

There are no further questions.

Chair Waihe'e: Okay, hearing none, once again thank you Thom for attending and sharing all the information.

ERS Executive Director Williams: Well, it's my pleasure. Sylvia had a couple of areas that she mentioned compensation and those kinds of things. I won't bore you with those things.

The exempt staff, obviously the board, statutorily is given the responsibility for setting the pay for our Executive Director and all of our Investment Officers. They're not civil service, as I mentioned, and our people go through an annual, performance evaluation.

We don't get increases for inflation. We only get performance-based increases for those exempt employees. Let me just thank each and every one of you for the invitation. Should there be some opportunity for me to provide additional information, I'll be more than pleased to do so, and I want to applaud you, for the important work that each of you do for our State and for your organization, thank you very much.

Chair Waihe'e: Thank you.

ERS Executive Director Williams: Aloha.

Chair Waihe'e: Aloha nō.

Trustee Lindsey: Thank you.

V. NEW BUSINESS

B. ACTION ITEM RM #22-08: Community Based, Micro Kokua Grants

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

Pouhana Hussey: Thank you, Chair Waihe'e. Trustees, this are the grants that were part of the budget approval back in June. These were the Community grants that administration felt we wanted to bring forward so our communities could have smaller, granting opportunities closer to the ground, closer to the needs of the organizations, and our communities.

Pouhana Hussey: Like all things - the authority to grant is with the Trustees and has not been delegated, and so this is being brought forward. The one item, it is one item, and this is because we have through our beneficiary services and our communications group and beneficiary services, Huliamahe - they have gone out and sort of piloted the application and the scoring rubrics.

The Action Item does have a couple of applications that were submitted. You will also see the scoring rubrics that are there, and then the recommendations are being brought forward. So, at this time, Administration is just bringing forward one item, but if the Board approves of this, then we will broadly announce this to our community and let them know how to access, and the criteria for which access too - that will be made.

If there are any questions, we are here. Of course, Grace, our Financial Analyst whiz, who knows all things of the budget, as well as CFO Mona are here, to answer any questions regarding the item.

Chair Waihe'e: *Are there any other questions on this grant, or the micro grants in general?*

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Chair. Sylvia, if somebody could go over a scoring rubric with us, I tried to go through it, but the printing was really, really small and it was a little difficult to follow, at least for me.

Pouhana Hussey: Okay, kala mai. So, for Trustees that would be attachment C-2 of the Action Item. So, the scoring rubric starts off, whether there is a demonstration of the effective outreach plan.

- *Does this particular project meet all of our criteria in terms of broad partnerships?*
- *Does it provide evidence of partnerships and collaborations in the Community?*

So those are the first two criteria on the top, the second section is about building, kala mai, let me start back on C-1, I jumped to C-2.

Pouhana Hussey: C-1, the very top is aligned to scoring, that is similar to 'Ahahui grants. So, the beneficiary services took the 'Ahahui grant scoring rubrics and aligned it to make sure that we were scoring these in the same kinds of categories - when they do an 'Ahahui event grant at \$10,000.

So, same rubrics, just smaller amounts. Then you can see the points that are put in for scoring, and what is currently - is that these are scored by beneficiary services agents, who are there and make recommendations. So, people who are familiar with the applicant with the event that is being asked, as well as two others from another community to give an additional perspective. So, there are three scores in each of the applications. Then they average the score and make recommendations regarding that.

So, you will see that the four areas are:

- I. Alignment to an OHA Strategic result and grant purpose,
- II. Impact and benefit in the Native Hawaiian Community,
- III. Whether this event is for building Community opportunities, and
- IV. Whether there's relevance, reasonableness, and the appropriateness of the budget items.

Pouhana Hussey: In the budget items, they again aligned to the 'Ahahui grants, to ensure that allowable or disallowable kinds of expenditures are aligned. There are some additional items that they considered. 'Ahahui, in general, does not support large food-kind of purchases, but in a small community-based event, a modest contribution to food or for any kind of mea 'ai associated with the Community event was considered a part of the support there. So those four items are the overall scoring categories.

Trustee Lee: So, the one micro grant that we're being asked to approve today for Moloka'i Youth Cadet Leadership Program, what was their... because the sheet that we have here - *this is a template correct?*

Pouhana Hussey: Correct

Trustee Lee: So, *what was their score?* I guess that's where I was confused. When I initially was looking at this, I thought this was their scoring sheet. So, I was like; *how come everything is zeroed?*

Pouhana Hussey: Oh yeah, sorry. Let me pull that up.

Trustee Lee: *Is that in our packet, did I miss it?*

Pouhana Hussey: No, you did not. Attachment C is just the template, let me pull up the actual scoring.

Trustee Lee: I understand, this is a pilot, but just so we as Trustees have a template going forward. Like okay, so the pilot one we approved, assuming we approve it, this was their score, so we have something to go by, for future ones coming forward.

Pouhana Hussey: I have the individual score sheets from each of them and then, of course, the average. So, one score was 72, one score was 73, and one score was 90.

One of the things you point out Trustee, is that we should have a minimum score of qualification and quality, if you will, but both of the scores 73, 74 and then 90. So, the average of the three would be the ultimate score for this one application.

Trustee Lee: So, the three individuals scored on their sheet and then we took the average, and that's how we came up with...

Pouhana Hussey: Yeah, and to your point, we should put in a minimum range score of quality.

Trustee Lee: That seems like a pretty big... two of them were 72 and 73 which sounds okay, and then one was 90, that's a big disparity.

Pouhana Hussey: Another point in that - is about in education, we call it inter-rater reliability. What did one rater review and see that others did not. And so, while you could average the score, it would have a little more conversation about what did one reviewer see that others may not have seen in that. So that would be a process improvement.

Trustee Lee: Thank you, Ka Pouhana. Thank you, Chair.

Chair Waihe'e: Thank you.

Chair Waihe'e: *Are there any other questions, members?*

There are no further questions.

Chair Waihe'e hearing none we can get a motion.

Trustee Lindsey moves to approve a community based, micro Kokua grant in the amount of \$1,000, for the Moloka'i Youth Cadet Leadership Program, sponsored by the Moloka'i Community Service Council, from FY 2022, Program 3800, Object Code 56560 – Sponsorships, at Attachment A.

Trustee Alapa seconds the motion.

Chair Waihe'e asks if there is any discussion.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr. Chair. When I read through the Action Item, I was impressed on what, well I'm also familiar with what the program does, but what I didn't find in there, and I'm just curious if anybody in Administration has this information.

What is the percentage of Native Hawaiian participants to the overall program?

Pouhana Hussey: We will find that. I don't know that offhand, but just given the population of Moloka'i, the service is likely to be very high. I think it's in their application.

Trustee Lee: The only reason why I ask Ka Pouhana is Administration has asked this question in other meetings, of other entities, that have come before. So, I think it's fair that we ask that question here as well.

Pouhana Hussey: So, their application indicates that 10 students will be chosen to enroll in this program and given that the percentage of Moloka'i Native Hawaiians - it's highly likely that the 10 will be Native Hawaiians in that community, but the number is 10 in their application for this program, for the summer.

Trustee Lee: Right, I saw that they were going to be seeking out 10 applicants, but I didn't see that they were specifically going to be asking for 10 applicants of Native Hawaiian background; so, we don't know. There is, I'm not saying this is going to happen, but there is a possibility that the 10 applicants for this micro grant are not Native Hawaiian.

Pouhana Hussey: It is possible, but highly not probable. *Right?* Because there's such a high percentage, but yes, it is possible.

Trustee Lee: I agree that it's highly improbable, but our detractors out there, they're not going to point that out. They're going to point out that the Office of Hawaiian Affairs gave out a micro grant for \$1,000 without knowledge of whether-or-not that the recipients of this micro grant are Native Hawaiian or not and that's my concern.

Pouhana Hussey: In the same reporting, as we do with the others, we ask them to report the actual event outcome, but to your point - going ahead in the program...

Trustee Lee: Sure, right, we would expect that, but at that point, when we get that report back, the money is expended...

Pouhana Hussey: The other hand, \$1,000 in total of their program budget is also proportionate to our contribution there.

Chair Waihe'e recognizes Trustee Trask.

Trustee Trask: I just wanted to make a comment. I think that what Trustee Lee is raising is something that we should not let fall through the cracks, *yeah?*

We are where we are, but in the future, I would like to suggest that we at least determine if funds going out, whether it's a big grant or not, that we determine that there are native beneficiaries that are on the recipient end.

I'm not looking to count numbers, but I think it's a very, good point because, as a body we're looking after native assets, and we're allocating them to native programs. So, we need to make sure, because if this is not occurring, someone will raise it and when they raise it in a negative way, it will be to the detriment of everything else that we do.

So, it's just one of those things that we need to make sure we ask - that question going in - but I think it's a very good point.

I also just wanted to comment that, I know that when we got the micro grant, when I looked at it, I was a little bit surprised, because I thought that we're going to be looking at all the micro grants, and not just the one for Moloka'i Youth.

When I looked at all the sponsorships, I wasn't sure. *Are we considering those micro grants too?* I mean - it's a question for clarification.

Pouhana Hussey: Chair Waihe'e, in response to Trustee Trask's question, this particular Action Item is just for that one line. The Board approved the overall budget line, but this is the actual awarding for that.

And the feedback that you're providing now - we'll make sure that when we launch that, we will ensure that the ask of the percentage that your serving, is on the front end of the application, as well. This is to ensure to answer that question on the front; better than the back end. Those are points that we will pick up in implementing the pilot.

Trustee Trask: Thank you.

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

There is no discussion.

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

							Motion: 2:10 p.m. Vote: 2:15 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA						EXCUSED
VICE-CHAIR LUANA	ALAPA		2	X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				7	0	0	2

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

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

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V. NEW BUSINESS

C. ACTION ITEM RM #22-09: OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23) – Realignment #3

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

Pouhana Hussey: Thank you, Chair. We'll ask Grace and CFO Hinck, to also put their cameras on to engage in any questions.

Trustees, as you recall, or may not - budget realignments occur. The Board approves the budget at the end of the fiscal year and then during the year when there are adjustments to the budgets, Administration brings back those adjustments to the Board.

This year has been a particularly, busy year, in addition to commercial property acquisitions, reacquisition, realignment, and refinancing, Administration has brought a number of budget items to you for both core and non-core.

This budget realignment #3 is what we would call sort of the normal budget realignment, and that's to take all of the lessons learned, all of the spending, all of the non-spending and be sure that we can make recommendations for future spending.

Pouhana Hussey: Because the Board approved the multi-year budget policy last month, that policy allows for moving budget authority from one fiscal year to the next fiscal year, and then always being mindful of ensuring that we don't exceed any spending authorities for that year.

So, in essence, this is what this budget realignment is, it's this close to the end of the year, so that we have as much information as we have. We basically have, first through third quarter, through March, of all the spending, all the encumbrances, all the unspent, particularly with the grants, with the solicitations.

In addition to new solicitations, Grants program staff are closing out old grant awards, so there are some that have finished their grant and there are dollars leftover. There are at least two grantees who have declined awards because of other reasons, and so the settlement, if you will, of grant authority dollars, then frees up additional dollars for that awarding.

In addition, on something like BOT and CEO sponsorships, of about \$200,000 each year, that is still on moratorium, and so those amounts are able to be reallocated to other sponsorships or other granting authorities. But with the moratorium and the Board's, Ad Hoc committee's work still to be done, Administration is recommending that those authorities be pushed into fiscal year 2023.

Administration makes these recommendations, based on, that these are trust funds. These are up to the Trustees to decide how best to utilize the budget authorities, as well as part of planning as well.

Pouhana Hussey: So, with that Chair Waihe'e, we're here to answer any questions from Trustees.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr. Chair. Ka Pouhana, I was going to wait until later in the meeting, but since you brought it up now - about the work yet to be done by the ad hoc committee. My staff has been researching that ad hoc committee and we've actually gotten three different answers. *So, who's chairing and who sits on the ad hoc committee now?*

Pouhana Hussey: My understanding, since the transition from former Chair Machado, it's Chair Hulu and Trustee Waihe'e, are the two members of the Ad Hoc Committee on Grants and Sponsorships.

Trustee Lee: Thank you.

Chair Waihe'e: *Sylvia, is the intent that we're going to have three different motions?*

Pouhana Hussey: Administration put those three motions that way, because they address different aspects, so I would prefer.

Chair Waihe'e: Okay, so can we proceed, where we make motion one and then, can you explain that motion and what's summarized.

Pouhana Hussey: Sure.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee moves to approve the fiscal biennium budget realignment #3 for the fiscal biennium periods 2021-2022 (FY22) and 2022-2023 (FY23) as summarized at Attachment #1; and

Carryforward to 2022-2023 (FY23) budget, an estimated amount of \$100,000 of uncommitted, unencumbered, unaccrued amounts related to reorganization costs; and

Carryforward from 2021-2022 (FY22) budget to 2022-2023 (FY23) budget any uncommitted, unencumbered, unaccrued, declined or unspent amounts in Appropriation 930, Program 3800 – Grants, Object Code 56510 Grants in Aid Program & Proviso Grants, 56530 Grants in Aid – Community Grants, 56540 Grants in Aid – Level II Grants, 56560 Grants in Aid – Sponsorships, and/or 56570 Grants in Aid – Disaster Aid.

Trustee Lindsey seconds the motion.

Chair Waihe'e: *Sylvia, did you want to go over...?*

Pouhana Hussey: Sure. So, Attachment #1 is the result of the realignment, but if you go through each of the tables and table four on page 13 is probably the easiest place to see the total realignments.

So, if you go to Table 4, the first place is the Core Operating Budget. You'll see it's related to personnel so very small reclassifications in between line items. You'll see a lot of the increase in the Commercial Property but that's because the Board has approved a number of budgets, incrementally in between with action items for Lot A activities and other non-core adjustments.

Then you'll see some other changes in legacy properties and Hālawa-Lulukū, based on estimates that have been conveyed to the Budget Office, by the programs. So, this is pretty much the summary, as you can see. Most of it is in the Commercial Property lines and this is just to codify all of the action items that the Board has approved in between, and this is what the result and reflection is.

So, most of it is in the Commercial Property work, primarily for Kaka'ako Makai.

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: 2:21 p.m. Vote: 2:24 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA						EXCUSED
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE	1		X			
CARMEN HULU	LINDSEY		2	X			
MILILANI	TRASK			X			
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 all members present vote 'AE (YES) and the **MOTION PASSES**.

V. NEW BUSINESS

D. ACTION ITEM RM #22-10: Limited Delegation of Authority of Chapter 10-17 Grant Awards for the Purposes of Effecting Responsive Emergency Financial Assistance and Community Based, Micro Kokua Grants

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

Pouhana Hussey: Thank you, Chair. This is the request from Administration to have very limited, granting authority for these two specific grants. They are the micro grants which are maxed out at \$1,000 and the Emergency Financial Assistance that programmatically is currently maxed at \$2,000.

As you may or may not recall, we are planning to take that programming in-house and actually be able to administer that. In the meantime, we do have a contractor that continues to award. The Board has already awarded that Emergency Financial Assistance to Hawai'i Community Lending. They are administering emergency financial assistance for the Ka Wailele program. So, that's the marketed program that provides financial assistance. This is also the program that expanded in February - coverage for funeral costs, car repairs, medical costs as well, and again maxed at \$2,000.

Pouhana Hussey: This is asking for limited authority, for just these two programs, for a couple of reasons. One is the expediency, in which we want to get these awards out, not that we don't, but if we have to come back for every thousand-dollar award, every \$2,000 award; it won't be efficient.

Pouhana Hussey: The theory is that if a beneficiary walks in the office on Monday and has all the needs, and all the paperwork, we should be able to get that disbursement, at a minimum - the following week. We'd like to get into that cycle of: you come in, you get your paperwork, meet the program requirements, and then start to get the dollars flowing to our beneficiaries.

Coupled with the limited requests for authority of awarding, is also weekly reporting. That in that authority, also comes reporting as to; what the amounts will be, what classification, what island community, and what types of needs.

At a very, high level to protect the information, but we also know that as a State Agency, if someone wanted to - UIPA - any of the detail information that is available. We can absolutely continue to report weekly to the Trustees and our beneficiaries as well. That's another sort of guardrail, that we, Administration, wanted to put on there, asking for the limited granting authority, coupled with the reporting that comes with it. As you can see, it's both the Micro, as well as the Emergency Financial Assistance.

Programmatically, we are trying to stand that program up. At the earliest we anticipate, July 1, but that's based on whether we have adequate training systems and all those procedures in place.

Otherwise, our Hawai'i Community Lending grantee is well equipped to handle any of the community needs, in the meantime. So, we feel like we have some really, good backup to onboard a program that we're doing ourselves, but the community already has access to those programs.

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

There are no other questions or discussion.

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey moves to approve the limited delegation of authority of Chapter 10-17 Grant Awards for the Purposes of Effecting Responsive Emergency Financial Assistance and Community-Based, Micro Kōkua Grants

Vice-Chair Alapa seconds the motion

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr. Chair. I don't honestly know Trustees, whether I'm speaking against this or not. I think, right now, I'm on the fence, I'm *kanalua*.

My reasons are, we have an ad hoc committee that is supposed to be addressing Grants and Sponsorships on a broader level, on a broader issue. I would prefer that we get a report from the Committee on a broader sense, versus parceling out, piece-by-piece, to come to the Board for grant things.

Trustee Lee: I understand, because this has been brought up by several Trustees, myself included, when emergencies happen, but when the last emergency happen and the Board needed to react quickly, we did, and we were able to do that. Chair Hulu called the Board together, we waived the

matter from the RM Committee, and we made the decision that day, and the money got to our beneficiaries. So that's just one of the reasons.

Trustee Lee: The other reason is, without comprehensive policies, now let me be clear, I am not saying that Administration is going to do this. But, without clear policies in place, there really is nothing, other than the word of our Ka Pouhana, that they're not going to go *'okay so we're going to give thirty \$1,000 Micro Grants to this organization'* because we can give out, by our delegated authority, thousand-dollar grants, and then that organization gets \$30,000.

Again, I'm not saying Ka Pouhana is going to do that, but there is no policy in place saying that they can't, and that's a concern to me. So, I don't know if I'm speaking against the measure Trustees. I think right now I'm just *kanalua* because there are too many questions that are not answered. Thank you, Mr. Chair.

Chair Waihe'e: Thank you, Trustee Lee.

Chair Waihe'e recognizes Trustee Lindsey.

Trustee Lindsey: I think Trustee Lee has a good point, and that means that you and I should get together on the ad hoc committee and get some policies going. But I'd like to move this particular motion so that if any of the Trustees have beneficiaries that need this kind of money, our Pouhana can approve it.

Chair Waihe'e recognizes Ka Pouhana.

Pouhana Hussey: Thank you. Could I just ask that, when the motion is reflected in the minutes that it's the full motion - only because Administration, made a particular point to put in guardrails and caveats to the limitation, such as being very specific about the overall budget, being specific about the purpose, the object codes, and things like that.

So, if I could - get the full – it's wordy but it's important that that specificity is there because it was intended to assure the Trustees of the limited delegation that Administration is asking for.

Trustee Lindsey: *Would you like me to incorporate all these words into my motion?*

Chair Waihe'e: Yes, I would.

Pouhana Hussey: Yes, please. Among the reasons we provided this level of specificity, is to ensure that we're really, clear on what that limitation is.

Trustee Lindsey clarifies her motion and **moves to approve the limited delegation of grant awarding authority, pursuant to section 10-17, Hawai'i Revised Statutes, to the Chief Executive Officer for:**

- A. Program 3800 – Grants, Object Code – 56510 – Grants in Aid Program & Proviso Grants, Emergency Financial Assistance (“EFA”) Grants, up to \$2,000 per award, and an overall budgetary limit of \$830,000 in both FY22 and FY23, less any amounts in 3rd party grant agreements executed for the purposes of EFA;**
- B. Program 3800 – Grants, Object Code – 56560 – Sponsorships, Rural Community-Based, Micro Kōkua Grants for event sponsorships (“Kōkua Grants”), up to \$1,000 per award, and an overall budgetary limit of \$30,000 in both FY22 and FY23; and subject to weekly reporting to the Board of Trustees by type of grant (EFA or Kōkua), recipient name, type of disbursement (e.g., rent, utilities, funeral, car repair, medical, event), payee, amount, and geographic location (e.g., Kaua'i, O'ahu, Maui, Molokai, Lāna'i, Hawai'i Island).**

Chair Waihe'e states that the original motion is now read-in-full and clarified.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr. Chair, **I would like to amend the motion.**

Trustee Lee moves to amend the motion to add language after the semicolon on letter A; not to exceed a \$2,000 award to any single organization, event, or whether by date or location.

and to add similar language after the semicolon on letter B; not to exceed a \$1,000 award to any single organization, event, or whether by date or location.

Trustee Lee: I'll explain my rationale, if I get a second on the amendment.

Trustee Trask seconds the amendment.

Chair Waihe'e recognizes Trustee Lee.

Trustee Lee: Thank you, Mr. Chair. I believe this language, as rudimentary, I'll admit, as it is - adds those additional guardrails that I was just talking about.

It specifically says that they cannot give more than that \$2,000 or \$1,000 amount to a single organization or event. The reason why I put, *whether by location or date* is it's not uncommon, and this isn't anything wrong with it, but it's not uncommon for a single event, to have multiple organizations running a single event. Or a single organization running multiple events at the same time, and the same venue. That's the second part of that. So, that way, I think it covers all of our bases that Administration is delegated to only give \$2,000 or \$1,000 to any single organization, to any event, whether that event is on a specific day or at a specific location. Thank you, Mr. Chair.

Chair Waihe'e: Thank you, Trustee Lee.

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

Chair Waihe'e recognizes Ka Pouhana.

Pouhana Hussey: *Could we go back to section A?* Thank you, Trustee Lee for adding that. I just want to be sure Administration is getting it. So, this is to any single organization or event wording. So, the EFA grants are beneficiary level grants that are given to entities. So, we pay utilities, so the checks go to utility companies, rental companies, funeral homes, etc. versus a beneficiary.

Trustee Lee: I got it Sylvia. So, Mr. Chair if we could just delete the amendment to letter A.

Pouhana Hussey: Okay, thank you.

Trustee Lee: Thank you for pointing that out, Ka Pouhana. I appreciate it, thank you.

Pouhana Hussey: Okay, and then, as far as B. Okay that makes sense, it prevents - a guardrail from stacking awards.

Trustee Lee: Trustee Trask, since you seconded my motion. *Are you okay, with what we eliminated?*

Trustee Trask: Yes, I'm fine.

Trustee Lee: Thank you, Mr. Chair. Thank you for pointing that out, Ka Pouhana.

Chair Waihe'e: Thank you, Trustee Lee. Thank you, Ka Pouhana. So, we will vote on the amendment and then the entire motion as amended after.

AMENDMENT

Approve the limited delegation of grant awarding authority, pursuant to section 10-17, Hawai'i Revised Statutes, to the Chief Executive Officer for:

- A. Program 3800 – Grants, Object Code – 56510 – Grants in Aid Program & Proviso Grants, Emergency Financial Assistance (“EFA”) Grants, up to \$2,000 per award, and an overall budgetary limit of \$830,000 in both FY22 and FY23, less any amounts in 3rd party grant agreements executed for the purposes of EFA;**
- B. Program 3800 – Grants, Object Code – 56560 – Sponsorships, Rural Community-Based, Micro Kōkua Grants for event sponsorships (“Kōkua Grants”), up to \$1,000 per award, and an overall budgetary limit of \$30,000 in both FY22 and FY23; and subject to weekly reporting to the Board of Trustees by type of grant (EFA or Kōkua), recipient name, type of disbursement (e.g., rent, utilities, funeral, car repair, medical, event), payee, amount, and geographic location (e.g., Kaua'i, O'ahu, Maui, Molokai, Lāna'i, Hawai'i Island); not to exceed a \$1,000 award to any single organization, event, or whether by date or location.**

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

AMENDMENT							Motion: 2:39 p.m. Vote: 2:42 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA						EXCUSED
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE	1		X			
CARMEN HULU	LINDSEY			X			
MILILANI	TRASK		2	X			
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 all members present vote 'AE (YES) and the **AMENDMENT PASSES**.

MAIN MOTION, AS AMENDED

To approve the limited delegation of grant awarding authority, pursuant to section 10-17, Hawai'i Revised Statutes, to the Chief Executive Officer for:

- A. Program 3800 – Grants, Object Code – 56510 – Grants in Aid Program & Proviso Grants, Emergency Financial Assistance (“EFA”) Grants, up to \$2,000 per award, and an overall budgetary limit of \$830,000 in both FY22 and FY23, less any amounts in 3rd party grant agreements executed for the purposes of EFA;
- B. Program 3800 – Grants, Object Code – 56560 – Sponsorships, Rural Community-Based, Micro Kōkua Grants for event sponsorships (“Kōkua Grants”), up to \$1,000 per award, and an overall budgetary limit of \$30,000 in both FY22 and FY23; and subject to weekly reporting to the Board of Trustees by type of grant (EFA or Kōkua), recipient name, type of disbursement (e.g., rent, utilities, funeral, car repair, medical, event), payee, amount, and geographic location (e.g., Kaua'i, O'ahu, Maui, Molokai, Lāna'i, Hawai'i Island); not to exceed a \$1,000 award to any single organization, event, or whether by date or location.

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

There is no further discussion.

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

MAIN MOTION, AS AMENDED							Main Motion: 2:37 p.m. Vote: 2:43 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA						EXCUSED
VICE-CHAIR LUANA	ALAPA		2	X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				7	0	0	2

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

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

VI. ANNOUNCEMENTS

None

VII. ADJOURNMENT

Trustee Lindsey moves to adjourn the RM meeting.

Trustee Akaka 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**.

							2:44 p.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA						EXCUSED
KALEIHIKINA	AKAKA		2	X			
KELI'I	AKINA						EXCUSED
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				7	0	0	2

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

Chair Waihe'e adjourns the RM meeting at 2:44 p.m.

Respectfully submitted,

Melissa Wennihan
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on June 14, 2022.

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

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

DATE: Tuesday, June 14, 2022**TIME:** 10:00 a.m.**PLACE:** Nā Lama Kukui

560 N. Nimitz Hwy. Suite 200, Honolulu HI 96817

Virtual Meeting viewable at www.oaha.org/livestream OR

Listen by phone: (213) 338-8477,

Webinar ID: 836 5298 6719

Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice. This virtual meeting can be viewed and observed via livestream on OHA's website at www.oaha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 836 5298 6719. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.

AGENDA**I. Call to Order****II. Public Testimony on Items Listed on the Agenda***

(Please see page 2 on how to submit written testimony or provide oral testimony online. Oral testimony by telephone/landline **will not** be accepted)

III. Approval of Minutes

A. May 31, 2022

IV. Unfinished Business - None**V. New Business**

A. ACTION ITEM RM #22-11: Approve the Awarding of 'Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

B. ACTION ITEM RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022

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

VI. Executive Session

A. Consultation with Board Counsel Robert G. Klein re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to executive session minutes, pursuant to HRS§92-5(a)(4).

B. Approval of Executive Session Minutes

1. July 22, 2021

2. August 3, 2021

3. September 14, 2021

4. January 25, 2022

VII. Announcements**VIII. Adjournment**



ACTION ITEM

COMMITTEE ON RESOURCE MANAGEMENT June 14, 2022

RM #22-11

Action Item Issue: Approve the Awarding of 'Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

**Co-Prepared
& Reviewed by:**

A handwritten signature in black ink, appearing to read 'Ramona G. Hinck'.

Jun 11, 2022

Ramona G. Hinck
Ka Pou Kihī Kanaloa Wai, Chief Financial Officer
Pou Kāko‘o Kaiāulu Kūikawā, Interim Grants Manager

Date

**Co-Prepared
& Reviewed by:**

A handwritten signature in black ink, appearing to read 'Sylvia M. Nussey'.

6/11/2022

Sylvia M. Nussey, Ed.D.
Ka Pouhana, Chief Executive Officer

Date

Reviewed by:

A handwritten signature in black ink, appearing to read 'John D. Waihee IV'.

June 11, 2022

John D. Waihee IV
Luna Ho‘omalū o ke Kōmike RM
Committee on Resource Management, Chair

Date

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

I. Proposed Action

Approve the following Fiscal Year 2022 ‘Ahahui Grant, Cycle 1 disbursements totaling \$72,170 from Core Operating Budget (Object Code 56530):

Organization Name	Award Amount Recommendation
Aloha Week Hawaii dba Aloha Festivals	\$10,000
La‘i‘ōpua 2020	\$10,000
ODKF Support, Inc	\$9,900
Big Island Substance Abuse Council	\$9,000
Ke Ao Hali'i	\$8,200
Na Mamo O Mu'olea	\$7,500
Adult Friends for Youth	\$5,050
Kaikeha, INC.	\$5,400
Hana Arts	\$4,600
Ka La‘i a ‘Ehu	\$2,520
10	\$72,170

II. Issue

Whether or not the Committee on Resource Management (RM), should approve, authorize the ten ‘Ahahui, Cycle 1 grant recommendations.

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

III. Background & Context

A. Budget Authorization. Via Action Item RM #21-08A - OHA Biennium Budget

Table 8: Community Grants Program – \$6530

Community Grants	Awarded	Awarded	Biennium Budget Request		FY22/FY23	%
	FY 20*	FY 21*	FY 22	FY 23	2-Year Total	
20-01: Culture	\$500,000	\$500,000	\$500,000	\$500,000	\$1,000,000	7%
20-02: Health	500,000	500,000	500,000	500,000	1,000,000	7%
20-03: Education	750,000	750,000	750,000	750,000	1,500,000	10%
20-04: Housing	500,000	500,000	1,500,000	1,500,000	3,000,000	21%
20-05: Income	750,000	750,000	750,000	750,000	1,500,000	10%
20-06: Land	500,000	500,000	500,000	500,000	1,000,000	7%
20-07: Ahahui	200,000	200,000	200,000	200,000	400,000	3%
Leverage Opportunities						0%
Higher Education Scholarships			500,000	500,000	1,000,000	7%
Homestead Community		250,000	300,000	300,000	600,000	4%
NH Teacher Education & Professional Development		250,000	250,000	250,000	500,000	3%
‘Ohana (including Impacts of Incarceration, Human Trafficking, LGBTQ)		250,000	750,000	750,000	1,500,000	10%
Iwi Kupuna Repatriation & Reinterment		144,079	300,000	300,000	600,000	4%
COVID-19 Impacts		500,000	500,000	500,000	1,000,000	7%
Total Community Grants:	\$3,700,000	\$5,094,079	\$7,300,000	\$7,300,000	\$14,600,000	100%

for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021, \$400,000 for the Biennium FY22 and FY 23 with \$100,000/cycle allocated for planning purposes

Figure 1. Table 8 from AI #21-08A

B. ‘Ahahui Grant. The ‘Ahahui Grant program provides funding support to nonprofit organizations hosting a one-time community event subject to available and authorized funding that:

- Aligns with OHA’s 2020-2035 Strategic Plan Framework;
- Provides significant benefits to the Native Hawaiian community; and
- Offers OHA valuable public relations, partnerships, and community engagement opportunities.

The applicant must be able to execute a community event that addresses the needs of the Native Hawaiian community by increasing access to public and private resources, programs, and information; celebrates or highlights ali‘i, historical community events, community gathering and/or Native Hawaiian practices or practitioners.

OHA administers the ‘Ahahui Grant program through a competitive solicitation with four awarding cycles over the fiscal biennium periods ending June 30, 2022,

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

and 2023 to provide broader community planning and implementation opportunities for community events in calendar years 2022 and 2023.

The maximum award amount is \$10,000 and the Cycle 1 budget totals \$100,000. The Cycle 1 ‘Ahahui Grant program deadline was April 29, 2022; and through the OHA Grants Portal, the Grants Program received 11 applications.

IV. Analysis

Two external Native Hawaiian community members reviewed all applications. Both reviewers signed the Confidentiality form and Conflict of Interest Disclosure, and documents were reviewed to ensure there were no declared Conflict of Interest with any of the applicants.

Of the 11 applications reviewed, two are being recommended for the full funding amount requested. Determination of partial award recommendation amounts were based on the following: a) Allowable budget line items b) Reasonableness and relevancy of budget line items; and c) Alignment to solicitation purpose. Some of the disallowed, unreasonable or irrelevant proposed budget line items included: Meals, “office supplies” with no description, “miscellaneous” with no description, yards of fabric with no clear relevance to the event and hard drives.

Refer to Attachment A for detailed application analysis of 11 applications.

V. Moanalua Gardens Foundation

Via Action Item RM #21-08A - OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021, Moanalua Gardens Foundation (“MGF”) was approved for a sponsorship of the Prince Lot Hula Festival in the amount of \$15,000/year for FY22 and FY23. From the same action item, see excerpt of Table 10: Sponsorships – 56560 on the next page.

Sponsorships	Awarded	Awarded	Biennium Budget Request		FY22/FY23	%
	FY 20*	FY 21*	FY 22	FY 23	2-Year Total	
Commerce - O'O Awards						
CE-Moanalua Gardens, Prince Lot			15,000	15,000	30,000	

Figure 2. Excerpt of Table 10: Sponsorships – 56560 from AI #21-08A

Due to increased costs of another planned virtual event, enhanced COVID-19 protocols, and loss of tourism funding, MGF executives requested a total sponsorship package of \$70,000 for the 2022 event. Administration responded by advising them about the Board approved \$30,000 total sponsorship for FY22/FY23.

While Moanalua Gardens’ ‘Ahahui application scored the highest, awarding \$10,000 to MGF could result in a total funding of \$25,000 for the FY22 year, which exceeds other sponsorships awarded by the Board.

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

Organization Name	Project Name	Island Location(s)	Event Date & Location	Executives/Board Members	Strategic Direction	Applicant Request Amount	External Grant Reviewer (2) Score, Average	Purpose Statement	Award Amount Recommendation
Moanalua Gardens Foundation	Laukanaka Ka Hula, the 45th Anniversary Prince Lot Hula Festival	Hawai'i ; Kaua'i ; Lāna'i ; Maui ; Moloka'i ; O'ahu ; Ni'ihau	11/03/2022 *Virtual at Queen Emma Summer Palace	Alexander "Alikā" Jamile - Senior VP, Leilani Williams-Solomon - Senior VP, Charles M. Cooke - Secretary and Treasurer, Directors: Roddy Akau, Cleota Brown, Gregory Chun, Ph.D., Kathy Higa, Michael Pili Pang, William H. Page, Marlene Sai, and John D. Waihee III	Health Outcomes	\$10,000.00	100, 95 Average = 98	The purpose of this project is to support Laukanaka Ka Hula, Multitudes of Hula People Gather, the virtual 45th Anniversary Prince Lot Hula Festival, a two-hour celebration of non-competitive hula premiering on Thursday, November 3rd on KHON2. The show will be aired statewide and live streamed reaching Native Hawaiians and people here in Hawaii and globally with a projected audience of 225,000 television and 6,000 live stream viewers. A total of 5 broadcasts will be aired.	\$ 10,000.00

Figure 3. MGF ‘Ahahui Analysis

Sponsorships	Awarded FY 20*	Awarded FY 21*	Biennium Budget Request		FY22/FY23 2-Year Total	%
			FY 22	FY 23		
Commerce - O'O						
Awards						
CE-Moanalua Gardens, Prince Lot			15,000	15,000	30,000	
Merrie Monarch			15,000	15,000	30,000	
Queen Liliuokalani Keiki Hula			15,000	15,000	30,000	
Lunalilo Home Event, Project, Program			15,000	15,000	30,000	
Iolani Palace Event, Project, Program			15,000	15,000	30,000	
Aha Punana Leo Event, Project, Program			15,000	15,000	30,000	
Polynesian Voyaging Society Event, Project, Program			15,000	15,000	30,000	
Rural Community Based Sponsorship, < \$1,000; 6 island communities			30,000	30,000	60,000	
Sub-total	\$45,000	\$15,000	\$175,000	\$175,000	\$350,000	43%
Advocacy - NH Congressional Fellowship	50,000	0	0	0	0	
Advocacy - Papahānaumokuākea	15,000	5,000	15,000	15,000	30,000	
Advocacy - Alaska Federation of Natives	5,000	5,000	5,000	5,000	10,000	
Advocacy - National Congress of American Indians	5,000	5,000	5,000	5,000	10,000	
Advocacy - National Indian Education Association	5,000	5,000	5,000	5,000	10,000	
Advocacy - National Museum of the American Indians	5,000	0	0	0	0	
Pacific Day - NZ Embassy	3,500	0	0	0	0	

Table 10: Sponsorships – 56560

Sponsorships	Awarded FY 20*	Awarded FY 21*	Biennium Budget Request		FY22/FY23 2-Year Total	%
			FY 22	FY 23		
BOT - Sponsorships			135,000	135,000	270,000	
Kaiaulu/CEO - Sponsorships			70,921	70,921	141,842	
Sub-total	\$0	\$0	\$205,921	\$205,921	\$411,842	50%
CE - Coalition Building	20,000	0			0	
CE - Association of Hawaiian Civic Clubs	10,000	0	10,000	10,000	20,000	
CE - CNHA	10,000	10,000	10,000	10,000	20,000	
CE - Onipa'a Celebration	5,000	5,000	5,000	5,000	10,000	
CE-SCHHA Homestead Summit	0		10,000	10,000	20,000	
CE-Native Hawaiian Chamber of			5,000	5,000	10,000	

Sponsorships	Awarded FY 20*	Awarded FY 21*	Biennium Budget Request		FY22/FY23 2-Year Total	%
			FY 22	FY 23		
Sub-total	\$88,500	\$20,000	\$30,000	\$30,000	\$60,000	7%
Na Mamo Makamae Homestead Summit		0			0	
NHCC O'o Awards		10,000			0	
Moanalua Foundation, Prince Lot		5,000			0	
Sub-total	\$0	\$30,000	\$0	\$0	\$0	0%
Realignment #3						
Merrie Monarch		15,000			0	
Queen Liliuokalani Keiki Hula		15,000			0	
Lunalilo Home Event, Project, Program		15,000			0	
Iolani Palace Event, Project, Program		15,000			0	
Aha Punana Leo Event, Project, Program		15,000			0	
Sub-total	\$0	\$75,000	\$0	\$0	\$0	0%
Total Sponsorship	\$133,500	\$140,000	\$410,921	\$410,921	\$821,842	100%

Figure 4. Table 10: Sponsorships – 56560 from AI #21-08A

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

VI. Recommendation Summary

A. Cycle 1 Applications Submitted and Reviewed	11	
B. Recommended at Full Amount Requested	2	
C. Recommended at Partial Amount Requested	8	
D. Recommended not to fund in Cycle 1	1	
E. Total Amount Requested: \$107,120		Total Amount Recommended: \$72,170

The ‘Ahahui budget breakdown is presented below:

\$100,000	Funds available for FY 2022 Cycle 1
- \$72,170	Less: FY 2022 Cycle 1 grant award recommendations
\$27,830	Carryover to FY 2022 Cycle 2 (opening August 1, 2022, \$127,830)

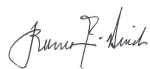
Refer to Attachment A for detailed recommendations.

VII. Alternatives to Recommended Action

- A. Approve and authorize additional awardee(s).
- B. Approve and authorize different funding awards.
- C. Do not approve funding.

VII. Certification

The following is the certification by the Chief Financial Officer that the funds are available for the awarding and funding recommendation:



Ramona G. Hinck
Chief Financial Officer

Date: Jun 11, 2022

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Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

VIII. Recommended Action

Administration recommends the Board of Trustees approve the following Fiscal Year 2022 ‘Ahahui Grant, Cycle 1 disbursements totaling \$72,170 from Core Operating Budget (Object Code 56530):

Organization Name	Award Amount Recommendation
Aloha Week Hawaii dba Aloha Festivals	\$10,000
La‘i‘ōpua 2020	\$10,000
ODKF Support, Inc	\$9,900
Big Island Substance Abuse Council	\$9,000
Ke Ao Hali'i	\$8,200
Na Mamo O Mu'olea	\$7,500
Adult Friends for Youth	\$5,050
Kaikeha, INC.	\$5,400
Hana Arts	\$4,600
Ka La‘i a ‘Ehu	\$2,520
10	\$72,170

IX. Attachments

- A. Applicant Analysis
- B. Grant Solicitation No. OHA 22-08, ‘Ahahui Grant Program, Posted April 4, 2022

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022
Attachment A – Application Analysis

Organization Name	Project Name	Island Location(s)	Event Date & Location	Strategic Direction	Applicant Request Amount	External Grant Reviewer (2) Score, Average	Award Amount Recommended
Purpose Statement: The purpose of this project is to support Laukanaka Ka Hula, Multitudes of Hula People Gather, the virtual 45th Anniversary Prince Lot Hula Festival, a two-hour celebration of non-competitive hula premiering on Thursday, November 3rd on KHON2. The show will be aired statewide and live streamed reaching Native Hawaiians and people here in Hawaii and globally with a projected audience of 225,000 television and 6,000 live stream viewers. A total of 5 broadcasts will be aired.							
1Moanalua Gardens Foundation	Laukanaka Ka Hula, the 45th Anniversary Prince Lot Hula Festival	Hawai‘i ; Kaua‘i ; Lāna‘i ; Maui ; Moloka‘i ; O‘ahu ; Ni‘ihau	11/03/2022 *Virtual at Queen Emma Summer Palace	Health Outcomes	\$10,000.00	100, 95 Average = 98	\$ 10,000
Board, Executives: Alexander “Alikā” Jamile -Senior VP, Leilani Williams-Solomon - Senior VP, Charles M. Cooke -Secretary and Treasurer, Directors: Roddy Akau, Cleota Brown, Gregory Chun, Ph.D., Kathy Higa, Michael Pili Pang, William H. Page, Marlene Sai, and John D. Waihee III							
Purpose Statement: The purpose of this event is to provide the people of Maui Hikina the opportunity to join in the celebration of the State’s designation of The Year of the Limu 2022. To do a meaningful hands-on event that will encourage the perpetuation of Limu ‘Ike for generations today and in the future.							
2Na Mamo O Mu'olea	Hanana No Na Limu	Maui	08/13/2022 20 Uwala Road Hāna, HI 96713	Health Outcomes	\$10,000.00	95, 96 Average = 96	\$ 7,500
Board, Executives: Legario Hank Eharis – President; Bruce Lind - Vice President; Scott Crawford – Secretary; Jan Elliott – Treasurer; Claudia Kalaola – Director; Kenneth Davis – Director; Ipo Mailou – Director; Anna Wailena Pu – Director; Pomai Konohia – Director John Blummer-Buell - Director							

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022
Attachment A – Application Analysis

Organization Name	Project Name	Island Location(s)	Event Date & Location	Strategic Direction	Applicant Request Amount	External Grant Reviewer (2) Score, Average	Award Amount Recommended
Purpose Statement: The purpose of Aloha Festivals is to foster the Aloha Spirit through the perpetuation of Hawaiian culture and the celebrations of the diverse customs and traditions of Hawaii. Target population is all the people of Hawaii and visitors.							
3Aloha Week Hawaii dba Aloha Festivals	Aloha Festivals Parade	O‘ahu	09/24/2022 Parade - Waikiki to Kapi‘olani Park	Educational Pathways	\$10,000.00	100, 86 Average = 93	\$ 10,000
Board, Executives: Debbie Nakanelua Richards, Co-Chair of the Board Helene “Sam” Shenkus, Co-Chair of the Board Christopher Lee, Treasurer Phillip Li, Legal Advisor Donald Takaki, Jay Talwar, Thelma Kehaulani, Kam Haunani, Maunu-Hendri, Tim Deegan, Jim Fulton, Leilani Kahoano, Charles Kapua, Antoinette Lee, Makana McClellan, Monte McComber, Aaron Mikami, Paul Shoji, Karen Wataru-Nakaoka, Lenny Yajima, and Alan Yamamoto							
Purpose Statement: The purpose of this event is to debut the organization's "Huaka‘i O Kona Mele" Education Project, with a celebration of the live premier of "Kona Mele- a Tribute to Kona"-- a music video recently produced by Zachary Lum which honors Kona and her celebrated practitioners of mele and hula. The “Kona Mele” event will showcase those practitioners along with the historical and ‘ohana ‘aina locations where they were filmed, in an effort to create precious memories, to honor living legacies and to maintain pride in our culture and community.							
4La‘i‘ōpua 2020	Kona Mele--A Tribute to Kona	Hawai‘i	07/03/2022 Maka‘eo Pavillion 75-5560 Kuakini Hwy, Kailua-Kona, HI 96740	Educational Pathways	\$10,000.00	97, 83 Average = 90	\$ 10,000
Board, Executives: Wailana Kamamu‘u-- Director/President; Marie Malialani Louis--Director/Vice President; Gayle Greco--Director/Secretary/Treasurer; Merrick Nihimoto—Director; Mālia Kipapa—Director; Kawehi Inaba--Executive Director; Sharon Sakai--Executive Assistant; Kalena Mae--Administrative and Facilities Director							

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022
Attachment A – Application Analysis

Organization Name	Project Name	Island Location(s)	Event Date & Location	Strategic Direction	Applicant Request Amount	External Grant Reviewer (2) Score, Average	Award Amount Recommended
Purpose Statement: The purpose of Duke's OceanFest is to celebrate, embraces and promotes Hawai'i's world-famous culture, beaches and Beach Boys as well as Hawai'i's Aloha Spirit through competitions and cultural events in which Duke himself participated. Surfing, swimming, paddling, beach volleyball, water polo and outrigger canoe racing are just a few of the competitive events. Historical and cultural events such as the Duke Kahanamoku birthday lei draping ceremony on August 24th, the Waikiki Nights: Movies on the Beach are open for all residents and visitors to attend.							
5ODKF Support, Inc	Duke's OceanFest-Waikiki Nights presents WATERMAN	O'ahu	08/23/2022 Duke Kahanamoku Statute at 2424 Kalakaua Ave.	Educational Pathways	\$10,000.00	100, 80 Average = 90	\$ 9,900
Board, Executives: James Fulton – President; Kelli Bullock Hergert - Vice President; Chris Colgate – Treasurer; Marc Haine – Secretary; Mary Beth McClelland - Director							
Purpose Statement: The purpose of the event is to provide an 'Ohana oriented activities for the Native Hawaiian community and community at large to promote health and wellness as well as celebrate the community. Prior to COVID-19, Summer Jam was an annual event that provided free family fun while providing access to health care resources.							
6Big Island Substance Abuse Council	Summer Jam	Hawai'i	07/30/2022 Afook Chinen (Hoolulu Park) 323 Manono Street Hilo, HI 96720	Educational Pathways, Health Outcomes	\$10,000.00	100, 78 Average = 89	\$ 9,000
Board, Executives: Pat Engelhard, President; Catherine Kamau, Vice President; Vanessa Carlson, Secretary; Richard Henderson, Treasurer; David Bishaw, Board Member; Dave Deluz, Board Member; Danny Paleka, Board Member; Sharri Thornton, Board Member; Hannah Preston, CEO; Miriama Laulu, Director of Operations; Leilani Kerr, Medical Director; Tracy Tampus, Community Engagement Program Director; Kauionalani Fukuda, Mental Health Director; Nicole Dageenakis, Substance Abuse Clinical Lead; Channtal Hollins, Compliance Officer; Raymond Danganran, Quality Assurance and Health and Safety Manager; George Espinosa, Human Resource Manager							

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022
Attachment A – Application Analysis

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022
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Organization Name	Project Name	Island Location(s)	Event Date & Location	Strategic Direction	Applicant Request Amount	External Grant Reviewer (2) Score, Average	Award Amount Recommended
<p>Purpose Statement: The Purpose for these events is to bring together ‘ohana of East Maui through the holiday season. This series of events includes the filming of youth class performances to be shared via online platforms, holiday photo booth, and hosting a holiday craft booth at the local farmer’s market. These events bring together families, engage creativity, and stimulate economic activity in East Maui, especially youth, through arts and culture.</p>							
9Hana Arts	Uniting the East Maui Community	Maui	12/01/2022 Hana School 4111 Hana Hwy, Hana, HI 96713	Educational Pathways, Health Outcomes, Economic Stability	\$10,000.00	93, 71 Average = 82	\$ 4,600
<p>Board, Executives: Robin Newton - Board President; Daniele Comeaux - Board Vice President; Blessing Hancock - Board Treasurer; Jessica Keay - Board Secretary; Kari Hagedorn - Board Member At-Large; Robin Rayner - Board Member At-Large; Andrea Rodriguez - Board Member At-Large; Becky Lind - Executive Director; Shari Berman - Project Manager</p>							
<p>Purpose Statement: The purpose of the Kaua'i event is to provide a community-based Pro-Am Boogie Board Contest to teach competitors of the Native Hawaiian community the long term value that water sports can bring to their lives by having Kūpuna and professional bodyboarders mentor participants in the Amateur Divisions. The purpose of the O'ahu event is to provide a Free Amateur Boogie Board Contest for Hawai'i's keiki and generate ocean awareness with a family fun atmosphere.</p>							
10Kaikeha, INC.	4th Annual Garden Island Boogie Board Classic(GIBB C) and 14th Annual Hubb Keiki Fest	Kaua'i ; O'ahu	07/22/2022 Prince Kuhio Beach and Park, Koloa HI 96756 & Sherwood Beach, Kalaniana'ole Hwy, Waimanalo, HI 96795	Health Outcomes	\$10,000.00	96, 66 Average = 81%	\$ 5,400
<p>Board, Executives: Christopher James Kuiokalani Burkart - Contest Director; Jeffrey Dean Hubbard - Events Coordinator; Falcon Hi'ialo Valeria-Daog - Fundraising</p>							

Action Item RM #22-11: Approve the Awarding of ‘Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022
Attachment A – Application Analysis

Organization Name	Project Name	Island Location(s)	Event Date & Location	Strategic Direction	Applicant Request Amount	External Grant Reviewer (2) Score, Average	Award Amount Recommended
<p>The purpose of Lā Kupuna is to honor the kūpuna of KKOE students and showcase Hawaiian practices(oli, mele, hula) led by the kumu and delivered by the haumāna/studentsd all in ‘ōlelo Hawai‘i.</p> <p>The purpose of Lā ‘Ehunui is for KKOE staff/students to showcase Hawaiian practices (oli, mele, hula etc.) with our greater community stakeholders to provide an opportunity to connect with our school, staff, and keiki all in ‘ōlelo Hawai‘i.</p>							
11Ka La‘i a ‘Ehu	Lā Kūpuna and Lā ‘Ehunui	Hawai‘i	11/10/2022 Ke Kula o ‘Ehunuikaimalino 81-1041 Konawaena School Rd	Educational Pathways, Health Outcomes	\$7,120.00	83, 72 Average = 78%	\$ 2,520
Board, Executives: Tiare HewLen – President; Melveen Kaupiko - Vice President; Kina‘u Camacho - Treasurer							
11					\$107,120		\$82,170



Grant Solicitation No. OHA 22-08

‘Ahahui Grant Program

April 4, 2022

The ‘Ahahui Grant Program will have four awarding cycles over the fiscal biennium periods ending June 30, 2022 and 2023 to provide broader community planning and implementation opportunities for community events in calendar year 2022 and 2023. The high-level process timeline below is for planning purposes.

Cycle	Grants Portal (Re) Opens:	Application Deadline (and Portal Closes):	Projected Award Notification:
<i>1</i>	<i>Monday, April 4, 2022</i>	<i>Friday, April 29, 2022</i>	<i>July 2022</i>
<i>2</i>	<i>Monday, August 1, 2022</i>	<i>Wednesday, August 31, 2022</i>	<i>November 2022</i>
<i>3</i>	<i>Thursday, December 1, 2022</i>	<i>Friday, December 30, 2022</i>	<i>March 2023</i>
<i>4</i>	<i>Monday, April 3, 2023</i>	<i>Friday, April 28, 2023</i>	<i>June 2023</i>

For assistance with this grant solicitation, please email:

grantsinfo@oha.org

For technical assistance with the Grants Portal, please email:

grantsadmin@oha.org

SOLICITATION ORGANIZATION

Each applicant is advised to read all sections of this solicitation. The solicitation is organized into seven sections:

- Section I. Grants Program, Timetable & Orientation
- Section II. ‘Ahahui Grant Program Overview
- Section III. Applicant Eligibility
- Section IV. Application Instructions
- Section V. Evaluation, Eligibility & Application
- Section VI. Review & Recommendation
- Section VII. Attachments

SECTION I. GRANTS PROGRAM, TIMETABLE & ORIENTATION

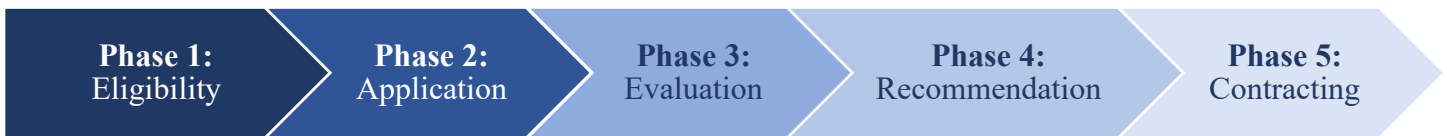
A. Grants Program

The Grants Program is responsible for overseeing the Office of Hawaiian Affairs' (OHA) granting process, including sponsorships, solicitation development, application facilitation, award recommendation, Grant Agreement execution, and monitoring grantee performance. The entire lifecycle of the granting process is conducted on OHA's online Grant system, Grants Portal. To access this system, visit the grants website: www.oha.org/grants

Contact information for Grants is:

Grants Program
Office of Hawaiian Affairs
560 North Nimitz Highway, Suite 200
Honolulu, Hawai'i 96817

Figure 1. Grants Program Phases



B. Solicitation(s) Timetable

The timetable of activities, by cycle, represents OHA's *estimated* schedule and is provided for planning purposes only. OHA Grants Program reserves the right to cancel any activity or revise the timetable if needed.

Table 1. Key Dates by Cycle

Activity	Cycle 1	Cycle 2	Cycle 3	Cycle 4
1. Grants Portal (Re) Opens (Phase 1-2)	Monday, April 4, 2022	Monday, August 1, 2022	Thursday, December 1, 2022	Monday, April 3, 2023
2. Orientation Recording Posted	Thursday April 14, 2022 "Live" Orientation Session and Posting of Recording, Updates to be Made as Needed			
3. Application Closes @ 2:00 p.m. HST	Friday, April 29, 2022	Wednesday, August 31, 2022	Friday, December 30, 2022	Friday, April 28, 2023
4. Application Review Period (Phase 3)	May 2022	September 2022	January 2023	May 2023

Activity	Cycle 1	Cycle 2	Cycle 3	Cycle 4
5. Administration Recommendation, Board Approval	June 2022	October 2022	February 2023	June 2023
6. Notification of Award, Non-Award (Phase 4)	July 2022	November 2022	March 2023	June 2023
7. Contracting (Phase 5)	July 2022	November 2022	March 2023	June 2023

C. Solicitation Orientation

The solicitation orientation is optional but recommended for applicants and will cover all components of this solicitation. The initial “live” orientation session and related PowerPoint and recording will be posted on the OHA Grants Website at www.oha.org/grants. Updates to the orientation information will be made as needed.

SECTION II. AHAHUI GRANT PROGRAM OVERVIEW

A. ‘Ahahui Grant Program Purpose

The ‘Ahahui Grant program provides funding support to nonprofit organizations hosting a one-time community event subject to available and authorized funding that:

- Aligns with OHA’s 2020-2035 Strategic Plan Framework;
- Provides significant benefits to the Native Hawaiian community; and
- Offers OHA valuable public relations, partnerships, and community engagement opportunities.

To accomplish this, OHA is soliciting applications from nonprofit organizations that have an event that is designed to affect the lives of Native Hawaiians in the State of Hawai‘i in alignment with OHA’s 2020-2035 Strategic Plan Framework’s Strategic Foundations and Strategic Directions.

1. Target Population to be Served

The target population for this grant is Native Hawaiian individuals, families and/or communities, in the State of Hawai‘i. For virtual events only, the target population can expand to Native Hawaiians residing outside the State of Hawai‘i.

2. Geographic Coverage of Service

Service areas include the islands of O‘ahu, Hawai‘i, Maui, Kaua‘i, Ni‘ihau, Moloka‘i, Lāna‘i, and Kaho‘olawe. Services may be provided to multiple islands or statewide if hosting an in-person event. Service areas may expand worldwide if hosting a virtual event as long as the host location resides in the State of Hawai‘i.

3. Event Scope

a. Type of Event

The applicant must be able to execute a community event that: addresses the needs of the Native Hawaiian community by increasing access to public and private resources, programs, and information; celebrates or highlights ali‘i, historical community events, community gathering and/or Native Hawaiian practices or practitioners. The events funded under this grant must be:

- Free to attend and participate,
- Open to the larger community, and
- Publicly announced/advertised.

Multi-day events are allowed; however, the event dates must occur within a consecutive one month (30-day period), anything longer will be considered ineligible.

If applicable, the applicant shall have facilities adequate for the proposed project and must provide reasonable accommodations to assure capacity to deliver services to

those participants with limited physical limitations in compliance with the Americans with Disabilities Act (ADA) requirements, as applicable.

Refer below to COVID-19 safety protocols required.

b. Ineligible Events

The following type of events are ineligible for the ‘Ahahui Grant program and will not be considered:

- Award/Recognition events;
- Building dedications or groundbreaking ceremonies;
- In-person events that are not compliant with federal, state, or county laws;
- In-person events occurring outside the State of Hawai‘i;
- Fundraisers or charity events;
- Individual or group musician musical concerts (vs. community musicians on stage at a community event) where benefit is the individual musician(s);
- Events occurring as part of an ongoing programmatic service with OHA;
- Sponsorships of individuals or teams; and
- Travel subsidies to attend an event.

4. COVID Safety Measures Required

For this solicitation the ‘Ahahui Grant Program is working to be flexible and supports events that are compliant with government (e.g., federal, state, county) related gathering limitations in response to the COVID-19 pandemic. All applicants are required to provide information explaining the safety measures that will be in place to protect all grant-related participants (e.g., program participants, contractors, employees, community members) from the virus.

5. Requirements for Awarded Organizations

a. Reporting Requirements for Event and Fiscal Data

If awarded the Grantee shall be required to complete a Grantee Agreement at the beginning of the grant period and a Final Report due 30 days from completion of event date(s) via the Grants Portal. Additional reports may be required.

b. Grant Monitoring

OHA may conduct on-site or virtual monitoring visit(s) to review conformance with grant requirements and to ensure execution of the event is as reported.

6. Financials

a. Compensation

Funding will be provided to the Grantee upon completion of the Grantee Agreement that requires the submission of a revised budget (if the amount requested differs from the

amount awarded), final event date and location, and a Press Release and in accordance with Award Distribution section below.

b. Award Distribution

In general, 95% of the award distribution will be made within 45-days of the event; with the remaining 5% of the award distributed after receiving the Final Report.

Example: Grant awarded and agreement signed in July 2022 for Event X scheduled for Monday, September 5, 2022. Ninety-five percent (95%) of the award will be distributed mid-July, early August (approximately 45-days before the event) and the balance of the award (5%) upon receipt of the Final Report.

If the event is scheduled for more than 45-days from the Grantee Agreement execution date, the 95% award distribution will be made within 45-days of the event; and the remaining 5% of the award distributed after receiving the Final Report.

Example: Grant awarded and agreement signed in July 2022 for Event X scheduled for Saturday, December 31, 2022. Ninety-five percent (95%) of the award will be distributed to the grantee by November 30, 2022 (30 days before the event) and the balance of the award (5%) upon receipt of the Final Report.

c. Method of Payment

The method of payment will be as described above via electronic transfer via OHA's Automated Clearing House (ACH) system (when authorized).

SECTION III. APPLICANT ELIGIBILITY

A. Eligibility Requirement

This solicitation is issued under the provisions of the Hawai‘i Revised Statutes (HRS) Chapter 10-17, as well as other applicable state laws. All prospective applicants should familiarize themselves with the requirements of HRS section 10-17. To be eligible to apply, an applicant shall:

- Be a nonprofit community-based organization determined to be exempt from federal income taxation by the Internal Revenue Service;
- Certify that the governing board members have no material conflict of interest and serve without compensation;
- Be registered to do business in the State of Hawai‘i;
- Have a Hawai‘i Compliance Express Certificate of Vendor Compliance issued by the State of Hawai‘i that is “Compliant” within three (3) months of the application deadline;
- Certify that bylaws or policies exist that describe how business is conducted and policies relating to nepotism and management of potential conflict of interest situations;
- Demonstrate to OHA that they are in good standing and compliance with all laws governing entities doing business in the State of Hawai‘i;
- Provide services to Native Hawaiians and/or Native Hawaiian community(ies) in the State of Hawai‘i;
- Be considered in good standing with OHA if previously awarded an OHA grant contract;
- Certify that the applicant has licenses, permits, and accreditations, and meet all standards required by applicable federal, state, and county laws, ordinances, codes, and rules to provide services. The applicant shall also be in good standing with required licensing bodies, and compliance with professional standards and requirements;
- Certify that the authorized signatory (e.g., Executive Director, CEO) has the legal power delegated by an organization’s authoritative body (such as the Board of Directors) to sign and submit the OHA grant application;
- Certify that if awarded this grant, the applicant, now grantee, will develop and implement a COVID-19 Preparedness & Response Plan (Plan). The purpose of the Plan is to minimize or eliminate exposure to SARS-CoV-2 for all grant-related participants (e.g., program participants, contractors, employees, community members). The Plan must provide general safeguards for program location(s) as well as federal, State of Hawai‘i, and applicable county mandates where the grant program(s) and/or service(s) are located and implemented. The applicant agrees to incorporate such safeguards and mandates into its implemented Plan. As the COVID-19 situation evolves, the applicant agrees that it will periodically update the Plan to conform to federal, state, and applicable county mandates. The Plan must be made immediately available to OHA upon request; and
- Agree to indemnify and hold OHA and the State of Hawai‘i harmless for activities undertaken with grant funding, if awarded.

B. Application Deadline

Refer to the deadlines for each applicable cycle in the table above.

Grant Portal deadline is preset and will not allow you to submit after the deadline. Submission of an application in hard copy, by fax, or by email shall be rejected. There are no exceptions to this requirement. Upon submittal of the application, applicants will receive an automatic acknowledgement of receipt via email.

C. Multiple Applications, Multiple Deadlines

Only one (1) application may be submitted by an organization, per cycle, with priority in each cycle, for applicants, events, and locations, that have not been previously awarded.

D. Confidential Information

Solicitation applications shall be open to public inspection after Grantee selections and notice of awards, subject to the Uniform Information Practices Act (UIPA). If an applicant believes any portion of an application contains information that should be withheld as confidential, such information shall be marked in the application and include justification to support confidentiality.

E. Funding**a. Funding Restrictions**

The maximum amount to be requested is \$10,000. An application that requests more than the maximum funding amount will be deemed ineligible. Strictly limit the funding request to a minimum required budget for the event.

b. Availability of Funds

The grant award is subject to approval by OHA's Board of Trustees and subject to the availability of funding.

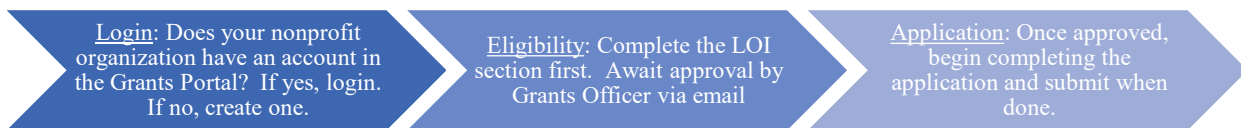
SECTION IV. APPLICATION INSTRUCTIONS

A. How to Apply

Step 1 Log in: Create an account in the online application system, Grants Portal, www.oha.org/grants – “Link to Grants Portal”. If you are unsure if your organization has an account in Grants Portal, please email grantsadmin@oha.org. If your organization already has an account, log in. If you forgot your password, click the link on the login page titled, “Forgot Password”.

Step 2: Eligibility Requirements (Letter of Interest – LOI) phase 1: Submit your LOI through Grants Portal. This phase is where we determine if the applicant is eligible to apply for the grant. Once the LOI is approved, the applicant will receive an email notifying the receiver that the application is available to begin completing. If the applicant receives an email notification that it did not meet the eligibility requirements, the applicant can resubmit the LOI with the corrected information. Email notification of eligibility status shall be sent within 72 hours of document submission and shall be sent Monday – Friday during OHA business hours (not including holidays), 7:45 a.m. to 4:30 p.m.

Step 3: Application, phase 2: You will not be granted access to the full application until your LOI is submitted and approved in phase 1. Once approved, you may begin completing the application.



B. Grants Portal Tips

- Online grant applications must be submitted by the deadline of Hawai‘i Standard Time (HST). If you miss the deadline the system will not allow you to hit the submit button.
- A response is required for each item. If the item does not apply to your proposal or if no information is available, answer “not applicable” or “N/A”. Do not leave any items blank. Failure to answer any of the items will restrict your ability to submit.
- Required forms or supporting documents must be uploaded to each relevant section of the application. Uploads have size limits. To ensure enough space for all uploads it is recommended to use black/white, compressed, low resolution, text quality documents.
- If you have more than one document to upload to one upload field, combine documents by scanning or merging them into one.
- Application questions have character limits. Character count includes all letters, numbers, symbols, blank spaces, and diacritical marks.
- Grants Portal accepts diacritical marks, please utilize where appropriate.
- It is advised that the applicant review the online application for accuracy and completeness before submitting it.

- Whitelist emails from administrator@grantinterface.com, all Grants Portal emails come from this address.
- As you work on this application, you can save a draft and come back to finish your work at any time. To do so, click "Save" at the bottom right-hand side of the form. When you return, you will see your draft application on your dashboard. Click "Edit Application" to return to your draft.
- If you are logged in for a few hours and have left the page idle, you will be logged out (a warning will appear first).
- You can't access the same Grants Portal account from a different computer or browser.
- If you come across a file upload error, refresh your screen.
- Character Counts, we have set all questions at the maximum limit to provide you as much flexibility in your answers as possible. Please note, we are not looking for 10,000-character responses. 10,000 characters = 1,600 words or 3.5 pages single-spaced.
- You can collaborate on your application using the blue "Collaborate" button in the upper right-hand corner.

SECTION V. EVALUATION, ELIGIBILITY, & APPLICATION

A. Evaluation – Scoring Breakdown

Each applicant may be awarded up to 100 points. The points will be distributed as follows:

Scoring System	1. Basic Information & Purpose	2. Background, Capacity & Experience	3. Event Design	
	0 Points	15 Points	30 Points	
	A. Basic Information & Purpose	B. Background, Capacity & Experience	C1. Agenda	C2. Outreach & Collaboration
Total Points	0	15	15	15
Exceeds Expectation	0	13 to 15	13 to 15	13 to 15
Meets Expectation	0	10 to 12	10 to 12	10 to 12
Good	0	7 to 9	7 to 9	7 to 9
Fair	0	4 to 6	4 to 6	4 to 6
Poor	0	1 to 3	1 to 3	1 to 3
Not Acceptable	0	0	0	0

Scoring System	4. Event Delivery		5. Event Evaluation	6. Strategic Plan Alignment		7. Financial Capacity
	20 Points		5 Points	20 Points		10 Points
	D1. Value to the Native Hawaiian Community	D2. Leveraging	E. Evaluation	F1. Strategic Foundations	F2. Strategic Directions	G. Financial Capacity
Total Points	15	5	5	10	10	10
Exceeds Expectation	13 to 15	5	5	9 to 10	9 to 10	9 to 10
Meets Expectation	10 to 12	4	4	7 to 8	7 to 8	7 to 8
Good	7 to 9	3	3	5 to 6	5 to 6	5 to 6
Fair	4 to 6	2	2	3 to 4	3 to 4	3 to 4
Poor	1 to 3	1	1	1 to 2	1 to 2	1 to 2
Not Acceptable	0	0	0	0	0	0

B. Evaluation Breakdown

Exceeds Expectation	All application requirements are met, and several are exceeded, application response clearly and effectively articulates event and is an exemplar
Meets Expectation	All application requirements are met and application response clearly articulates event
Good	Several (but not all) application requirements are met and/or application response reasonably articulates event
Fair	A few application requirements are met and/or application response somewhat articulates event
Poor	Most (but not all) application requirements are not met and/or application response poorly articulates event

C. Eligibility Requirement Questions – Phase 1

The applicant shall provide information and upload the required documents to meet the solicitation minimum eligibility requirements to gain full access to the application.

Basic Information (0 Total Points)

1. **Organization Name** – The applicant shall provide its nonprofit organization name. If your organization name has an ‘okina or kahakō, please use it.
2. **Project Name** – The applicant shall provide the name of the event.
3. **Island Location(s)** – The applicant shall indicate the island(s) for which service delivery for the proposed project will be implemented. Choose all that apply: O‘ahu, Hawai‘i Island, Maui, Kaua‘i, Ni‘ihau, Moloka‘i, Lāna‘i, and/or Kaho‘olawe. If multi-island is selected, the event details must be the same for each island.
4. **Amount Requested** – The applicant shall indicate the funding amount being requested from OHA for the proposed event. The maximum amount requested is \$10,000 (No minimum).
5. **Authorized Signatory – Legal and Financial Agreements** – The applicant shall identify individuals who have signing authority over legal agreements and reporting (Final Report and Grantee Agreement) for the organization. Use the following format: List the first name, last name, and title.
6. **Litigation** – The applicant shall disclose any pending litigation to which they are a party, including disclosure of any outstanding judgment. If none, indicate with N/A.
7. **Governing Board and Executive Team** – The applicant shall list the organization’s governing board and executive team. Use the following format: List the first name, last name, and title.
8. **Licenses or Permits** – Provide a list of applicable licenses or permits required for the proposed activities or services and the applicant’s status in applying for each license or permit, if applicable. If not applicable, indicate with N/A.
9. **Sufficient Funds Certification** – The applicant shall certify that it has sufficient funds available for the effective operation of the proposed activities or services in the grant application for the duration of the grant period.
10. **Native Hawaiian Serving Organization** – The applicant shall select yes or no declaring if their organization serves majority Native Hawaiian clients and or participants.
11. **COVID-19 Preparedness and Response Plan** – The applicant shall certify that if awarded this grant, the applicant, now grantee, will develop and implement a COVID-19 Preparedness & Response Plan (Plan) that is in compliance with the federal, state and applicable county mandates that are in place during the grant period. The purpose of the Plan is to minimize or eliminate exposure to SARS-CoV-2 (commonly referred to as COVID-19) for all grant-

related participants (e.g., project participants, contractors, employees, community members). The Plan must provide general safeguards for program/project location(s) as well as federal, State of Hawai‘i, and applicable county mandates where grant project will be located and implemented. The applicant agrees to incorporate such safeguards and mandates into its implemented Plan. As the COVID-19 situation evolves, the applicant agrees that it will, in a timely fashion, update the Plan to conform to federal, state, and applicable county mandates. The Plan must be made immediately available to OHA upon request.

Eligibility Documents to Upload (0 Total Points)

The applicant is required to upload the following documents:

1. **IRS Letter of Determination** – The applicant must have IRS tax-exempt nonprofit status and be registered to do business in the State of Hawai‘i. The applicant shall upload the organization’s IRS Letter of Determination verifying tax-exempt nonprofit status. *See Attachment A for Sample IRS Letter of Determination.*
2. **Certificate of Vendor Compliance (CVC)** – The applicant shall upload the Certificate of Vendor Compliance issued by the State of Hawai‘i. To obtain this document, applicants must register with Hawai‘i Compliance Express online at <http://vendors.ehawaii.gov>. Applicants must be registered and compliant with Hawai‘i Compliance Express (HCE). We do not accept your DCCA. *See Attachment B for Sample HCE Certificate of Vendor Compliance.*
3. **Application Authorization Form** – The applicant shall upload the Application Authorization Form. This form needs to be completed and signed by the organization’s authorized signatory. The authorized signatory has the legal power delegated by the applicant organization’s authoritative body (such as the Board of Directors) to sign and submit the OHA Grant Application. *See Attachment C for sample Application Authorization Form.*
4. **Board Governance Certification Form** – The applicant shall upload the Board Governance Certification Form. The organization’s Board Chair or other designated representative of the organization’s Board must sign this form. The certification verifies that Board members are not compensated and that the organization has bylaws and/or policies that govern how business is conducted which includes conflicts of interest and nepotism policies. *See Attachment D for sample Board Governance Certification Form.*

D. Application Questions – Phase 2

1. Purpose Statement (0 Total Points)

The applicant shall provide a short statement that describes the proposed event and its purpose. The statement should include the project objective, target population, and intended impact. Use the following format: “The purpose of this event is to provide [blank, service/object] to [blank, Native Hawaiian community] to [blank, intended result/impact].”

2. Background, Capacity & Experience (15 Total Points)

Give the evaluators a sense of organizational capacity to execute the event effectively. The applicant shall clearly describe the:

- organization mission;
- governing structure;
- prior event-related funding experience;
- prior event experience; and
- a list of prior OHA funding for the last three (3) years, if any.

3. Event Design (30 Total Points)

a. Agenda (15 Points)

The applicant shall describe the event day(s) from start to finish; the description should depict what the event day(s) would encompass. Demonstrate the substance of your event and its value. Upload a copy or detail in the description box the following:

- Agenda (draft/past flyer),
- Event flyer (draft/past flyer),
- List of speakers and their area of expertise,
- List of exhibitors and their offerings, and/or
- Summaries of seminars, workshops, or other opportunities provided at the event.

b. Outreach & Collaboration (15 Points)

The applicant shall describe outreach efforts to the Native Hawaiian Community and demonstrate their collaborating efforts. Use the following format:

- Marketing/Promoting: The applicant shall demonstrate that they have marketing/promoting plan that strategically attracts Native Hawaiians to attend the event.
- Collaboration: The applicant shall demonstrate their ability to collaborate with other organization(s) in the implementation of the event and to show buy-in from other agencies of the event.
 - The applicant shall specify how the collaborating organization(s) intends to support the applicant's event.

4. Event Delivery (20 Total Points)

a. Value to the Native Hawaiian Community (15 Points)

The applicant shall clearly describe the valuable activities that will directly benefit the Native Hawaiian community through this event. Use the following format:

- Activities: List the activities that will occur and/or be offered at the event.
- Benefit: Describe how the activities will benefit the Native Hawaiian community attending the event.

b. Leveraging (5 Points)

The applicant shall identify and clearly describe the leveraging opportunities for OHA that may include but are not limited to, advertisements in event programs, television, radio, or

print ads, OHA logo on “swag” items, OHA logo on event signage, OHA logo on event flyers, speaking opportunities, and/or providing a table or method for distributing OHA program information. Use the following format: List the opportunities provided to OHA if awarded.

5. Event Evaluation (5 Total Points)

The applicant shall describe how they will determine the attendance and the success of the event. Use the following format:

- Native Hawaiians in Attendance: How will the applicant determine the success in attracting the participation of Native Hawaiians at the event?
- Value to Native Hawaiians: How will the applicant determine the success in the value of activities that are provided to Native Hawaiians at the event?

6. Alignment with OHA’s 2020 - 2035 Strategic Plan Framework (20 Total Points)

The applicant shall demonstrate that the proposed event aligns with OHA’s 2020-2035 Strategic Plan Framework’s Strategic Foundations and Strategic Directions. No one foundation and direction are valued higher than another and the application score will not increase based on your selection.

a. Strategic Foundations (10 Points)

The applicant shall demonstrate how the proposed event is aligned with one or more of OHA’s Strategic Foundations. Use the following format: First, list the name of the foundation(s). Second, demonstrate how the proposed event aligns with the selection.

These foundations include:

- **‘Āina**

OHA aims to strengthen our ancestral connection to ‘āina through responsible stewardship to preserve legacy lands and to responsibly develop economically viable lands.

- **Mo‘omeheu**

OHA aims to strengthen Native Hawaiian’s connection to culture by supporting opportunities to engage in ‘ōlelo and ‘ike activities and initiatives.

- **‘Ohana**

OHA aims to promote healthy ‘ohana relationships by providing opportunities in communities to engage in ‘āina and mo‘omeheu based activities and initiatives as well as opportunities to engage in the wellbeing of their communities via civic participation and leadership.

b. Strategic Directions (10 Points)

The applicant shall demonstrate how the proposed event aligns with one or more of OHA's Strategic Directions. Use the following format: First, list the name of the direction(s). Second, demonstrate how the proposed event aligns with the selection.

These directions include:

- **Educational Pathways**

OHA's Strategy 1 is to support development and use of educational resources for all Hawaiian lifelong learners in schools, communities and 'ohana.

OHA's Strategy 2 is to support education through Hawaiian language medium and focused Charter Schools.

- **Health Outcomes**

OHA's Strategy 3 is to advance policies, programs and practices that strengthen Hawaiian wellbeing, including physical, spiritual, mental, and emotional health.

OHA's Strategy 4 is to advance policies, programs and practices that strengthen the health of the 'āina and mo'omeheu.

- **Quality Housing**

OHA's Strategy 5 is to advance policies, programs and practices that strengthen Hawaiian resource management knowledge and skills to meet the housing needs of their 'ohana.

OHA's Strategy 6 is to support implementation of the Hawaiian Homes Commission Act and other efforts to meet the housing needs of 'ohana.

- **Economic Stability**

OHA's Strategy 7 is to advance policies, programs and practices that strengthen 'ohana abilities to pursue multiple pathways toward economic stability.

OHA's Strategy 8 is to cultivate economic development in and for Hawaiian communities.

c. Strategic Direction Allocation (0 points)

The applicant shall indicate how much of the event resources will be allocated to each strategic direction. This information will be used to gain insights to and understand the alignment of OHA-funded events in the community.

Direction	%
Education	
Health Outcomes	
Quality Housing	
Economic Stability	
Total	100%

7. Financial Capacity (10 Total Points)

a. Budget (5 Points)

The budget shall provide adequate information to justify those costs that are relevant to proposed service delivery. Justifications explain the appropriateness and relevance of project costs to the anticipated event activities and planned outcomes.

Budget columns include the following:

- Budget Category: *See Attachment E for Budget Category Table*
- OHA Funds Requested: Amount requested from OHA
- Description and justification: *See Attachment E for Budget Category Table*

OHA reserves the right not to fund any budget expenses it deems inappropriate, unreasonable, or unallowable. *See Attachment G for Disallowed Costs.* Download the OHA budget form, once complete upload the completed document. Do not tamper with form. *See Attachment F for Sample Completed Budget.*

b. Vendor Quotes (5 Points)

The applicant shall upload a copy of all vendor quotes, invoices, and estimates for budget items listed under the “OHA Funds Requested” column. Past event quotes/invoices and online screenshots/photos of cost are acceptable. The uploads shall demonstrate that the funds requested are accurate and justified.

c. Accounting Management (0 Points)

The applicant shall identify whether the organization has dedicated accounting staff to properly manage and report on OHA grant funds. Use the following format: List the first name, last name, and title of that person. If there is no dedicated staff, explain how your organization will manage your finances/accounting systems for this event.

8. Supporting Documents – Optional Upload (0 Total Points)

The applicant may choose to include copies of past/draft event brochures, and handouts as well as any relevant news articles or photos related to the event. Should applicant decide to include these optional documents, OHA strongly encourages applicants to be judicious in selecting the type and number of items to include in the application.

SECTION VI. REVIEW & RECOMMENDATION

A. Evaluation – Phase 3

1. Rejection of Applications

OHA reserves the right to consider only those applications submitted by all requirements outlined in this solicitation that comply with the service specifications. An application offering any other set of terms and conditions contradictory to those included in this solicitation may be rejected without further notice.

2. Additional Materials and Documentation

Upon request from OHA, each applicant shall submit any additional materials and documentation reasonably required by OHA in its review of the applications. Once the applicant submits their application and the deadline closes, OHA will not add any additional information to the applicant's submission.

3. Evaluation of Applications and Communication of Status

The evaluation of applications received in response to this Solicitation shall be conducted comprehensively, consistently, fairly, and impartially. An evaluation committee of designated reviewers shall review and evaluate applications. The evaluation committee may be comprised of OHA employees and/or community representatives with experience in and knowledge of program services. All eligible applications will be reviewed, evaluated and subject to the recommendation of award. Aggregated scoring sheets for each applicant will be published post award announcement and all evaluation decisions are final and not appealable. The status of all applications (e.g., received, eligible, evaluated, awarded, non-awarded) will be posted to the OHA website.

B. Recommendation – Phase 4

1. Recommendation of Award

The recommendations of an award shall be presented to OHA's Board of Trustees for approval. Email notification of award or non-award will be sent to applicants via the OHA's Grants Portal.

Aggregated scoring sheets for each applicant in the cycle will be published with non-awarded applicants having the opportunity to strengthen and re-submit application in the next cycle.

C. Contracting – Phase 5

Applicants should read and be familiar with the Grant Agreement (see Section VII. Attachments) as shortening the time between award and contracting will enable the applicant, now grantee, to receive the award in accordance with the above described process.

SECTION VII. ATTACHMENTS

- A. Sample – IRS Letter of Determination
- B. Sample – HCE Certificate of Vendor Compliance (CVC)
- C. Application Authorization Form
- D. Board Governance Certification Form
- E. Budget Category Table
- F. Sample – Completed Budget
- G. Disallowable Cost
- H. Sample – OHA ‘Ahahui Grant Agreement

The attachments are samples only, the actual form is provided to you in the application via the Grants Portal.

Attachment A - Sample IRS Letter of Determination SAMPLE

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: DEC 18 2010

Organization Name
Org. Address
City, State Zipcode

Employer Identification Number:
12-1234567
DLN:
600328003
Contact Person:
Kimo Kealoha ID# 31518
Contact Telephone Number:
(877) 888-8888
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
February 22, 2010
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Sincerely,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Letter 947 (DO/CG)

Attachment B - Sample HCE Certificate of Vendor Compliance (CVC) SAMPLE



STATE OF HAWAII
STATE PROCUREMENT OFFICE

CERTIFICATE OF VENDOR COMPLIANCE

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs

Vendor Name: ORGANIZATION NAME

DBA/Trade Name: ORGANIZATION NAME

Issue Date: 09/10/2016

Status: Compliant

Hawaii Tax#: W12345678-01
FEIN/SSN#: XX-XXX1234
UI#: No record
DCCA FILE#: 11499

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

Status Legend:

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information

Attachment C - Application Authorization Form SAMPLE

APPLICATION AUTHORIZATION FORM

Organization:			
	<i>Legal Entity Name (ex. H&B Foundation, Inc. dba Nā Mele Hawai'i)</i>		
Address:			
	<i>Street Address</i>	<i>City</i>	<i>Zip</i>
	<i>Mailing Address (if different from Street Address)</i>	<i>City</i>	<i>Zip</i>

The authorized signatory below certifies that they have legal power delegated by an organization's governing body (such as the Board of Directors) to sign and submit the OHA grant application and that the organization's governing body will review the application prior to submittal.

Authorized Representative Signature	Authorized Representative (Type or Print Name)
Title of Authorized Representative	Date of Authorization

Attachment D - Board Governance Certification Form SAMPLE

**BOARD GOVERNANCE CERTIFICATION**

On behalf of _____ (the "Organization"), I hereby certify that:
Organization Name

- 1) The members of the Organization's governing board have no material conflict of interest and serve without compensation;
- 2) The Organization's governing board has bylaws or policies that describe the manner in which business is conducted and policies relating to nepotism and management of potential conflict of interest situations; and
- 3) The Organization employs or contracts with no two or more members of a family or kin of the first or second degree of consanguinity (i.e., a spouse, parent, child, grandparent, grandchild, or sibling of another employee or contractor of the Organization). If the Organization employs or contracts with two or more members of a family or kin of the first or second degree of consanguinity, the Organization shall disclose such employment or contractual relationship to OHA, along with the Organization's efforts to mitigate concerns over nepotism or conflicts of interest arising from the relationship, and OHA shall then determine whether the Organization may proceed with its grant application.

By signing below, I confirm that I am authorized to certify the Organization's compliance with the requirements of HRS §10-17(c)(2), as listed above, and that I am responsible for the certification made herein. I understand that the Office of Hawaiian Affairs (OHA) may make a written request(s) for additional information from the Organization, in fulfillment of OHA's responsibilities under HRS Chapter 10.

 Authorized Board Representative Signature

 Title of Authorized Board Representative

 Authorized Board Representative (Print Name)

Attachment E - Budget Category Table

Advertising
<p><u>Description:</u> Costs of media to publicize event via magazines, newspaper, radio, television, internet, etc.</p> <p><u>Justification:</u> Explain where the advertising will take place.</p>
Contractual Services
<p><u>Description:</u> Costs of all contracts for professional services.</p> <p><u>Justification:</u> Explain and justify why these services are being contracted.</p>
Honoraria
<p><u>Description:</u> Cost of a nominal payment given to practitioners, speakers, etc., that provides services without charge (\$0 - \$300 per person when using OHA funds)</p> <p><u>Justification:</u> Explain who will be receiving the Honoraria and why. Example: Emcee, speaker, practitioner, etc.</p>
Insurance
<p><u>Description:</u> Costs of insurance required, relating to hosting or operating the event.</p> <p><u>Justification:</u> Provide computations, price quotes, narrative descriptions, and a justification for each cost under this category.</p>
Publication & Printing
<p><u>Description:</u> Costs may include items such as program outreach materials, client forms, or other program-related educational materials.</p> <p><u>Justification:</u> Provide computations, a justification for each cost under this category.</p>
Rental of Equipment
<p><u>Description:</u> Costs of an equipment lease or rental to host or operate the event. "Equipment" means an article including items of personal property, as distinguished from real property, having a useful life of more than one year and an acquisition cost of \$500 or more per unit. (If the item can be rented it should not be purchased)</p> <p><u>Justification:</u> Provide computations, a narrative description, and a justification for each cost under this category.</p> <p>Example: Tables, chairs, tents, lighting, van, water coolers, screens, speakers, laptops, etc.</p> <p>*For virtual events: Video conferencing tools like Zoom or Gotomeeting will be an allowable cost as long as you show that the subscription is for the month for which the event is occurring only.</p>

Rental of Space
<p><u>Description:</u> Costs of space and/or facilities relating to hosting and operating the event.</p> <p><u>Justification:</u> Provide computations, a narrative description, and a justification for each cost under this category.</p>
Supplies
<p><u>Description:</u> Costs of materials other than that included under the “Rental of Equipment” category to host and operate the event, materials for event day use only. (\$20 or less per unit, majority disposable items)</p> <p><u>Justification:</u> Provide computations, a narrative description, and a justification for each cost under this category.</p> <p>Example: Trash bags, tape, ties, rope, pens, tablecloth, etc.</p>
Travel
<p><u>Description:</u> Costs of event-related travel for speakers, practitioners, participants, etc., which may include transportation, mileage, lodging, and airfare. (In-state only)</p> <p><u>Justification:</u> Explain why the travel is necessary and who will be traveling.</p>
Other
<p><u>Description:</u> Enter all other costs not included above.</p> <p><u>Justification:</u> Provide computations, a narrative description, and a justification for each cost.</p>

Attachment F - Completed Budget SAMPLE

Organization Name: The Good Org		
Budget Category (Title)	OHA Funds Requested	Description & Justification
Advertising		
Ad in Local News Hawai'i	\$ 500.00	Half page ad in the Local News Hawai'i Newspaper to advertise event.
Contractual Services		
Facilitator	\$ 500.00	facilitate virtual workshops and Q&A sessions 8 AM - 5 PM
Honoraria		
Cultural Practitioner	\$ 200.00	Teach lauhala weaving from 12 PM - 5PM
Keynote Speaker	\$ 100.00	Kimo Kealoha to speak at the opening and closing of event.
Insurance		
Good Insurance Company	\$ 400.00	To cover all day event
Publication and Printing		
Take home Keiki Packets	\$ 200.00	1,000 Printout packets from Hawai'i Print Shop. Each packet is 5 pages in color
Rental of Equipment		
Sound System	\$ 500.00	Rental from "Sound Guys Hawai'i" from 7 AM - 6 PM
Zoom	\$ 150.00	Subscription to Zoom for the month of event (April) Unlimited users
Rental of Space		
Sand Island Pavillion	\$ 300.00	See attached rental agreement for day of event
Supplies		
Pens	\$ 10.00	5 boxes at \$2 each
Hand Sanitizer	\$ 10.00	2 bottles at \$5 each for use at registration
Travel		
N/A		
Other		
N/A		
OHA Request Total	\$ 2,870.00	

Attachment G - Disallowed Costs

OHA reserves the right not to fund any budget expenses it deems inappropriate, unreasonable, or unallowable. OHA grant funds may not be used to support costs incurred before the grant start date (with the approved exception of advertising) or not related to the grant. In general, OHA does not allow the following:

- Purchase of land or buildings;
- Purchase of motorized vehicles which includes boats;
- Out-of-state travel;
- Purchase of alcohol;
- Purchase of food;
- Purchase of tents;
- Purchase of chairs;
- Purchase of tables;
- Purchase of speakers;
- Entertainment or gratuities;
- Indirect costs;
- Lei;
- Makana (gifts);
- Face painting;
- Bouncy houses;
- Prizes/Awards; and
- Subscription to video conference tools that expand longer than the period of the event (over 30 days beyond the event date)

Attachment H - OHA 'Ahahui Grant Agreement SAMPLE



OHA 'Ahahui Grant Agreement

Organization Name:

Project Name:

-
- Recipient is a non-profit community-based organization in good standing with Hawai'i Compliance Express determined to be exempt from federal income taxation by the Internal Revenue Service, who is able to provide the services and/or conduct the activities specified in Recipient's grant request submitted to OHA.
 - Recipient maintains current licenses and permits applicable to and required for conducting the activities or providing the services for which this grant has been awarded.
 - Recipient agrees to use the funds received for the purposes approved in the approved budget form and will not use these funds for purposes of entertainment or perquisites (privileges, gain, or profit).
 - All activities undertaken with these funds shall comply with all applicable federal, state, and county statutes and ordinances, including applicable building codes and agency rules.
 - Recipient will indemnify and hold harmless OHA, its officers, agents, and employees from and against any and all claims arising out of or resulting from the activities carried out or projects undertaken with these funds and that Recipient will purchase sufficient insurance to provide this indemnification if requested to do so by OHA.
 - Recipient is an "independent contractor" and shall be responsible for securing and/or paying for all applicable federal, state, and county taxes and fees that may become due and owing by Recipient by reason of this Grant.
 - Funding this grant request does not in any form or manner further obligate or impose any legal obligations upon OHA for Recipient's activity(ies), services, or event.
 - Recipient agrees that any funds not expended for the services and/or activities specified in its Proposal or used in accordance with above-stated conditions shall be returned to OHA.
 - Recipient agrees that any changes to the Primary Contact's name, phone number and email shall be communicated to the Grant Specialist in a timely manner (1-3 business days).
 - Recipient understands that any changes to awarded project must be approved and communicated to the Grant Specialist in a timely manner (1-3 business days).
 - Recipient agrees to acknowledge OHA's support in any press release or in publications and other materials that promote the funded event; an initial Press Release copy is due to the Grant Specialist within fourteen (14) days of notification of award.
 - Recipient understands that a Revised Budget Form reflecting the Amount Awarded only if it differs from the Amount Requested is due to the Grant Specialist with fourteen (14) days of notification of award.
 - Recipient agrees to make available to OHA all records the applicant may have relating to the operation of the applicant's grant related activity, business, or enterprise, to allow the office to monitor the applicant's compliance with HRS Section 10-17.

- Recipient shall not use the grant for purposes of entertainment or perquisites.
- Recipient confirms that it has sufficient funds available for the effective operation of the activity for the purpose for which the grant is awarded.
- Recipient represents that the Recipient presently has no interest and promises that the Recipient shall not acquire any interest, direct or indirect, that would conflict in any manner or degree with the performance of the services under this Agreement.
- Recipient shall disclose any outside activities or interests, including ownership or participation in any activity that conflicts or may conflict with the best interests of OHA. Prompt disclosure is required if the activity or interest is related, directly or indirectly, to any activity that the Recipient may be involved with on behalf of OHA.
- Recipient understands that failure to comply (warning: two (2) e-mails and one (1) phone call) with any of the conditions or promises stated above may disqualify Recipient from future funding opportunities within the 'Ahahui Grant Program for a period of three (3) years. (Refer to Noncompliance Policy)
- Recipient understands that a person authorized to sign on behalf of Recipient organization must sign this Agreement and should this form not be properly signed OHA may unilaterally terminate the award.

Authorized Signatory Certification

Date

Print Name

Title

By signing this document, you certify that you have read and understood the terms of this Grant Agreement.

PROVIDER'S STANDARD OF CONDUCT DECLARATION

For the purposes of this declaration:

"Agency" means and includes the State, the legislature and its committees, all executive departments, boards, commissions, committees, bureaus, offices; and all independent commissions and other establishments of the state government but excluding the courts.

"Controlling interest" means an interest in a business or other undertaking which is sufficient in fact to control, whether the interest is greater or less than fifty per cent (50%).

"Employee" means any nominated, appointed, or elected officer or employee of the State, including members of boards, commissions, and committees, and employees under contract to the State or of the constitutional convention, but excluding legislators, delegates to the constitutional convention, justices, and judges. (Section 84-3, HRS).

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'āina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

DATE: Tuesday, June 14, 2022**TIME:** 10:00 a.m.**PLACE:** Nā Lama Kukui

560 N. Nimitz Hwy. Suite 200, Honolulu HI 96817

Virtual Meeting viewable at www.oha.org/livestream OR

Listen by phone: (213) 338-8477,

Webinar ID: 836 5298 6719

Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice. This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 836 5298 6719. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.

AGENDA**I. Call to Order****II. Public Testimony on Items Listed on the Agenda***

(Please see page 2 on how to submit written testimony or provide oral testimony online. Oral testimony by telephone/landline **will not** be accepted)

III. Approval of Minutes

A. May 31, 2022

IV. Unfinished Business - None**V. New Business**

A. ACTION ITEM RM #22-11: Approve the Awarding of 'Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

B. ACTION ITEM RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022

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

VI. Executive Session

A. Consultation with Board Counsel Robert G. Klein re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to executive session minutes, pursuant to HRS§92-5(a)(4).

B. Approval of Executive Session Minutes

1. July 22, 2021
2. August 3, 2021
3. September 14, 2021
4. January 25, 2022

VII. Announcements**VIII. Adjournment**



ACTION ITEM

COMMITTEE ON RESOURCE MANAGEMENT

June 14, 2022

RM #22-12

Action Item Issue: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022

**Co-Prepared
& Reviewed by:**

A handwritten signature in black ink, appearing to read 'Ramona G. Hinck'.

Jun 11, 2022

Ramona G. Hinck
Ka Pou Kihī Kanaloa Wai, Chief Financial Officer
Pou Kāko‘o Kaiāulu Kūikawā, Interim Grants Manager

Date

**Co-Prepared
& Reviewed by:**

A handwritten signature in black ink, appearing to read 'Sylvia M. Hussey'.

6/11/2022

Sylvia M. Hussey, Ed.D.
Ka Pouhana, Chief Executive Officer

Date

Reviewed by:

A handwritten signature in black ink, appearing to read 'John D. Waihee IV'.

June 11, 2022

John D. Waihee IV
Luna Ho‘omalū o ke Kōmike RM
Committee on Resource Management, Chair

Date

Action Item RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022

I. Proposed Action

Approve the following Fiscal Year 2022 , Community Grants – Education, Cycle 1 disbursements totaling \$541,000 from Core Operating Budget (Object Code 56530):

Organization/Island	Award Amount
1. Educational Services Hawaii Foundation, O‘ahu, Hawai‘i Island, Maui, Kaua‘i, Moloka‘i	\$180,000
2. La‘i‘ōpua 2020, Hawai‘i Island	\$141,000
3. Ho‘okāko‘o Corporation, Hawai‘i Island, Moloka‘i	\$220,000
Total Cycle 1 Recommendation	\$541,000

II. Issue

Whether or not the Committee on Resource Management (RM), should approve, authorize the three (3) Community-Education, Cycle 1 grant recommendations.

III. Budget Authorization

Via Action Item RM #21-08A - OHA Biennium Budget for the Fiscal Biennium Periods 2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021, \$1,500,000 for the Biennium FY22 and FY 23 with 80% allocated for Cycle 1 (\$1,200,000), and the remainder for Cycle 2 (\$300,000). The approval authorized \$750,000 in Fiscal Year 2022 and \$750,000 in Fiscal Year 2023. The minimum award amount was \$50,000 and the maximum was \$250,000.

Table 8: Community Grants Program – 56530

Community Grants	Awarded	Awarded	Biennium Budget Request		FY22/FY23	%
	FY 20*	FY 21*	FY 22	FY 23	2-Year Total	
20-01: Culture	\$500,000	\$500,000	\$500,000	\$500,000	\$1,000,000	7%
20-02: Health	500,000	500,000	500,000	500,000	1,000,000	7%
20-03: Education	750,000	750,000	750,000	750,000	1,500,000	10%
20-04: Housing	500,000	500,000	1,500,000	1,500,000	3,000,000	21%
20-05: Income	750,000	750,000	750,000	750,000	1,500,000	10%
20-06: Land	500,000	500,000	500,000	500,000	1,000,000	7%
20-07: Ahahui	200,000	200,000	200,000	200,000	400,000	3%
Leverage Opportunities						0%
Higher Education Scholarships			500,000	500,000	1,000,000	7%
Homestead Community		250,000	300,000	300,000	600,000	4%
NH Teacher Education & Professional Development		250,000	250,000	250,000	500,000	3%
‘Ohana (including Impacts of Incarceration, Human Trafficking, LGBTQ)		250,000	750,000	750,000	1,500,000	10%
Iwi Kupuna Repatriation & Reinterment		144,079	300,000	300,000	600,000	4%
COVID-19 Impacts		500,000	500,000	500,000	1,000,000	7%
Total Community Grants:	\$3,700,000	\$5,094,079	\$7,300,000	\$7,300,000	\$14,600,000	100%

Figure 1. Table 8 from AI #21-08A

IV. Solicitation / Evaluation Process

A. Eligibility and Application

The Community Grants – Education Grant Solicitation #22-02 was released on Wednesday, March 30, 2022. The initial application deadline was April 29, 2022, and, due to a limited number of application drafts in the Portal, the deadline was extended to May 6, 2022 (Solicitation #22-02.01).

Phase 1 – Eligibility Letter of Interest. All applicants completed the Phase 1 – Eligibility Letter of Interest (LOI) requirement to obtain access to the grant application. Grants Program staff reviewed all submitted LOIs for eligibility requirements, which included HRS 10-17 statutory requirements as well as the certification of provisions and match funding. Based on past experiences, Phase 1 is intended to ensure applicants meet all of the basic requirements on the front end before even progressing to the application phase and investment of reviewer time and subject to reviewer variation in interpretation vs. consistent Grants Program determination.

Three eligibility requirements sections need to be satisfactorily completed in this phase (refer to Section III of the solicitation):

1) Applicant & Project Information (i.e., organization name, project name, amount requested, project alignment with strategic direction & outcome, number of Native Hawaiians to be served, island

SECTION III. PHASE 1 – ELIGIBILITY

The information included in this section addresses the application restrictions, minimum eligibility requirements, required documents, and eligibility submission process. If you need clarification on the minimum eligibility requirements, contact the Grants Program at grantsinfo@oha.org.

A. Native Hawaiian Serving Organization (NHSO) Requirement

The applicant shall be an organization that can certify and clearly demonstrate that at least sixty-percent (60%) or more of the organization's overall current client and/or participant base is Native Hawaiian. The applicant shall provide information and data to substantiate how the applicant derived the percentage provided. The information and data shall not be based solely on the project being applied for, but the organization's overall participant and/or client base for all services provided by the organization.

Figure 2: Excerpt from Solicitation, Page 9

location(s), project contacts, governing board and executive team, authorized signatory – legal agreements, and application authorization form.

When the Grants Program reviews each submitted LOI, the percentage computed and supporting data is reviewed, specifically how many participants has their organization as a whole served over the past one to three years, and of those participants, how many are Native Hawaiian. Applicants certify that the information is submitted is true. The applicant is asked to provide data from their programs and supporting documents (e.g., sign-in sheets, registration forms, surveys). Although the supporting docs are not always required, additional supporting documents are requested if the submitted data is unclear, inconsistent or conflicting. A prior awarded grantee would generally be eligible for this phase based on their previous grant.

2) Certifications (i.e., licenses/permits certification, partner certification, if applicable, sufficient funds certification, COVID-19 preparedness and response plan certification, IRS Letter of Determination, Certificate of Vendor Compliance, Board Governance); and

- e. **Number of Native Hawaiians to be Served** – The applicant shall provide the total number of Native Hawaiian individuals that the proposed project intends to directly serve through OHA funding.

If the project does not serve Native Hawaiians, then the project shall be deemed ineligible to apply for this grant. OHA funding for this grant is for Native Hawaiians only.

The number of Native Hawaiian individuals served shall include project participants that can be documented on registration forms, sign-in sheets, and other data collection and verification documents. It shall not include project staff and subcontractors, hits and likes on social media platforms, or individuals indirectly served.

- **Newly Served.** The applicant shall provide the total target number of newly enrolled Native Hawaiians. A newly served participant is a first-time project participant under this OHA grant.
- **Completed.** The applicant shall provide the total target number of Native Hawaiians that will complete the project. For example, the total number of participants that completed all required workshops, treatment programs, etc.

3) Match Funding Confirmation.

Twenty percent (20%) cash match of the OHA grant amount requested, including confirmed or pending status. In-kind services considerations as matching may be considered on a case-by-case basis.

LOIs that did not meet these eligibility requirements were deemed ineligible and did not proceed to the application phase 2 in this cycle.

Five (5) applicants registered and began Phase I – Eligibility Letter of Interest process and by the deadline only four applicants completed Phase 1 – Eligibility requirements and moved on to Phase 2 – Application. All four (4) applicants submitted the

grant application by the amended deadline. One applicant (Estria Foundation) abandoned their application. This entity will have an opportunity in Cycle 2, if desired, and system

functionality will be enabled to allow a “copy” feature from Cycle 1 submitted data to Cycle 2, though certain data elements will need to be updated and current.

Phase 2 – Application. Applicants were required to respond to fourteen (14) components in the application. Each component was allocated a specific amount of points for a total maximum score of 100 points.

B. Application Evaluation & Award Recommendation

1. Application Evaluation

- a. All eligible applications were assessed in accordance with the following evaluation process:

- i. **Reviewer Training.** Grant reviewers received training and were assigned to applications to review.
- ii. **Reviewer Conflict of Interest/Confidentiality.** Reviewers were provided the list of applications and completed conflict of interest and confidentiality forms. If a reviewer had an actual conflict of interest, the reviewer was removed from the application evaluation process.
- iii. **Individual Scoring.** Upon completion of required conflicts checks, reviewers individually scored assigned applications in the OHA Grants Portal. These scores were included in the first matrix of the application scores that was provided to the reviewers.

2. **Reviewer Team Meeting.** Reviewers then met to formally discuss their scores on the first matrix. A second and final matrix of scores was completed after the Team meeting.

Action Item RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022

3. Award Recommendation. Administration set the minimum score for awarding at 80 points. The award recommendations herein are based on the highest scores in the final matrix. One (1) of the four (4) applications is not being recommended for award based on their final scores, external reviewers recommendations and missing information (e.g., budget). The Grants Program is in agreement with the external reviewer recommendation.

V. FB 2022-2023 Community Grants – Education Grant Award Recommendations

The Grants Program received four (4) applications for evaluation (Phase 2). The applications are ranked by highest average score and is provided below with an award recommendation. The Applicant profiles are provided in Attachment A.

Organization/Island	Average Score (3 reviewers)	Award Amount	Award Recommendation
1. Educational Services Hawaii Foundation, O‘ahu, Hawai‘i Island, Maui, Kaua‘i, Moloka‘i	97	\$180,000	Award
2. La‘i‘ōpua 2020, Hawai‘i Island	85	\$141,000	Award
3. Ho‘okāko‘o Corporation, Hawai‘i Island, Moloka‘i	80	\$220,000	Award
Total Cycle 1 Recommendation		\$541,000	Award
<i>Haloalaunuiakea Early Learning Center, Kaua‘i</i>	73	<i>\$250,000</i>	<i>Do Not Award</i>


Fiscal Year FY22 and FY23 Total Budget:	\$1,500,000
Cycle 1 Recommendation:	<u>(\$541,000)</u>
Carryover to Cycle 2	\$959,000 (opening September 1, 2022)

VI. Alternatives to Recommended Action

- A. Approve and authorize additional awardee(s).
- B. Approve and authorize different funding awards.
- C. Do not approve funding.

VII. Certification

The following is the certification by the Chief Financial Officer that the funds are available for the awarding and funding recommendation:



Ramona G. Hinck
Chief Financial Officer

Date: Jun 11, 2022

VIII. Recommended Action

Approve the following Fiscal Year 2022, Community Grants – Education, Cycle 1 disbursements totaling \$541,000 from Core Operating Budget (Object Code 56530):

Organization/Island	Award Amount
1. Educational Services Hawaii Foundation, O‘ahu, Hawai‘i Island, Maui, Kaua‘i, Moloka‘i	\$180,000
2. La‘i‘ōpua 2020, Hawai‘i Island	\$141,000
3. Ho‘okāko‘o Corporation, Hawai‘i Island, Moloka‘i	\$220,000
Total Cycle 1 Recommendation	\$541,000

VII. Attachments

- A. Applicant Analysis
- B. Grant Solicitation No. OHA 22-02.01, Community Grant – Education, Posted March 30, 2022

Action Item RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022
Appendix A – Education Community Grants Applicant Profiles

Organization	Educational Services Hawaii Foundation	
Project Title	‘Imi ‘Ike Learning Centers	
Average Score: 97	Est. NH Impacted: 200	Project Location: O‘ahu, Hawai‘i Island, Maui, Kaua‘i, Moloka‘i
Amount Funded	\$180,000	
Strategic Direction	Educational Pathways	
Outcome Alignment	1.1 Increased number or percent of NH students who enter educational systems ready to learn 1.2 Increased number or percent of NH students graduating high school who are college, career and community ready	
Project Goal	Increase the proportion of Native Hawaiian students currently or formerly in foster, kith, kinship, shelter or residential care who have the attitudes and skills needed for academic success and graduation from high school.	
Reviewer Comments	<ul style="list-style-type: none"> Overall, the application is well written, meets the requirements of the solicitation, and in some areas, exceeds the requirements. I the organization provides ample evidence that demonstrate the organization’s prior experience providing the proposed or directly related project services and thus inspires confidence in the project’s success. 	
Reviewer Scores (3)	96, 100, 94; average 97	
Board of Directors	Gayle Komiyama Nathan Chang Margie Higa-Funai Elva Higashi Treena Yamada Mary Chung	
Executive Staff	Kathie Ann Awaya, Executive Director	

**Action Item RM #22-12: Approve the Awarding of Community Grants - Education,
Cycle 1, from Solicitation #22-02.01, published March 30, 2022
Appendix A – Education Community Grants Applicant Profiles**

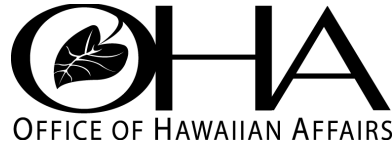
Organization	La‘i‘ōpua 2020	
Project Title	The Wa‘a Project	
Average Score: 85	Est. NH Impacted: 700	Project Location: Hawai‘i Island
Amount Funded	\$141,000	
Strategic Direction	Educational Pathways	
Outcome Alignment	1.3 Increased number of NHs engaged in traditional learning systems that reestablish/maintain strong cultural foundations/identity	
Project Goal	To close the educational achievement gap currently experienced by Native Hawaiian haumāna (students) by improving their experience with and knowledge of Native Hawaiian language and culture (traditional learning systems) to reestablish/maintain strong cultural foundation/identity, allowing haumāna to thrive and reach their full potential.	
Reviewer Comments	<ul style="list-style-type: none"> The application is well written and effectively meets the required elements of the solicitation. The applicant has described the organization as having prior experience working with the schools mentioned in the application and having strong ties with the community as well. 	
Reviewer Scores (3)	86, 94, 74; average 85	
Board of Directors	Wailana Kamamuu Marie Malialani Louis Gayle Greco Merrick Nishimoto Malia Kipapa	
Executive Staff	Rebecca Kawehi Inaba, Executive Director Sharon Sakai, Executive Assistant Kalena Mae, Administrative and Facilities Director	

Action Item RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022
Appendix A – Education Community Grants Applicant Profiles

Organization	Ho‘okāko‘o Corporation	
Project Title	Ke Awa Ho‘omalū (Safe Harbor)	
Average Score: 80	Est. NH Impacted: 190	Project Location: Hawai‘i Island, Moloka‘i
Amount Funded	\$220,000	
Strategic Direction	Educational Pathways	
Outcome Alignment	2.1 Adequately resourced Hawaiian-focused Charter Schools and Hawaiian-medium schools, including funding of transportation, special education, facilities, and meals, and availability of qualified teachers	
Project Goal	For school-aged Native Hawaiian children and their families to have access to an array of Hawaiian culture-based educational, behavioral, mental health and social emotional expertise, services and opportunities provided by the child’s family, teachers, community members and child service professionals.	
Reviewer Comments	<ul style="list-style-type: none"> • The applicant clearly demonstrates a strong connection with the target population and the Native Hawaiian community. • The applicant has described the organization to be well resourced with seasoned personnel. 	
Reviewer Scores (3)	70, 97, 72; average 80	
Board of Directors	Pualani Akaka - Retired Teacher Jonathan Ching - Kaiser Permanente Kumau Pineda-Akiona - Attorney at Law Ivan Takushi - Waianae Coast Comprehensive Health Center Nancy Barry - Hoala Foundation for Education Matthew Caires - James Campbell Company LLC Susan Maddox - Friends of the Future Ann Mahi - Department of Education	
Executive Staff	David Y Gibson - Executive Director Paul Kepka Lydia Trinidad Janice English	

Action Item RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022
Appendix A – Education Community Grants Applicant Profiles

Organization	Haloalaunuiakea Early Learning Center	
Project Title	Haloalaunuiakea Puna	
Average Score: 73	Est. NH Impacted: 60	Project Location: Kaua'i
Not Recommended for Funding	\$250,000	
Strategic Direction	Educational Pathways	
Outcome Alignment	1.1 Increased number or percent of NH students who enter educational systems ready to learn	
Project Goal	Increase opportunities for all Native Hawaiian children to enroll in high quality early learning opportunities which will successfully prepare them for their educational journey while keeping them connected to their cultural roots.	
Reviewer Comments	<ul style="list-style-type: none"> • The output table is difficult to read and assess. The application does not clearly identify the data collection and verification documents. • The budget is missing. This is a required component and without it, I feel that the applicant cannot be awarded. • Application has the amount requested but lacks supporting justification to ensure amount requested is appropriate. There is no indication of how teachers and staff will be funded at the new location. 	
Reviewer Scores (3)	71, 74, 73; average 73	
Board of Directors	Joshua Yorkman Corrine Murata Toni Vierra Uilani Corr-Yorkman Russel Vierra Geena Koka	
Executive Staff	Uilani Corr-Yorkman, Executive Director	



Grant Solicitation No. OHA 22-02.01

Community Grant – Education **AMENDED**

March 30, 2022

All applications must be submitted online at www.oha.org/grants on
~~Friday, April 29, 2022, by 2:00 p.m. (HST)~~
Friday, May 6, 2022, by 2:00 p.m. (HST)

For assistance with this grant solicitation, please email:

grantsinfo@oha.org

For technical assistance with the online application, please email:

grantsadmin@oha.org

<p>It is the responsibility of applicants to check the OHA Grants webpage at https://www.oha.org/grants for solicitation amendments, attachments or, other information pertaining to the solicitation.</p>

GRANTS PROGRAM

The Grants Program is responsible for overseeing the Office of Hawaiian Affairs' (OHA) granting processes, including sponsorships, solicitation development, application review and evaluation facilitation, award recommendation, Grant Agreement execution, and monitoring and reporting on grantee performance.

In 2022, OHA will release solicitations for the following strategically aligned purposes: 'Ohana, Mo'omeheu, 'Āina, Education (Pre-K to Post-Secondary), Health, Housing and Economic Stability. In addition, solicitations will be released for 'Ahahui (event grants), Homestead Community, Iwi Kupuna Repatriation & Reinternment, and other categories. For general information regarding these grants, go to the Grants Program webpage at www.oha.org/grants.

The contact information for Grants is:

**Grants Program
Office of Hawaiian Affairs
560 North Nimitz Highway, Suite 200
Honolulu, Hawai'i 96817**

If you have questions regarding this solicitation, please email:

grantsinfo@oha.org

SOLICITATION ORGANIZATION

Each applicant is advised to read all sections of this solicitation. The solicitation is organized into eight sections:

- Section I. Solicitation Description
- Section II. OHA Award Information
- Section III. Phase 1 - Eligibility
- Section IV. Phase 2 - Application
- Section V. Application Submission
- Section VI. Application Evaluation
- Section VII. OHA Award Administration
- Section VIII. Attachments

SECTION I. SOLICITATION DESCRIPTION

This section provides information on the grants program, solicitation timetable, and project purpose and alignment with the strategic plan.

Educational Pathways Grants Purpose: Strengthened and Integrated Community, Culture based Learning Systems Supporting initiatives, leveraging partnerships, engaging in strategies to develop educational pathways that strengthen culture-based education, early education, K-12 and post-secondary education will ensure that Native Hawaiians are grounded in their past while participating in a technologically oriented future.	
Education	Grants include considerations for culture and community-based programming that utilize ‘ōlelo and nohona Hawai‘i to meet educational needs of families and communities. Grants also include considerations for awards to support individuals in post-secondary pursuits, with a priority on increasing Native Hawaiian teachers and administrators in kaiaipuni, Hawaiian-focused charter schools, and any other setting in which Hawaiian is the medium of instruction; and gap areas of post-secondary supports (e.g. career, technical, internships, fellowships, work-study).

All applications must include description of processes that seek to address projects that specifically address the solicitation’s purpose, including alignment with the OHA Strategic Plan Direction – Educational Pathways, as specified in subsection D.

A. Solicitation Timetable

The timetable of activities represents OHA’s *estimated* schedule and is provided for planning purposes only. Note that Cycle 2 will be awarded subject to availability of funding. The OHA Grants Program reserves the right to cancel any activity or revise the timetable if needed.

Activity	Key Dates	
	Cycle 1	Cycle 2
1. Availability of Solicitation and online access to Phase 1. Eligibility	Wednesday, March 30, 2022	Thursday, September 1, 2022
2. Phase 1 Eligibility deadline – 2:00 p.m. HST Amendment – Education #22-02.01	Monday, April 25, 2022 Monday, May 2, 2022	Monday, October 3, 2022
3. Online access to Phase 2 Application	Upon approval of Eligibility	Upon approval of Eligibility
4. Application deadline – 2:00 p.m. HST Amendment – Education #22-02.01	Friday, April 29, 2022 Friday, May 6, 2022	Friday, October 7, 2022

Activity	Key Dates	
	Cycle 1	Cycle 2
5. System Locked for Cycle Amendment – Education #22-02.01	Friday, April 29, 2022 Friday, May 6, 2022	Friday, October 7, 2022
6. Application review period	May-June 2022	October-November 2022
7. Matrix of scores completed	June 2022	November 2022
8. Award recommendation & Board of Trustees' approval	July 2022	November 2022
9. Grant agreement review	July – August 2022	December 2022
10. Estimated grant agreement start date	September 2022	January 2023

B. OHA

OHA was established to better the conditions of Native Hawaiians and Hawaiians as defined in HRS sections 10-2, 10-4(4), 10-4(6) and 10-4(8), and other applicable law(s), as amended. Thus, OHA's grants funds are directed to support this purpose.

C. Community Grants Purpose

Community Grants are initially two-year programmatic grants for organizations to administer projects in the State of Hawai'i designed to meet the needs of our Native Hawaiian community in alignment with OHA's 2020-2035 Strategic Plan. The opportunity for grant agreement extension beyond the initial two-years awarded is a strategic consideration based on outcomes of strategic grant monitoring, program evaluation and funding.

D. Project Alignment with Strategic Direction & Outcome

This Community Grant is aligned with the OHA Strategic Direction – Educational Pathways. Applicants will be required to select one or more of the following strategies and at least one associated outcome.

1. **Strategy 1:** Support development and use of educational resources for all Hawaiian life-long learners in schools, communities and 'ohana.
 - a. Outcome 1.1. Increased number or percent of Native Hawaiian students who enter educational systems ready to learn
 - b. Outcome 1.2. Increased number or percent of Native Hawaiian students graduating high school who are college, career, and community ready
 - c. Outcome 1.3. Increased number of Native Hawaiians engaged in traditional learning systems (ie. hale, halau, mua, hale pe'a) that reestablish/maintain strong cultural foundations/ identity

2. **Strategy 2:** Support education through Hawaiian language medium and focused Charter Schools.
 - a. Outcome 2.1. Adequately resourced Hawaiian Focused Charter Schools and Hawaiian-medium schools, including funding of transportation, special education, facilities, and meals, and availability of qualified teachers
 - b. Outcome 2.2. Increased availability of Hawaiian Focused Charter Schools and Hawaiian-medium schools
 - c. Outcome 2.3. Establishment of a Native Hawaiian Charter School and Hawaiian-medium system

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SECTION II. OHA AWARD INFORMATION

This section details the anticipated award term, the estimated total funding, the minimum and maximum amount of OHA funds that can be requested, award restrictions, geographic coverage area, and grant award renewal information.

A. Grant Award Period

The grant award period is for an initial two (2) years from the contract.

B. Grant Award Amounts

Subject to the availability of funds, a total of \$1,500,000 in OHA funds will be provided for this solicitation; \$750,000 for fiscal year (FY) 2022 and \$750,000 for FY 2023.

C. Administrative Costs Restriction

Administrative Costs cannot exceed 30% of the total grant budget. Administrative costs must be justified. Applications with more than 30% administrative costs will be deemed ineligible.

D. Grant Award Restrictions – Multiple Programs

Organizations can only be awarded two programmatic grants per fiscal cycle. The awards must be two different grant types, e.g. a Community Grant and a Homestead Community Grant. For example, an organization cannot have two community grants or have one community grant and be paid as a partner organization from a second community grant.

E. Matching Funds

Applicants are required to provide matching funds for a grant award period of at least twenty percent (20%) of the OHA grant award amount. Match funding priority should be comprised of cash sources, including other grantor cash sources; in-kind services considerations as matching may be considered on a case-by-case basis. Post award, OHA funds can be used as matching funds for other grant(s) with OHA notification. Applications with less than 20% matching funds will be deemed ineligible and can be considered in future awarding if matching funds conditions change and OHA is notified. Match funds can be committed from the applicant and/or a partner organization as evidenced by letter of commitment, agreement, etc.

F. Geographic Service Area

Geographic coverage of the project's service and/or activities areas includes the islands of Hawai'i, Maui, Lāna'i, Moloka'i, O'ahu, and Kaua'i.

G. Grant Award Renewal

At the end of the grant term, Grantees that meet the criteria for exemplary performance and compliance may be offered an option to renew their grant for FB 2024-2025, subject to Administration recommendation and Board approval.

For a Grantee to be recommended to the Board for award renewal, Grantee's grant performance shall be reviewed by the Grants Program to determine if the following criterion has been met:

1. Met or exceeded or on track to meet or exceed all performance targets and outcomes.
2. Met all grant agreement compliance requirements.
3. Met all reporting deadlines on time and reports were complete.
4. Demonstrated that the project has had the impact proposed in the grant application as aligned to the strategic direction and in the Native Hawaiian community.
5. Demonstrated that the project accomplished the impacts proposed and is projected to continue to have impacts in the Native Hawaiian community.
6. Agreed to complete contracting renewal requirements.

SECTION III. PHASE 1 – ELIGIBILITY

The information included in this section addresses the application restrictions, minimum eligibility requirements, required documents, and eligibility submission process. If you need clarification on the minimum eligibility requirements, contact the Grants Program at grantsinfo@oha.org.

A. Native Hawaiian Serving Organization (NHSO) Requirement

The applicant shall be an organization that can certify and clearly demonstrate that at least sixty-percent (60%) or more of the organization's overall current client and/or participant base is Native Hawaiian. The applicant shall provide information and data to substantiate how the applicant derived the percentage provided. The information and data shall not be based solely on the project being applied for, but the organization's overall participant and/or client base for all services provided by the organization.

B. Application Restriction

Organizations can submit an application for more than one FB 2022-2023 Community Grant category. However, the project shall be different and not cross over with each other. In addition, if more than one grant category is awarded, the entity would need to choose only one project for award and funding, in a timely manner, or forfeit awarding based on OHA's determination. See the Grants Program webpage for information on other Community Grants that will be released, www.oha.org/grants.

C. Duplicative Applications Prohibited

If your organization has already applied for a FB 2022-2023 OHA grant solicitation, submission of the same or related application for another FB 2022-2023 OHA grant solicitation is prohibited.

D. Duplicative Programs Prohibited

If your organization currently has or has been awarded an OHA grant, submission of an application for the same or related project is prohibited. If your current award is in the process of final closeout, this provision does not apply.

E. Phase 1 - Eligibility Submission Process & Required Documents

For Phase 1, The applicant shall provide information and upload the required documents to meet the solicitation minimum eligibility requirements.

The applicant shall complete the three eligibility requirement sections: 1) Applicant & Project Information, 2) Certifications and 3) Match Funding Confirmation.

After submission of the foregoing eligibility requirements, the Grants Program will review the information and documents.

Applicants will receive an email notification regarding eligibility status and access to the application. If the applicant receives an email notification that it did not meet the eligibility requirements, the applicant can return to the Grants Portal to complete and submit the required documents.

Email notification of eligibility status shall be sent within **72 hours** of document submission, Monday - Friday during OHA business hours, Monday - Friday 7:45 a.m. to 4:30 p.m. [excluding Holidays].

Upon approval of eligibility, the applicant will be notified via email and gain access to the application.

The required minimum eligibility information, certifications, and documents are as follows:

1. Applicant & Project Information

- a. Organization Name** – The applicant shall provide their organization name.
- b. Project Name** – The applicant shall provide the name of the project.
- c. Amount Requested** – The applicant shall indicate the amount of money being requested from OHA for the proposed project. Minimum Amount: \$50,000. Maximum Amount: \$250,000.

d. Project Alignment with Strategic Direction & Outcome

This Community Grant is aligned with the OHA Strategic Direction – Educational Pathways. The applicant shall select one or more of the following strategies and at least one associated outcome.

- i. Strategy 1:** Support development and use of educational resources for all Hawaiian life-long learners in schools, communities and ‘ohana.

Outcome 1.1. Increased number or percent of Native Hawaiian students who enter educational systems ready to learn

Outcome 1.2. Increased number or percent of Native Hawaiian students graduating high school who are college, career, and community ready

Outcome 1.3. Increased number of Native Hawaiians engaged in traditional learning systems (ie. hale, halau, mua, hale pe‘a) that reestablish/maintain strong cultural foundations/ identity

- ii. **Strategy 2:** Support education through Hawaiian language medium and focused Charter Schools.

Outcome 2.1. Adequately resourced Hawaiian Focused Charter Schools and Hawaiian-medium schools, including funding of transportation, special education, facilities, and meals, and availability of qualified teachers

Outcome 2.2. Increased availability of Hawaiian Focused Charter Schools and Hawaiian-medium schools

Outcome 2.3. Establishment of a Native Hawaiian Charter School and Hawaiian-medium system

- e. **Number of Native Hawaiians to be Served** – The applicant shall provide the total number of Native Hawaiian individuals that the proposed project intends to **directly** serve through OHA funding.

If the project does not serve Native Hawaiians, then the project shall be deemed ineligible to apply for this grant. OHA funding for this grant is for Native Hawaiians only.

The number of Native Hawaiian individuals served shall include project participants that can be documented on registration forms, sign-in sheets, and other data collection and verification documents. It shall not include project staff and subcontractors, hits and likes on social media platforms, or individuals indirectly served.

- **Newly Served.** The applicant shall provide the total target number of newly enrolled Native Hawaiians. A newly served participant is a first-time project participant under this OHA grant.
- **Completed.** The applicant shall provide the total target number of Native Hawaiians that will complete the project. For example, the total number of participants that completed all required workshops, treatment programs, etc.

- f. **Island Location(s)** – The applicant shall indicate the island or islands where service delivery for the proposed project will be implemented - Hawai‘i, Maui, Lāna‘i, Moloka‘i, O‘ahu, and/or Kaua‘i.

- g. **Project Contacts** – The applicant shall provide contact information (name, title, mailing address, phone number, email address) for a Primary Project Contact and Secondary Project Contact for the grant agreement. Project Contacts must be directly engaged in the administration and implementation of the project. By being listed in the application, Project Contacts are authorized to communicate, submit required reports

and provide authorization for additional Project Contacts on behalf of the awarded organization as necessary.

- h. Governing Board and Executive Team** – The applicant shall list its organizations’ governing board and executive team. The list shall include board/executive team members’ names and titles.
- i. Authorized Signatory – Legal Agreements** – The applicant shall identify the individual(s) that the Board of Directors and/or organization bylaws granted signing authority for contracts. If awarded, this individual(s) name(s) will be included as the signatory in the grant agreement. Please include the individual’s name, position title, phone number, email address and organization physical address.
- j. Application Authorization Form-document upload** – The applicant shall upload the Application Authorization Form. This form needs to be completed and signed by the organization’s authorized signatory. The authorized signatory has the legal power delegated by the applicant organization’s authoritative body (such as the Board of Directors) to sign and submit the OHA Grant Application. See Attachment A. Application Authorization Form. Please include the individual’s name, position title, phone number, email address and organization physical address.

2. Certifications

- a. Licenses/Permits Certification** – The applicant shall certify that applicable licenses and/or permits required for the proposed project have been secured when notified of award. Applicants that will be recommended for award will be contacted to ensure that licenses/and or permits have been secured. If an applicant cannot provide the approved licenses/permits, the Grants Program will not recommend the applicant to the Board of Trustees for award. *See Section I. Solicitation Description, A. Solicitation Timetable, Activity No. 7.*
- b. Partner Certification-document upload** – If the applicant is partnering with one or more organizations, each organization’s Board President and Chief Executive Officer/Executive Director is required to sign and submit a partner certification form approving and committing to the partnership with the Native Hawaiian Serving Organization (NHSO) for the grant term. See Attachment B. Partner Certification Form.
- c. Sufficient Funds Certification** – The applicant shall certify that it has sufficient funds available for the effective operation of the proposed project in the grant application for the duration of the grant period.
- d. COVID-19 Preparedness and Response Plan Certification** – The applicant shall certify that if awarded this grant, the applicant, now grantee, will develop and

- implement a COVID-19 Preparedness & Response Plan (Plan) that is in compliance with the federal, state and applicable county mandates that are in place during the grant period. The purpose of the Plan is to minimize or eliminate exposure to SARS-CoV-2 (commonly referred to as COVID-19) for all grant-related participants (e.g., project participants, contractors, employees, community members). The Plan must provide general safeguards for program/project location(s) as well as federal, State of Hawai‘i, and applicable county mandates where grant project will be located and implemented. The applicant agrees to incorporate such safeguards and mandates into its implemented Plan. As the COVID-19 situation evolves, the applicant agrees that it will, in a timely fashion, update the Plan to conform to federal, state, and applicable county mandates. The Plan must be made immediately available to OHA upon request.
- e. **IRS Letter of Determination-document upload** – The applicant must have IRS tax-exempt nonprofit status and be registered to do business in the State of Hawai‘i. The applicant shall upload the organization’s IRS Letter of Determination verifying tax-exempt nonprofit status. *See Attachment C. Sample - IRS Letter of Determination.*
 - f. **Certificate of Vendor Compliance (CVC)-document upload** – The applicant shall upload the Certificate of Vendor Compliance issued by the State of Hawai‘i. To obtain this document, applicants must register with Hawai‘i Compliance Express online at <http://vendors.ehawaii.gov>. This certificate **must be current within three (3) months of this application deadline.** *See Attachment D. Sample - HCE Certificate of Vendor Compliance.*
 - g. **Board Governance Certification Form-document upload** – The applicant shall upload the Board Governance Certification Form. The organization’s Board Chair or other designated representative of the organization’s Board must sign this form. The certification verifies that Board members are not compensated, and that the organization has bylaws and/or policies that govern how business is conducted which includes conflicts of interest and nepotism policies. *See Attachment E. Board Governance Certification Form.*
3. **Match Funding Confirmation Form-document upload** – The applicant shall verify that the applicant has at least twenty percent (20%) cash match of the OHA grant amount requested. In-kind services considerations as matching may be considered on a case-by-case basis. For the purpose of this application, OHA funds cannot be used as matching funds. The applicant shall complete and upload the required OHA Match Funding Confirmation Form, which identifies all sources that will provide cash match funds for the grant’s two (2)-year period. The applicant shall provide cash amount(s) whether the funding is confirmed or pending, and the anticipated award period. For any pending funds, also indicate the anticipated final determination date in the Notes column. If only a percentage of another funding source is dedicated as a match to the OHA funds, explain in the Notes column. *See Attachment F. Match Funding Confirmation Form.*

The applicant's partner organization can commit matching funds to support the proposed project. If the partner organization is committing match funding, the partner organization is required to complete and submit a separate Match Funding Confirmation Form. If there are multiple partner organizations that commit match funding, each organization is required to complete a Match Funding Confirmation Form and list the total match amount on the Partner Certification Form.

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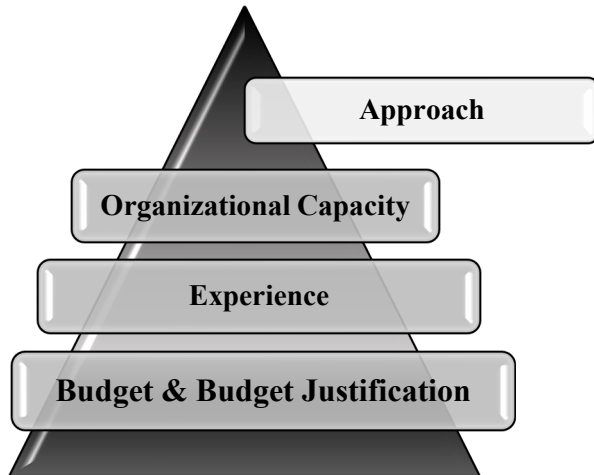
SECTION IV. PHASE 2 – APPLICATION

The information included in this section addresses the application process via the OHA Grants Portal, required application elements, and documents that must be uploaded.

The application will be evaluated and scored using the criteria in this section. The highest score for this section is 100 points. It is important to understand this section and align your application with each part of the criteria. This section includes a set of three main criteria, its corresponding sub-criteria, and the elements used for evaluation. There may be several elements to each of the components, and if so, you must address each piece of information required. All parts provided here will be evaluated by reviewers using OHA’s scoring criteria.

APPLICATION CRITERIA & POINTS
Criterion 1: Approach – Maximum: 64 Points
Criterion 2: Organizational Capacity – Maximum: 11 Points
Criterion 3: Experience – Maximum: 12 Points
Criterion 4: Budget & Budget Justification – Maximum: 13 Points

Criterion 1
Approach | Maximum Points: 64



The Approach criterion will be used by reviewers to consider the degree to which the project is feasible, effective, community-based, and will successfully achieve the intended outcomes. This section contains most of your application narrative and describes the following in detail:

1. Long-term Community Goal (0-2 points)
2. Current Community Condition (0-4 points)
3. Project Goal Alignment with Strategic Direction/Outcome (0-6 points)
4. Objectives (0-6 points)
5. Outcomes & Indicators (0-10 points)
6. Output Table and Data Collection/Verification Documents (0-12 points)
7. Objective Work Plan (OWP) (0-10 points)
8. Community-Based Strategy (0-7 points)
9. Implementation Strategy (0-7 points)

1. Long-term Community Goal (0-2 points)

- | |
|--|
| <ul style="list-style-type: none"> ▪ <i>The application identifies a long-term community goal and demonstrates the proposed project is relevant to the achievement of the long-term community goal.</i> |
|--|

A long-term community goal should capture an ideal state the community is moving toward. Projects are developed with the intent of bringing the community closer to this goal. Well-defined projects demonstrate that organization understands this community goal and has a clear sense of direction and focus.

To address this element, state the long-term community goal. Next, describe how the long-term community goal was defined and the role the community/organization played in long-term goal development. Lastly, describe how the project was selected and how it will bring the community a step closer to reaching the long-term community goal.

Determine how you are defining “community”. The term “community” may refer to:

- The statewide Native Hawaiian community
- The Native Hawaiian community located in a geographical area
- A subset of the Native Hawaiian community with specific needs that your project will address
- An affinity group of Native Hawaiians or within the Native Hawaiian geographic community (e.g. parents of a homestead kaiapuni school, LGBTQIA2S+, incarcerated ‘ohana).

2. Current Community Condition (0-4 points)

The application provides one current community condition that is addressed by the scope of the proposed project. The application effectively provides baseline information about the project’s current community condition.

- *Community condition is addressed by the scope of the proposed project = up to 2 points*
- *Baseline information about the project’s current community condition is provided = up to 2 points*

The current community condition is a gap or barrier that is preventing the community from achieving the long-term community goal. While there are many conditions the community can identify that stand in the way of reaching the long-term goal, your application should identify one specific condition. The project should measurably reduce or eliminate the condition and bring the community closer to obtaining the long-term goal.

Do not describe the specific condition that the project will address as a “lack of” or a “need for” something. For example, applications often will assert, “We need more funding for immersion schools,” or “Our Native Hawaiian students lack access to quality educational options.” These statements do not describe a condition in the community, rather they describe a possible solution for addressing the condition of lack of funding and resources or cultural-based alternatives in the DOE school system.

Element: The application provides one current community condition that is addressed by the scope of the proposed project.

Your application should be focused and to the point. While many conditions may exist, your community should prioritize which one to address with this project. When addressing this element, the current community condition statement should:

- Be one sentence in length,
- Be compelling and urgent,

- Contain a measure of the current condition, and
- Not include “lack of” or “need for” statements.

Element: The application effectively provides baseline information about the project’s current condition.

Baseline information refers to the statistics which provide the status of the current condition. This data is the basis for determining the change of the identified condition through the successful completion of the project.

Data for the baseline information can come from surveys, focus groups, research papers/studies, censuses, archives, etc. Use data that has been collected within the last 3 to 5 years. Provide local data first that speaks directly to your community to be served (community rates for unemployment, suicide, poverty, etc.), and if local data is not available move progressively outward to regional and statewide sources. It is often helpful to compare local statistics to regional and statewide statistics to show the severity of the condition.

Lay the groundwork for reviewers to understand the current community condition and to accurately determine if your approach is viable.

By providing this baseline information, you are painting a picture to use as a comparison for future improvements and success. Make sure to support your claims with facts and evidence and cite your sources.

When addressing this element, it is important to only include information that is related to a baseline for the single identified condition.

For example, if the project is about preserving ‘ōlelo Hawai‘i, then baseline information should include the number of Native Hawaiians and the number of Native Hawaiians who ‘ōlelo Hawai‘i.

3. Project Goal Alignment with Strategic Direction (0-6 points)

- *The application clearly states how the project goal directly addresses the Educational Pathways Strategic Direction = up to 3 points*
- *The application clearly states how the Project Goal is specifically aligned with at least one strategic direction & one associated outcome of the solicitation. = up to 3 points*

The project goal is a statement describing what is to be achieved by the project’s implementation and/or what role the project will play in addressing the current community condition and how the project aligns with the Strategic Direction-**Educational Pathways**. See *Section I.D.*

The project goal should be written as a single statement that is to the point and reflects the scope of the project. There should be a direct correlation between the current community condition and the intended result of the project. Consider if the project goal will move the community closer to

realizing the long-term community goal. There should also be a direct correlation between the Strategic Direction-**Educational Pathways** and the intended result of the project.

Additionally, while the long-term community goal represents an ideal that may be achieved years from now, the project goal should be achieved by the end of the project period. Be sure the goal is achievable within the timeframe allotted for the project. The project goal statement should:

- Be one to two sentences in length
- Reduce/Improve/Eliminate the Current Community Condition
- Address the Educational Pathways Strategic Direction
- Be realistic

Element: The application demonstrates that the project goal specifically relates to the purpose of the solicitation as described in *Section I. Project Alignment with Strategic Direction & Outcome*.

4. Objectives (0-6 points)

- *The application sufficiently identifies one to three objectives that effectively describes a measurable achievement with components of TPIT (Timeline, Population, Indicator, and Target) = up to 3 points*
- *No more than three objectives are included in the application = 1 point*
- *All objectives lead to the achievement of the project goal = up to 2 points*

Objectives are the larger building blocks that need to be achieved to reach the project goal and improve the current community condition. OHA permits a maximum of three project objectives for the entire project period. The format for OHA's objectives is TPIT: Timeline, Population, Indicator, and Target. OHA limits the number of objectives to encourage projects that are manageable within the allotted project period. You may find that you only need one project objective, or you may need all three.

Element: The application sufficiently identifies one to three objectives that effectively provides a measurable achievement with all components of TPIT: Timeline, Population, Indicator, and Target. No more than three objectives should be included in the application.

Objectives can be sequential, where the second objective is dependent upon completing the first. Or objective can be concurrent, where activities for one objective are started around the same time as another.

Consider how your TPIT components will change depending on the situation that applies to you.

Each objective must include the following four TPIT components:

- Timeline: when the objective will be accomplished
- Population: a specific group the objective will focus on
- Indicator: a measurable sign that something has been done or achieved
- Target: the amount of change/increase/decrease/improvement that will be achieved

Each objective should only include ONE of each of the TPIT components. If you find that your objective has multiple targets or addresses more than one population, then more than one objective should be developed.

The more concise, and specific your objectives are, the easier it will be for a reviewer to understand your project approach and for your project team to implement the project. We highly recommend labeling each of the TPIT components of the objective as seen in the example below.

EXAMPLE for TPIT Objective: By the end of 24 months, 200 Native Hawaiian high school haumāna on Kaua‘i will enroll in a post-secondary program.

By the end of 24 months, (*Timeline=When*)

200 (*Target=How much*)

Native Hawaiian high school haumāna on Kaua‘i (*Population=Who*)

will enroll in a post-secondary program_(*Indicator=What*).

Notice that the target is directly related to the indicator and provides a measure of how much the amount of haumāna enrolled in a post-secondary program is expected to increase by the end of the project.

Targets can be defined in many ways: whole numbers, percentages, level changes, scales, and professionally or self-identified targets. Whichever measure is chosen, be sure to describe exactly what that target means in your narrative.

When using a percentage for a target, the baseline information must be provided in the narrative so the reviewer will have a reference point for determining the amount of change that will occur. In the example above, the baseline is the amount of produce that the participant currently purchases.

When addressing this element, describe how completing each objective will logically lead you to achieve the project goal. In some instances, this relationship may seem obvious with the intimate knowledge you possess about your community; however, you will want to specifically draw the correlation for the reviewer.

Element: All objectives lead to the achievement of the project goal.

As previously mentioned, objectives are the building blocks needed to reach the project goal. Objectives must be achieved by the end of the project period.

It should be clear to the reviewer that the successful execution of each objective brings you one step closer to achieving the project goal.

In your narrative, please describe the relationship between the objective's achievement and reaching the project goal.

5. Outcomes & Indicators (0-10 points)

- *The application describes how the project addresses the Educational Pathways Strategic Direction = up to 4 points*
- *The application provides one primary outcome per objective in a way that aligns and demonstrates what will be changed as a result of achieving the objective. = up to 4 points*
- *The application clearly provides one indicator per primary outcome that illustrates how the project will track progress towards the primary outcome. = up to 2 points*

An outcome(s) is the expected change(s) that happens as a result of successfully completing the project's objective(s).

OHA requires one primary outcome per objective. Outcomes can be the same for all objectives – or the outcomes can be different. In either case, you must identify an outcome for each objective.

For this solicitation, describe how the project strengthens and integrates community, culture-based learning systems. Also address the Educational Pathways strategic direction and the associated outcome(s) for each objective in a way that aligns and demonstrates what will be changed as a result of achieving the objective.

The application must align with at least one of the following strategies and at least one of its associated outcomes:

- a. **Strategy 1:** Support development and use of educational resources for all Hawaiian life-long learners in schools, communities and 'ohana.
 - Outcome 1.1. Increased number or percent of Native Hawaiian students who enter educational systems ready to learn
 - Outcome 1.2. Increased number or percent of Native Hawaiian students graduating high school who are college, career and community ready
 - Outcome 1.3. Increased number of Native Hawaiians engaged in traditional learning systems (i.e. hale, halau, mua, hale pe'a) that reestablish/maintain strong cultural foundations/identity.

b. **Strategy 2:** Support education through Hawaiian language medium and focused Charter Schools.

- Outcome 2.1. Adequately resourced Hawaiian Focused Charter Schools and Hawaiian-medium schools, including funding of transportation, special education, facilities, and meals, and availability of qualified teachers
- Outcome 2.2. Increased availability of Hawaiian Focused Charter Schools and Hawaiian-medium schools
- Outcome 2.3. Establishment of a Native Hawaiian Charter School and Hawaiian-medium system

Recall from the previous section that indicators are directly written into the TPIT objective. The indicator is what will change/increase/decrease/improve after achieving the objective, and the target tells how much change will occur. Use the indicator (what will change) and the target (quantifiable measure) from the corresponding objective to address the elements of this section in your narrative.

Element: The application clearly provides one indicator per primary outcome that illustrates how the project will track progress towards the primary outcome.

As noted above, each objective will have only one primary outcome seen at the community/organizational level. Although the objective, indicator + target, and outcomes are all closely tied together, they are not the same. Achieving the objective (indicator + target) results in change which is measured at the project level. The outcome is an anticipated change that can be observed/measured at the community level.

To address these three elements, follow the five steps below:

1. State your project goal.
2. State the outcome for each objective.
3. State the indicator and its associated target (found in the objective).
4. Describe how the indicator in the objective will lead to the corresponding outcome.
5. Describe how the outcome will result in accomplishing the goal.

6. Output Table/Data Collection and Verification Documents (0-12 points)

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| <ul style="list-style-type: none"> ▪ <i>The application describes each objective's resulting outputs (products and/or services) and their relevance to the project = up to 10 points</i> ▪ <i>The data collection and verification documents are clearly identified and aligned with the outputs = up to 2 points</i> |
|---|

Outputs are the products and/or services that are directly tied to the accomplishment of activities in the objective work plan (OWP). These might include curricula, training sessions, or the

number of participants, among other things. As you complete your narrative and your OWP, more outputs will become evident.

Required Output. The applicant is required to provide target numbers for Native Hawaiians that are newly served and Native Hawaiians that complete the project.

When addressing this element, it is important to maintain consistency with the outputs listed in the OWP. List each output from the OWP and describe why it is relevant for achieving the objective. See Attachment G. Output Table and Objective Work Plan Form.

EXAMPLE of output table & data collection/verification documents			
Objective	Target#	Outputs	Relevance
1. By the end of 24 months (Timeframe) 200 (Target) Native Hawaiian high school students on Kaua'i (Population) will enroll in a post-secondary program (Indicator).	300	<i>*Required</i> -Native Hawaiian participants newly served	Native Hawaiian students participate in post-secondary informational workshops
	200	<i>*Required</i> -Native Hawaiians completed the project	Native Hawaiian students enroll in at least one post-secondary program upon graduation
	300	Registration forms Attendance sheets (2x/month x 8 months x 5 schools)	Document registration & NH ancestry
	80	Post-secondary Informational Workshops Curriculum	Document student attendance in post-secondary informational workshops
	1	Participant Program Evaluations	Curriculum delivered to students to encourage enrollment in post-secondary programs
	300		Participant feedback and program evaluation
Data Collection and Verification Documents:			
Registration forms, attendance sheets, curriculum, participant program evaluations			

***Ensure these numbers match the target numbers that you submitted in Phase 1 - Applicant & Project Information.**

7. Objective Work Plan (OWP) (0-10 pts)

- *The OWP serves as a stand-alone document for project implementation, consistently states elements from the project narrative, and provides details about the how, when, and by whom activities will be completed.*
 - *OWP clearly meets or exceeds all requirements and is exemplary = 10 points*
 - *OWP meets all requirements and clearly articulates project = 7-9 points*
 - *OWP meets most requirements and reasonably articulates project = 4-6 points*
 - *OWP meets a few requirements and/or reasonably articulates project = 2-3 points*
 - *OWP does not meet most requirements and/or poorly articulates project = 0-1 points*

The activities in the OWP are relevant and lead to the achievement of each objective.

Outputs in the OWP demonstrate progression and are logical results of the successful completion of activities within the proposed timeframe.

The OWP mirrors the project's implementation plan and identifies all the key elements of the project description including the project goal, objectives, activities, outputs and outcomes, staff responsible, and timeframe for the completion of each activity.

Key project elements in the OWP should reflect those stated in the project narrative and support consistency throughout the application. The OWP identifies how (through key activities), when (by established timeframes for key activities), and by whom (staff responsible for activity completion) the project will be implemented.

An OWP should be provided for each objective and for each budget period needed to complete the objective.

The number and timing of objectives depend on the design of the proposed project. Some projects may find they only need one objective for the entire project period (Example 1) while a more comprehensive project may use a maximum of 3 objectives for each project year (Example 2). And some will find themselves in the middle (Example 3). Again, it is all dependent on the project design.

The OWP form is available for download. Upload the completed form into your application. *Attachment G. Output Table and Objective Work Plan Form.*

How to complete the OWP form:

1. Copy and paste the Project Title, Project Goal, and related Project Objective, and Outcome into the appropriate spaces at the top of the form.
2. Fill in the Project Year (budget year) for the OWP.

3. Each OWP should list the activities needed to successfully achieve each objective and associated outputs. Each objective can have a maximum of 25 activities for each grant project year.
4. Each activity should have an associated timeframe in which the activity will be completed.
5. The OWP should include an output for each activity. Outputs in the OWP should logically result from the successful completion of the associated activity, within the given timeframe.

All activities should be listed in chronological order by start date and define who (lead and support) will ensure the activity is implemented.

8. Community-Based Strategy (0-7 points)

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| <ul style="list-style-type: none"> ▪ <i>The application clearly demonstrates how the community and/or the target population to be served was involved in developing the project = up to 3 points</i> ▪ <i>The application clearly demonstrates that the applicant organization has a connection to the community to be served including the ability to directly work with the project participants/beneficiaries = up to 4 points</i> |
|---|

The application clearly documents ongoing outreach activities to maintain community awareness throughout the project's implementation.

Element: The application clearly demonstrates how the community and/or the target population to be served was involved in developing the project.

To address this element, summarize the section of the community that will be served by this project. Next, describe who was involved in the project's development, what processes were used to obtain feedback, and the input received from the targeted population.

Element: The application clearly demonstrates that the applicant organization has a connection to the community to be served including the ability to directly work with the project participants/beneficiaries.

To address this element, it is important to provide a clear understanding of why your organization is best suited to serve the identified community, beneficiaries, and participants and perform the work of the proposed project – this is especially important for non-profits, urban centers, and regional entities that may work with communities outside of their geographical location. Describe the working history your organization has with the community to be served.

Next, include a description of how your organization has worked with (similar) project participants and/or beneficiaries in the past, the success that was obtained, and how that translates to your ability to work with the project participants and/or beneficiaries of the proposed OHA project.

The application clearly documents ongoing outreach activities to maintain community awareness throughout the project's implementation.

9. Implementation Strategy (0-7 points)

- *The application provides detailed recruitment, selection, and retention process for project participants that includes how, where and when recruitment and selection will be implemented = up to 4 points*
- *The application addresses project sustainability that should include identification of resources, staff, and/or partners that are necessary to ensure that positive outcomes are achieved by the project will be sustained = up to 3 points*

Element: The application provides detailed recruitment, selection, and retention processes for project participants that includes how, where and when recruitment and selection will be implemented.

The successful achievement of most projects is the ability to recruit and retain participants in the project. To address this element, detail all recruitment activities, selection criteria, and retention activities for the project.

In your narrative, describe what kind of participants you want to recruit, any outreach activities needed for recruitment, the selection/screening process used, and any unique activities or incentives to maintain participation during the entire project period.

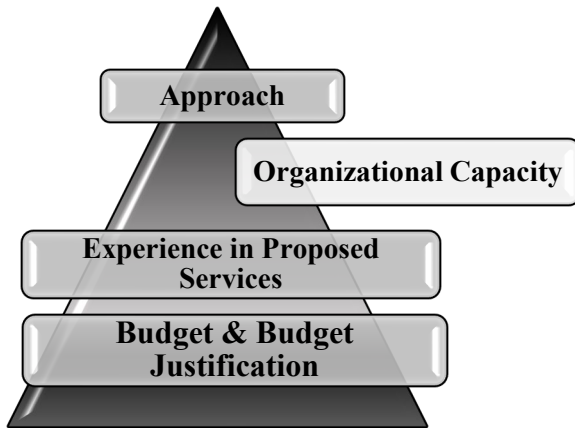
Element: The application addresses project sustainability that should include the identification of resources, staff, and/or partners that are necessary to ensure that the positive outcomes achieved by the project will be sustained.

The application appropriately cites potential obstacles and challenges to project implementation, such as initial staffing, unexpected staff vacancies, partnerships, participant recruitment, or other issues that may impede progress.

The application includes specific strategies that will be used to address these challenges. This element asks that you acknowledge those most likely to occur and provide a contingency or backup plan to address them.

Be thorough enough in identifying your challenges to demonstrate that you have the knowledge and expertise to address any issue that might arise.

Criterion 2
Organizational Capacity | Maximum Points: 11



To evaluate organizational capacity, reviewers will consider if the application demonstrates that the key staff and management have the expertise, knowledge, and credentials relative to assigned roles.

1. Organizational Chart & Functions (0-8 point)
2. Fiscal Oversight (0-3 points)

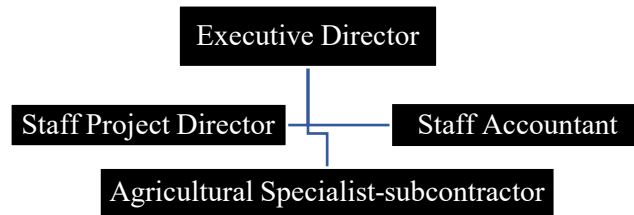
The applicant organization should have a connection to the community with the ability to implement the project with an efficient structure to oversee OHA funds, partners, and the delivery of project objectives. In reaching their conclusions, reviewers will consider the degree to which the following narrative elements are well thought out, well designed, and well described.

1. Organizational Chart & Functions (0-8 point)
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| <ul style="list-style-type: none"> ▪ <i>To address these three elements, you can begin by providing an organizational chart that clearly identifies the project staff and where each position falls within the organization. = up to 2 points</i> ▪ <i>Next, describe the responsibilities and qualifications needed for each staff position (or subcontractor) and include an overview of how the position will support the project. = up to 6 points</i> |
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The application clearly documents a staffing and organizational structure that will support full implementation upon receipt of award, including identification of a Project Director, project

staff, and a timeframe and strategy for filling vacant positions. For example:



Identify which staff member(s) will manage any partners, contractors, subcontractors, and consultants (Contracts, MOUs, Statements of Work, Letters of Commitment, etc.). For any positions that will be vacant at the start of the project, outline a recruitment and hiring plan that aligns with the organization's current policies and procedures.

Applicant shall describe each designated position that will be responsible for grant monitoring, reporting, data collection, performance measurement data and expenditures, including years of experience performing these requirements.

Be sure to include the estimated timeframe needed for recruitment and hiring, using the corresponding activity found in the OWP. Lastly, if the Project Director position needs to be filled, identify who will be responsible for the implementation of activities until they are hired.

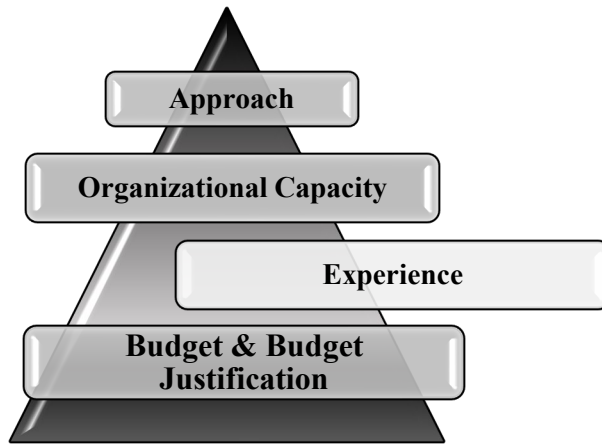
2. Fiscal Oversight (0-3 points)

- *The application describes a plan for proper oversight of OHA award funds, including the identification of staff and internal controls for financial management, demonstrated knowledge or experience in the proper and timely disbursement of funds, and accurate accounting practices.*

To address this element, describe the financial internal controls of the Organization including the policies which clearly define how disbursement of funds, purchasing, cash drawdowns, and related authorizations are handled.

Identify the relevant financial staff or the financial contractor (individual CPAs or Accounting Firms), their responsibilities, qualifications, and experience.

Criterion 3
Experience | Maximum Points: 12



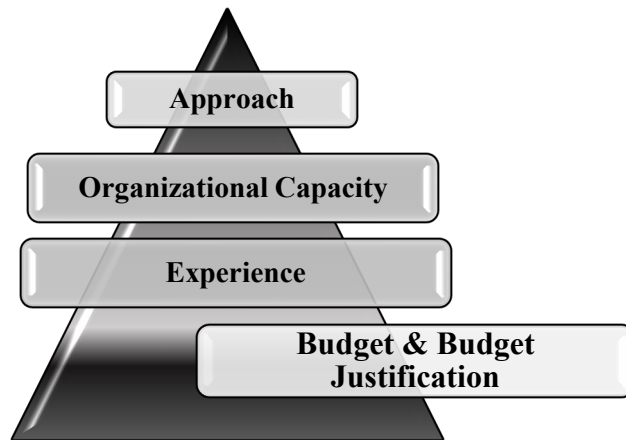
The applicant shall clearly demonstrate and describe prior experience providing the proposed project services. Applicant states the number of years services have been provided and lists projects with dates of service. If a partner/consultant/contractor is used, the applicant must also detail the partner/consultant/contractor's prior experience providing the proposed services.

Experience (0-12 points)

Experience (0-12 points)

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|---|
| <ul style="list-style-type: none"> ▪ <i>The applicant shall clearly demonstrate and describe prior experience providing the proposed or directly related project services.</i> <ul style="list-style-type: none"> ○ <i>Identifies multiple years of exemplary proposed project experience; clearly articulated = 12 points</i> ○ <i>Identifies multiple years of proposed project experience; explained in detail = 10-11 points</i> ○ <i>Identifies multiple years of proposed project experience; explained in some detail = 6-9 points</i> ○ <i>Identifies multiple years of proposed project experience; minimal explanation = 2-5 points</i> ○ <i>Minimal or no years of proposed project experience; lacks detail = 0-1 points</i> |
|---|

Identify projects in which the applicant has directly related experience providing the proposed project services. Provide projects related in scope as evidence of the organization's financial and project management capabilities. For each project, the applicant shall provide the funder name, grant purpose, general grant scope, number of years services were provided and dates of service.

Criterion 4**Budget & Budget Justification | Maximum Points: 13**

To evaluate the Project Budget and Budget Justification, reviewers will consider the degree to which the application designates adequate resources to carry out the expected and proposed activities while ensuring that the proposed costs are reasonable. In reaching their conclusion, reviewers will deliberate the following elements:

1. Line-Item Budget (0-5 points)
2. Budget Justification (0-8 points)

1. Line-Item Budget (0-5 points)

- | |
|---|
| <ul style="list-style-type: none"> ▪ <i>The application includes a line-item budget with class categories for each year of the project that fully details the costs allocated for OHA and Match Funding shares. Personnel should be delineated by full-time equivalent or percentage of time to the project.</i> ▪ <i>The application includes funds for all required items to successfully implement the project budget, as provided in previous sections. The line-item budget should only include costs that align with the Approach and the OWP.</i> ▪ <i>If the application exceeds the operating cost restriction = Ineligible</i> |
|---|

A line-item budget is required for each year of the project.

Expenses listed under each budget category should reflect the annual cost, for example, the costs for personnel are the annual salaries based on the position's full-time equivalent and travel is the annual cost per trip. See Attachment H. Sample Budget and Attachment I. Budget Category Table.

Operating Cost Restriction. The budget for administration of the project operating costs cannot exceed 30% of the total OHA grants funds. The minimum budget for OHA funds allocated to

direct service is 70% of OHA grant funds. Operating costs are costs not directly associated with the program but with the general operation of your organization. Examples include, but are not limited to: rent, accounting, administrative salaries, liability insurance, telephone and other utilities. In most cases, overhead expenses.

2. Budget Justification (0-8 points)

- *The application includes a budget justification for every year of the project that provides a narrative that describes the breakdown of how all costs are calculated for each entry in the line-item budget. The budget justification includes a basis for estimated costs, such as equipment, personnel, and travel. Vendor quotes should be provided for equipment over \$5,000. = up to 5 points*
- *The budget justification describes how expenditures align with the Approach and the OWP. = up to 2 points*
- *The application provides information to demonstrate the required commitment of cash match funding contributions. = up to 1 point*

The budget consists of a line-item budget and a narrative budget justification. The line-item budget is a list of the resources and services required to complete the project and their associated costs which are organized by Object Class Categories. All input of budget cost shall be rounded to the nearest dollar. See Attachment J. Budget & Budget Justification Form.

Additionally, the line-item budget clearly identifies the OHA share and the cash match funding.

The budget justification narratively describes how each line-item cost was calculated and includes a short explanation of why it is necessary to the project.

As described above, the budget justification is a narrative breakdown of the line item costs and a brief explanation why it is necessary to the project. Each line-item cost is broken down to justify the annual expense.

For example, for each personnel position provide their percentage of full-time equivalent, number of hours and the hourly rate assigned to that position for the year, i.e., a 0.5 FTE position - \$25/hr. x 80 hours per month x 12 months of the year. For travel costs, each trip should be broken down by airfare, hotel, parking, taxi, and mileage.

Disallowed Costs. It is important that you review the chart summarizing Allowable Costs and Disallowed Costs before you submit your budget. Attachment K. Disallowed Costs.

Budget Adjustments. OHA reserves the right to modify application budgets during contracting. If you have any questions regarding the allowability of a cost item in your budget, contact the Grants Program at grantsinfo@oha.org.

SECTION V. APPLICATION SUBMISSION

A. Submission Information

The grant application system, the OHA Grants Portal, can be accessed through the Grants Program page of the OHA website at <http://www.oha.org/grants>.

1. All applicants shall first create an account in the Grants Portal. Required information to create an account includes the organization's legal name and EIN/Tax identification number.
2. A response is required for **each** item. If the item does not apply to your proposal or if no information is available, answer "not applicable" or "N/A". Do not leave any items blank. Failure to answer any of the items will restrict your ability to submit.
3. Required forms or supporting documents must be uploaded with each relevant section of the application. Uploads have size limits. To ensure sufficient space for all uploads it is recommended to use black/white, compressed, low resolution, text quality documents.
4. Application questions have character limits. Character count includes all letters, numbers, symbols, blank spaces, and diacritical marks. Grants Portal accepts diacritical marks, please utilize where appropriate.

B. Additional Materials and Documentation

Upon request from OHA, each applicant shall submit any additional materials and documentation reasonably required by OHA in its review of the applications.

C. Solicitation Amendments

OHA reserves the right to amend this solicitation at any time prior to the closing date for the final revised applications. Amendments will be posted to the OHA Grants webpage at <http://www.oha.org/grants>.

D. Cancellation of Solicitation

The solicitation may be canceled and any or all applications may be rejected in whole or in part, when it is determined to be in the best interest of OHA.

E. Rejection of Applications

OHA reserves the right to consider only those applications submitted in accordance with all requirements set forth in this solicitation and comply with the service specifications. An application offering any other set of terms and conditions contradictory to those included in this solicitation may be rejected without further notice.

SECTION VI. APPLICATION EVALUATION

This section explains how the applications will be evaluated and provides the specific evaluation criteria and the points assigned to each criterion. The evaluation of applications shall be conducted comprehensively, fairly, and impartially. An evaluation committee of designated reviewers shall review and evaluate all applications that met Phase I Eligibility Requirements. The evaluation committee may be comprised of OHA employees and/or community representatives with experience in and knowledge of project services.

- A. Application Criterion & Scoring System.** Each application may be awarded up to 100 points* as specified in Criterion 1-4 to be distributed as follows:

Scoring System	Criterion 1 - Approach (64 Points)						
	Long-Term Goal	Current Community Condition	Project Goal	Objectives	Outcomes & Indicators	Output Table	Objective Work Plan
Total Points	2	4	6	6	10	12	10
Exceeds Expectation	2	4	6	6	10	12	10
Meets Expectation	2	3	4 to 5	4 to 5	7 to 9	10 to 11	7 to 9
Good	1	2	2 to 3	2 to 3	4 to 6	6 to 9	4 to 6
Fair	1	1	1	1	2 to 3	2 to 5	2 to 3
Poor	0	0	0	0	0 to 1	0 to 1	0 to 1
Scoring System	Approach		Criterion 2 - Organizational Capacity & Fiscal Oversight (11 Points)		Criterion 3 - Experience (12 Points)	Criterion 4 - Budget & Budget Justification (13 Points)	
	Community Based Strategy	Readiness & Implementation Strategy	Organizational Capacity	Fiscal Oversight	Experience	Line Item Budget	Budget Justification
Total Points	7	7	8	3	12	5	8
Exceeds Expectation	7	7	8	3	12	5	8
Meets Expectation	5 to 6	5 to 6	6 to 7	2	10 to 11	3 to 4	6 to 7
Good	3 to 4	3 to 4	4 to 5	1	6 to 9	2	4 to 5
Fair	1 to 2	1 to 2	2 to 3	0	2 to 5	1	2 to 3
Poor	0	0	0 to 1	0	0 to 1	0	0 to 1

The following evaluation framework shall be used by reviewers during scoring:

Exceeds Expectation	All application requirements are met, and several are exceeded, application response clearly and effectively articulates project and is exemplary
Meets Expectation	All application requirements are met and application response clearly articulates project
Good	Most application requirements are met and/or application response reasonably articulates project
Fair	A few application requirements are met and/or application response somewhat articulates project
Poor	Most application requirements are not met and/or application response poorly articulates project

B. Recommendation for Award

The Grant Review Process recommendations include the prioritization of applications based on the highest scores in the scoring matrix. Upon review of the scoring matrix, the Grants Program may include the following considerations in its recommendation for award to the BOT: 1) Applicant's past OHA grant performance; 2) Gaps in service to Native Hawaiian communities; and 3) Geographical distribution of grant funds to Native Hawaiian communities. Based on the foregoing, the Grants Program shall issue final recommendations to the BOT with budget modifications and/or recommendation adjustments in accordance with grant funding amounts.

C. Approval

The Grants Program will send award recommendations, via memo and matrix and/or Action Item, to the Administration for approval. Upon Administration approval, the Grants Program will transmit an Action Item for signatures and submit the Action Item to the Committee on Resource Management for review and approval. Upon Committee review and approval, the Action Item will be submitted to the Board of Trustees (BOT) for final review and approval.

D. Notice of Award

Upon BOT approval of the Action Item, the Grants Program will send email notifications of award and non-award to applicants via the OHA Grants Portal and publish results on the OHA website.

SECTION VII. OHA AWARD ADMINISTRATION

This section details the type of funding instrument, reporting requirements for the grant, compensation, and the method of payment.

A. Grant Agreement

All awards will be issued via a grant agreement with OHA. The grant agreement arising out of this solicitation is subject to the review of OHA Corporation Counsel as to form, to OHA executive final approval, and to all further approvals, as required by statute, regulation, rule, order, or other directive. No work is to be undertaken by the grantee prior to the execution of the Grant Agreement and grant commencement date. OHA is not liable for any costs incurred prior to the start date in the grant agreement.

Budget Adjustments – OHA reserves the right to modify budgets during contracting.

The Grant Agreement includes a detailed noncompliance policy and the required general conditions. Special conditions may also be imposed contractually by OHA, as deemed necessary.

B. Reporting Requirements for Project and Fiscal Data

Grantee shall be required to complete quarterly reports on the OHA Grants Portal and upload reports on OHA forms to the OHA Grants Portal. Grant program reports shall consist of statements by the grantee relating to the work by the grantee that was accomplished during the reporting period. This shall include a narrative statement of the work performed, performance measures, expenditures incurred, invoice and assurance of services provided to Native Hawaiians. Additional reports may be required. Timely compliance with reporting requirements is required to continue to receive funding under the award.

When deemed necessary, OHA shall conduct compliance review monitoring to evaluate performance. Monitoring activities shall include review of conformance with grant agreement requirements and may include interviews with staff and/or participants, participant surveys, review of project/participant files, accounting practices, case-record keeping, including invoice and document testing and internal control supports.

C. Compensation & Method of Payment

1. Automated Clearing House (ACH) Payments

If awarded, grant payments to the Grantee shall be completed via automatic ACH payments. Grantee will be required to complete OHA's ACH setup process to receive payments via direct deposit.

2. Compensation

An initial payment shall be made upon execution of the grant agreement and the submission of the Grantee's W-9 form, the initial invoice form, ACH direct deposit form, current Certificate of Liability Insurance, and Grantee press release announcing the award.

Subsequent payments shall be made to the applicant in quarterly disbursements, upon submission by the applicant, and approval by OHA, of progress reports, performance measurement tables, expenditure reports, and certification of Native Hawaiian Ancestry, if applicable. OHA shall retain up to ten percent (10%) of the total amount awarded for a final payment.

3. Method of Payment

The method of payment will be cost reimbursement. The cost reimbursement will provide for payment of allowable incurred costs, to the extent prescribed in the grant agreement.

Section VII. Attachments

1. Attachment A. Application Authorization Form
2. Attachment B. Partner Certification Form
3. Attachment C. Sample - IRS Letter of Determination
4. Attachment D. Sample - HCE Certificate of Vendor Compliance
5. Attachment E. Board Governance Certification Form
6. Attachment F. Match Funding Confirmation Form
7. Attachment G. Output Table and Objective Work Plan Form
8. Attachment H. Sample Budget
9. Attachment I. Budget Category Table
10. Attachment J. Budget & Budget Justification Form
11. Attachment K. Disallowed Costs



ATTACHMENT A. APPLICATION AUTHORIZATION FORM

Organization:			
	<i>Legal Entity Name (ex. H&B Foundation, Inc. dba Nā Mele Hawai'i)</i>		
Address:			
	<i>Street Address</i>	<i>City</i>	<i>Zip</i>
	<i>Mailing Address (if different from Street Address)</i>	<i>City</i>	<i>Zip</i>

The authorized signatory below certifies that they have legal power delegated by an organization's governing body (such as the Board of Directors) to sign and submit the OHA grant application and that the organization's governing body will review the application prior to submittal.

Authorized Representative Signature	Authorized Representative (Type or Print Name)
Title of Authorized Representative	Date of Authorization



ATTACHMENT B. PARTNER CERTIFICATION FORM

If the applicant is partnering with one or more organizations, each organization's Board President and Chief Executive Officer/Executive Director is required to sign and submit a partner certification form approving and committing to the partnership with the applicant Native Hawaiian Serving Organization (NHSO) for the grant term.

As of _____, the partner organization listed below agrees to commit to a
(Date of form submittal)
 partnership with _____ for the purpose of the _____
(Applicant NHSO) (Grant Project Name)
 project, if the applicant NHSO is awarded. The commitment shall be for the entire grant term specified in the final grant contract with the Office of Hawaiian Affairs.

Furthermore, the partner organization has agreed to commit \$ _____
(cash match funds, if any)
 in cash match funding specifically designated for this grant project.


PARTNER ORGANIZATION INFORMATION

Organization Name: _____
 Point of Contact: _____
 Mailing Address: _____
 Phone Number: _____
 Email Address: _____

Board President Name: _____ Board President Signature: _____

Chief Executive Officer or
Executive Director Name: _____ Chief Executive Officer or
Executive Director Signature: _____

Attachment C. Sample – IRS Letter of Determination

INTERNAL REVENUE SERVICE P. O. BOX 2508 CINCINNATI, OH 45201	DEPARTMENT OF THE TREASURY
Date: DEC 18 2010	Employer Identification Number: 12-1234567
Organization Name	DLN: 600328003
Org. Address	Contact Person: Kimo Kealoha ID# 31518
City, State Zipcode	Contact Telephone Number: (877) 888-8888
	Accounting Period Ending: December 31
	Public Charity Status: 170(b)(1)(A)(vi)
	Form 990 Required: Yes
	Effective Date of Exemption: February 22, 2010
	Contribution Deductibility: Yes
	Addendum Applies: No
Dear Applicant:	
<p>We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.</p> <p>Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.</p> <p>Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.</p>	
Sincerely, 	
Robert Choi Director, Exempt Organizations Rulings and Agreements	
Letter 947 (DO/CG)	

Attachment D. Sample – HCE Certificate of Vendor Compliance (CVC)



STATE OF HAWAII
STATE PROCUREMENT OFFICE

CERTIFICATE OF VENDOR COMPLIANCE

This document presents the compliance status of the vendor identified below on the issue date with respect to certificates required from the Hawaii Department of Taxation (DOTAX), the Internal Revenue Service, the Hawaii Department of Labor and Industrial Relations (DLIR), and the Hawaii Department of Commerce and Consumer Affairs

Vendor Name: **ORGANIZATION NAME**

DBA/Trade Name: **ORGANIZATION NAME**

Issue Date: **09/10/2016**

Status: **Compliant**

Hawaii Tax#: W12345678-01

FEIN/SSN#: XX-XXX1234

UI#: No record

DCCA FILE#: 11499

This certificate must be current within three (3) months of this application deadline.

Status of Compliance for this Vendor on issue date:

Form	Department(s)	Status
A-6	Hawaii Department of Taxation	Compliant
	Internal Revenue Service	Compliant
COGS	Hawaii Department of Commerce & Consumer Affairs	Exempt
LIR27	Hawaii Department of Labor & Industrial Relations	Compliant

Status Legend:

Status	Description
Exempt	The entity is exempt from this requirement
Compliant	The entity is compliant with this requirement or the entity is in agreement with agency and actively working towards
Pending	The entity is compliant with DLIR requirement
Submitted	The entity has applied for the certificate but it is awaiting approval
Not Compliant	The entity is not in compliance with the requirement and should contact the issuing agency for more information

On behalf of _____ (the “Organization”), I hereby certify that:
Organization Name

- By signing below, I confirm that I am authorized to certify the Organization's compliance with the requirements of HRS §10-17(c)(2), as listed above, and that I am responsible for the certification made herein. I understand that the Office of Hawaiian Affairs (OHA) may make a written request(s) for additional information from the Organization, in fulfillment of OHA's responsibilities under HRS Chapter 10.

Authorized Board Representative (Print Name)



ATTACHMENT F.
MATCH FUNDING CONFIRMATION FORM

We, _____, hereby affirm that any monies designated as matching funds under
Organization Name
 the terms of OHA's grant award will be dedicated funds and will not be used for any other purpose.

FUNDING SOURCE - FY 2022	PROJECTED AMOUNT	ACTUAL AMOUNT	AWARD PERIOD	NOTES
TOTAL INCOME:	\$ -			

FUNDING SOURCE - FY 2023	AMOUNT	CONFIRMED/P ENDING	AWARD PERIOD	NOTES
TOTAL INCOME:	\$ -			

ATTACHMENT G. OUTPUT TABLE



Organization Name: _____

Project Name: _____

[illegible]

ATTACHMENT G. OBJECTIVE WORK PLAN



Organization Name: _____
Project Title: _____
Project Year: _____

[illegible]

ATTACHMENT H. SAMPLE BUDGET

BUDGET CATEGORY - Item	Requested OHA Funds Budget	Cash Match Funds	Partner Organization Match Funds (if any)	Other Funds (if any)	Description & Justification
PERSONNEL - Salaries					
Kumu/Cultural Expert	\$ 27,500	\$ 10,000	\$ 5,000	\$ 2,500	1.0 FTE to design, prepare, coordinate and teach cultural workshops 2x/month for 10 months of Year 1
Project Manager	\$ 5,000	\$ -	\$ -	\$ -	0.1 FTE to manage administrative tasks throughout the duration of the grant Year 1
	\$ -	\$ -	\$ -	\$ -	
PERSONNEL - Other Costs					
Fringe Benefits	\$ 2,000	\$ 500	\$ -	\$ -	Year 1 taxes - Kumu and Project Mgr \$1,200 Year 1 medical - Kumu and Project Mgr \$1,300
	\$ -	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES - Administrative					
Account Services	\$ 2,500	\$ -	\$ -	\$ -	Accounting and Payroll services for Year 1
	\$ -	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES - Programmatic					
Kumu Assistant	\$ 4,000	\$ -	\$ -	\$ -	Assist Kumu with workshops in Year 1 - 20 workshop x \$200/workshop
	\$ -	\$ -	\$ -	\$ -	
DISTRIBUTIONS					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
EQUIPMENT - Lease/Rental					
Copy Machine	\$ 1,000	\$ 1,000	\$ -	\$ -	Pro rata share of copy machine costs for copying of curriculum and handouts for workshops
	\$ -	\$ -	\$ -	\$ -	
EQUIPMENT - Purchase					
Computer and accessories	\$ 1,500	\$ -	\$ -	\$ -	Laptop for project activities \$1,000 Laptop warranty \$150 Laptop bag \$50 Color Printer \$300
	\$ -	\$ -	\$ -	\$ -	
FACILITIES - Lease/Rental					
Office Lease	\$ 10,000	\$ 20,000	\$ -	\$ -	Pro rata share of lease of office space for project administration & activities \$2,500/month x 12 mos
	\$ -	\$ -	\$ -	\$ -	
FACILITIES - Utilities					
Telephone and Internet Services	\$ 1,000	\$ 2,000	\$ -	\$ -	Pro rata share of telephone and utilities
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Honorarium					
Kupuna - Guest Speakers	\$ 1,000	\$ -	\$ -	\$ -	Kupuna guest speakers at workshops to share 'ike la'au lapa'au - \$100 x 2 speakers x 5 workshops
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Insurance					
General Liability	\$ 1,500	\$ -	\$ -	\$ -	Pro rata share of required annual insurance premium
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Mileage					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Other Costs					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Postage, Freight, Delivery					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Publication & Printing					

Curriculum packets	\$ 2,500	\$ 625	\$ 625	\$ -	One Curriculum packet for each participant \$75 x 50 participants in Year 1
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES- Repair & Maintenance					
Maintenance of Commercial Dehydrator Machine	\$ 1,500	\$ -	\$ -	\$ -	Annual maintenance of commercial dehydrator
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Staff Training					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Supplies					
Office supplies	\$ 1,000	\$ -	\$ -	\$ -	Color/Black ink \$500 Paper, pens, other office supplies \$500
	\$ -	\$ -	\$ -	\$ -	
PROGRAM ACTIVITIES					
Tool sets for participants	\$ 5,000	\$ -	\$ -	\$ -	One tool set for each participant \$100 x 50 participants in Year 1
Lapa'au starter kits	\$ 10,000	\$ -	\$ -	\$ -	Lapa'au kits for participants that complete the program in Year 1, kit includes bowl, chopper, strainer, steamer, knife, muslin material, five different plant starters, other lapa'au supplies \$200 x 50 participants in Year 1
Workshop supplies	\$ 1,100	\$ -	\$ -	\$ -	PPE \$300, disposable gloves \$200, storage containers \$500, trash bags \$100
TRAVEL AND TRANSPORTATION					
Staff travel for 2-day Maui workshop	\$ 900	\$ -	\$ -	\$ -	Airfare \$200 x 2 staff \$400, Car rental \$200, Overnight Accommodations for \$300
Staff travel for 2-day Kauai workshop	\$ 1,000	\$ -	\$ -	\$ -	Airfare \$200 x 2 staff \$400, Car rental \$200, Overnight Accommodations for \$400
REQUESTED OHA FUNDS BUDGET:	\$ 80,000				
CASH MATCH FUNDS:		\$ 34,125		50%	% of Match
Partner Organization Match Funds:		\$ 5,625			
Other Funds:				\$ 2,500	
Total Project Cost:		\$	122,250		

ATTACHMENT I. BUDGET CATEGORIES TABLE

The budget demonstrates that the applicant has a complete, accurate, and justified budget that aligns with and supports the proposed service delivery and/or activities. **Budget Forms shall be complete and accurate.** The budget shall include all project expenses, even those costs not being requested from OHA. The budget shall detail calculations for each budget item to demonstrate that costs are reasonable. The budget shall provide adequate information to justify that costs are relevant to proposed service and/or activity. Justifications shall explain the appropriateness and relevance of project costs to the anticipated service and/or activities and planned outputs. If you do not know what category to use, please contact the OHA Grants department at grantsinfo@oha.org.

PERSONNEL - Salaries

Description: Costs of Employees Salaries and Wages.

Justification: Identify key project staff positions. For each staff person, provide: position title, time commitment to the project as a percentage or full-time equivalent, and annual salary calculation.

PERSONNEL - Other Costs

Description: Costs of Employees (Federal and State requirements) which may include payroll taxes, assessments and fringe benefits.

Justification: List all components of fringe benefits and provide a breakdown of the amounts and percentages (FICA, unemployment insurance, health insurance, retirement, etc.) in relation to salaries and wages.

CONTRACTUAL SERVICES - Administrative

Description: Costs of all contracts for professional services or consultant services necessary for the project that are a part of the organizational functions (e.g. payroll processing, audit, accounting, hardware/software maintenance).

Justification: Explain why these services are being contracted. Include prorata amounts based on FTE or staff ratios. Service contracts and/or agreements are required.

CONTRACTUAL SERVICES - Programmatic

Description: Costs of all contracts for professional services or consultant services that are not regularly part of the organization's staff and necessary for project implementation (e.g. kumu, cultural practitioners, specialists, repair/maintenance).

Justification: Explain why these services are being contracted. Services must be documented in the Scope of Services. Include type of service, fee for service and time commitment to the project as applicable. Service contracts and/or agreements are required.

DISTRIBUTIONS

Description: Amount allocated to direct payments (e.g. match savings programs, scholarships, emergency financial assistance, Charter School funds).

Justification: Describe eligibility criteria for payments and what direct payments are for. Supporting documents confirming eligibility are required.

EQUIPMENT - Lease/Rental

Description: Cost of equipment lease or rental as related to the proposed project services (e.g. van, back hoe, printer)

Justification: Provide computations, price quotes, narrative description, and a justification for each cost under this category. Include prorata amount if the equipment is shared and not used exclusively for the project.

EQUIPMENT - Purchase

Description: "Equipment" means an article including items of personal property, as distinguished from real property, having a useful life of more than one year and an acquisition cost of \$500 or more per unit. *Note: Equipment purchased with OHA grant funding must continue to be used to benefit the Native Hawaiian community after the term of the OHA grant.

Justification: For each type of equipment requested, provide a description of the item and its relevance to the project, the cost per unit and the number of units.

FACILITIES - Lease/Rental

Description: Costs may include lease/rental of office space or other project-related facility costs.

Justification: Provide computations, price quotes, narrative description, and a justification for each cost under this category. Include prorata amount if this is a shared cost.

FACILITIES - Utilities

Description: Costs may include utilities such as water, sewer, electricity and/or telephone/internet services.

Justification: Provide computations, price quotes, narrative description, and a justification for each cost under this category. Include prorata amount if this is a shared cost.

OTHER EXPENSES - Honorarium

Description: Payment made for services for which fees are not traditionally required (e.g. guest speaker at a workshop to cover time and/or travel).

Justification: Provide computations, narrative description, and a justification for each cost under this category.

OTHER EXPENSES - Insurance

Description: Cost of insurance required as related to provision of proposed services, which may include general liability, automobile and worker's compensation.

Justification: For each type of insurance requested, provide a description of the coverage, cost, prorata share and necessity as applicable to provision of proposed services.

OTHER EXPENSES - Mileage

Description: Travel allowance based on staff use of private vehicles for project-related activities.

Justification: Provide computations based on miles, rate, months and FTE, and a narrative description for cost under this category.

OTHER EXPENSES - Other Costs

Description: Enter all other costs not included in any other category.

Justification: Provide computations, a narrative description and a justification for each cost under this category.

OTHER EXPENSES - Postage, Freight, Delivery

Description: Costs of mailing, shipping or delivery as related to the project.

Justification: Provide computations, a narrative description and a justification for each cost under this category.

OTHER EXPENSES - Publication & Printing

Description: Costs may include items such as project outreach materials, client forms, or other project related educational materials.

Justification: Provide computations, a narrative description, and a justification for each cost under this category.

OTHER EXPENSES - Staff Training

Description: Costs may include tuition, stipends, registration fees and other staff development related expenses.

Justification: Provide computations, a narrative description and a justification for each cost under this category.

OTHER EXPENSES - Supplies

Description: Include costs of administrative supplies and equipment (other than that included under the Equipment category) related to service delivery.

Justification: Specify general supplies costs and units. Show computations and provide other information that supports the amount requested.

PROGRAM ACTIVITIES

Description: Cost of items, supplies and project services directly related to the delivery of services to participants.

Justification: Provide computations (cost and units), a narrative description and a justification for each cost under this category.

TRAVEL AND TRANSPORTATION

Description: Travel is for In State Travel Only. Costs of project-related travel by applicant employees, which may include airfare, vehicle rental, mileage, or lodging. Cost for transportation for participants to project-related services, which may include bus rental. Grant funds do not cover participant travel.

Justification: For each trip, show the total number of travelers, travel destination, and purpose of trip as it relates to proposed project. Provide computations, price quote, narrative description and a justification for each cost under this category.

ATTACHMENT J. BUDGET AND BUDGET JUSTIFICATION FORM

YEAR 1

BUDGET CATEGORY - Item	Requested OHA Funds Budget	Cash Match Funds	Partner Organziation Match Funds (if any)	Other Funds (if any)	Description & Justification
PERSONNEL - Salaries					
	\$ -		\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
PERSONNEL - Other Costs					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES - Administrative					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES - Programmatic					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
DISTRIBUTIONS					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
EQUIPMENT - Lease/Rental					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
EQUIPMENT - Purchase					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
FACILITIES - Lease/Rental					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
FACILITIES - Utilities					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Honorarium					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Insurance					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Mileage					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Other Costs					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Postage, Freight, Delivery					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Publication & Printing					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	

OTHER EXPENSES- Repair & Maintenance					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Staff Training					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Supplies					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
PROGRAM ACTIVITIES					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
TRAVEL AND TRANSPORTATION					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
REQUESTED OHA FUNDS BUDGET:	\$ -				
CASH MATCH FUNDS:	\$ -			#DIV/0!	% of Match
Partner Organization Match Funds:	\$ -				
Other Funds:				\$ -	
YEAR 1 Total Project Cost:	\$ -				

ATTACHMENT J. BUDGET AND BUDGET JUSTIFICATION FORM

YEAR 2

BUDGET CATEGORY - Item	Requested OHA Funds Budget	Cash Match Funds	Partner Organziation Match Funds (if any)	Other Funds (if any)	Description & Justification
PERSONNEL - Salaries					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
PERSONNEL - Other Costs					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES - Administrative					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
CONTRACTUAL SERVICES - Programmatic					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
DISTRIBUTIONS					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
EQUIPMENT - Lease/Rental					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
EQUIPMENT - Purchase					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
FACILITIES - Lease/Rental					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
FACILITIES - Utilities					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Honorarium					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Insurance					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Mileage					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Other Costs					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Postage, Freight, Delivery					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Publication & Printing					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	

OTHER EXPENSES- Repair & Maintenance					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Staff Training					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
OTHER EXPENSES - Supplies					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
PROGRAM ACTIVITIES					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
TRAVEL AND TRANSPORTATION					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
REQUESTED OHA FUNDS BUDGET:	\$ -				
CASH MATCH FUNDS:	\$ -			#DIV/0!	% of Match
Partner Organization Match Funds:	\$ -				
Other Funds:				\$ -	
YEAR 2 Total Project Cost:	\$ -				

ATTACHMENT K. DISALLOWED COSTS

OHA reserves the right not to fund any budget expenses it deems inappropriate, unreasonable, or unallowable. OHA grant funds may not be used to support costs incurred prior to the grant start date or not related to the grant. In addition, in general, OHA does not allow the following:

- Purchase of land or buildings;
- Purchase of motorized vehicles which includes boats and golf carts;
- Purchase of alcohol;
- Promotional materials and items;
- Entertainment;
- Food;
- Makana (gifts);
- International or Out-of-State travel;
- Per diem;
- Prizes/Awards;
- Gratuities; and
- Indirect Costs as its own line item (indirect/operational costs must be listed in their own respective categories).

In-state travel and all transportation costs must be justified and reasonable. Travelers and travel must be deemed necessary for the purposes of the grant. Transportation costs (i.e., airfare, ground transportation, accommodations) to facilitate project services and/or activities must comply with all applicable, federal, state and county COVID-19 related orders. OHA will not be responsible for implications and/or impacts of grantee travel within the state related to COVID-19, civil or community unrest or jurisdictional matters. Grant funds do not cover participant travel.

Equipment purchased with OHA grant funding must be justified and continued to be used to benefit the Native Hawaiian community after the term of the grant.

Committee on Resource ManagementTrustee John Waihe'e IV, *At-Large - Chair*Trustee Luana Alapa, *Moloka'i / Lāna'i - Vice Chair****Members***Trustee Leina'ala Ahu Isa, *At-Large*Trustee Dan Ahuna, *Kaua'i / Ni'ihau*Trustee Kaleihikina Akaka, *O'ahu*Trustee Keli'i Akina, *At-Large*Trustee Brendon Kalei'aina Lee, *At-Large*Trustee Carmen Hulu Lindsey, *Maui*Trustee Mililani Trask, *Hawai'i Island*

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE
COMMITTEE ON RESOURCE MANAGEMENT (RM)**

DATE: Tuesday, June 14, 2022**TIME:** 10:00 a.m.**PLACE:** Nā Lama Kukui

560 N. Nimitz Hwy. Suite 200, Honolulu HI 96817

Virtual Meeting viewable at www.oha.org/livestream OR

Listen by phone: (213) 338-8477,

Webinar ID: 836 5298 6719

Due to COVID-19, the OHA Board of Trustees and its standing committees will hold virtual meetings until further notice. This virtual meeting can be viewed and observed via livestream on OHA's website at www.oha.org/livestream or listened to by phone at: (213) 338-8477, Webinar ID: 836 5298 6719. A physical meeting location open to the general public will be available at 560 N. Nimitz Hwy., Suite 200, Honolulu HI 96817. All members of the public that wish to access the physical meeting location must pass a wellness check and provide proof of full vaccination or a negative COVID-19 test taken within 72 hours of entry.

AGENDA**I. Call to Order****II. Public Testimony on Items Listed on the Agenda***

(Please see page 2 on how to submit written testimony or provide oral testimony online. Oral testimony by telephone/landline **will not** be accepted)

III. Approval of Minutes

A. May 31, 2022

IV. Unfinished Business - None**V. New Business**

A. ACTION ITEM RM #22-11: Approve the Awarding of 'Ahahui Grants, Cycle 1, from Solicitation #22-08, published April 4, 2022

B. ACTION ITEM RM #22-12: Approve the Awarding of Community Grants - Education, Cycle 1, from Solicitation #22-02.01, published March 30, 2022

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

VI. Executive Session

A. Consultation with Board Counsel Robert G. Klein re: questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to executive session minutes, pursuant to HRS§92-5(a)(4).

B. Approval of Executive Session Minutes

1. July 22, 2021

2. August 3, 2021

3. September 14, 2021

4. January 25, 2022

VII. Announcements**VIII. Adjournment**



OFFICE OF HAWAIIAN AFFAIRS

Interoffice Memorandum

Date: June 11, 2022

To:

Ke Kauhuhu Carmen Hulu Lindsey
Ke Kua Leina‘ala Ahu Isa
Ke Kua Dan Ahuna
Ke Kua Kaleihikina Akaka
Ke Kua Keli‘i Akina

Ke Kua Luana Alapa
Ke Kua Brendon Kalei`āina Lee
Ke Kua Mililani Trask
Ke Kua John Waihe‘e IV

From: Sylvia M. Hussey, Ed.D., Ka Pouhana, Chief Executive Officer

cc: Casey K. Brown, Ka Pou Nui, Chief Operating Officer
Ramona G. Hinck, Ka Pou Kihī Kanaloa Wai, Chief Financial Officer
Everett Ohta, Ka Paepae Puka Kūikawā, Interim General Counsel
Ryan Lee, Pou Kāko‘o Mahele Kumupa‘a Kūikawā, Interim Investment Manager

Subject: Final Financial Policies Workshop Materials – Endowment Investment, Endowment Spending, Debt Management, Economic Development

Attachments: 1A-Endowment Investment Policy (new format); 1A-Exhibit A - Endowment Investment Policy (Clean); 1B-Endowment Investment Policy (Redlined); 1C-Investment Spending Policy (AS IS); 2A-Endowment Spending Policy (Clean); 2B-Endowment Spending (Redlined); 2C-Spending Policy (AS IS); 3A-Debt Management Policy (Clean); 3B-Debt Management Policy (Redlined); and 4-Cash Management (New C-Level)

PURPOSE

The purpose of this memo is to present to the Trustees, the final draft of the following financial policies, noting T-Trustee and C-CEO level classifications:

Policy Packet #1 - T-Trustee Level Endowment Investment Policy (78 pages)

1A-Endowment Investment Policy (New Format)
1A-Exhibit A - Endowment Investment Policy (Clean)
1B-Endowment Investment Policy (Redlined)
1C-Investment Spending Policy (AS IS)

Policy Packet #2 - T-Trustee Level Endowment Spending Policy (25 pages)

- 2A-Endowment Spending Policy (New Format)
- 2A-Exhibit A - Endowment Spending Policy (Clean)
- 2B-Endowment Spending (Redlined)
- 2C-Spending Policy (AS IS)

Policy Packet #3 - T-Trustee Level Debt Management Policy (15 pages)

- 3A-Exhibit A - Debt Management Policy (Clean)
- 3B-Debt Management Policy (Redlined)
- 3C-Debt Management Policy (AS IS)

Policy Packet #4 - CEO Level Cash Management Policy (for information only, 10 pages)

- 4A-Cash Management Policy (New Policy)

If there are any questions, please feel free to reach out, Administration would be more than happy to schedule a meeting with up to two Trustees, including your Aides to walk through the drafted policy documents.

After feedback is received from the Trustees, Administration will prepare stand-alone action items and bring forward for the Trustees further consideration and action.

T-Trustee Level Endowment **Investment Policy**

1A-Endowment Investment Policy (new format)

1A-Exhibit A - Endowment Investment Policy
(Clean)

1B-Endowment Investment Policy (Redlined)

1C-Investment Spending Policy (AS IS)

Endowment Investment Policy

Subject: Endowment Investment

Effective Date: Upon 2nd Reading/Action of the Board of Trustees

Policy Framework: T-Trustee Level Policy

Date Reviewed/Revised: Upon 2nd Reading/Action of the Board of Trustees

Responsible Office: Board of Trustees

Next Scheduled Review Date: Three (3) years from Effective Date or As Deemed Appropriate by the Policy Administrator

Policy Administrator: Chair, Committee on Resource Management

I. POLICY AND GENERAL STATEMENT

It is the policy of the Office of Hawaiian Affairs (“OHA” or “Office”) to ensure resources are invested, stewarded and managed in a manner that increases the value of, investments in and value from, financial, commercial and land resources; and to be further spent or disbursed for the betterment of the conditions of Native Hawaiians.

II. MO`OKUAUHAU

A. Board Governance Framework. The five elements of OHA’s Board Governance Framework: 1) Identity; 2) Values and Mana; 3) Statutory Basis; 4) Policies; and 5) Supporting Documents and Practices (Operations).

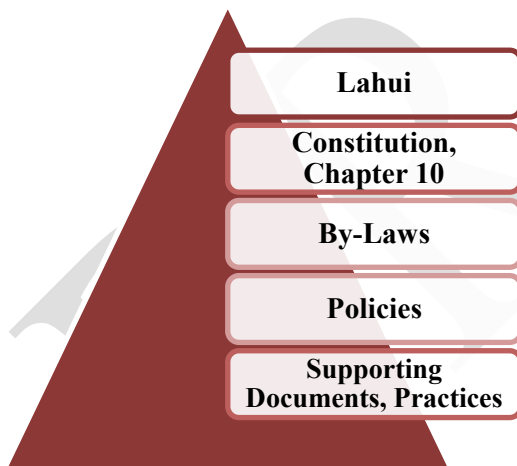


Figure 1 – Board Governance Framework

The core values articulated below and approved by the Board of Trustees (“BOT” or “Board”) in April 2019, as part of the Board Governance Framework above, provides the basis for the policy framework below and this policy itself cascaded to policy implementation procedures and processes.

B. Core Values. As part of the Board Governance Framework, the adopted core values inform and frame the policy itself and its implementation.

Endowment Investment Policy

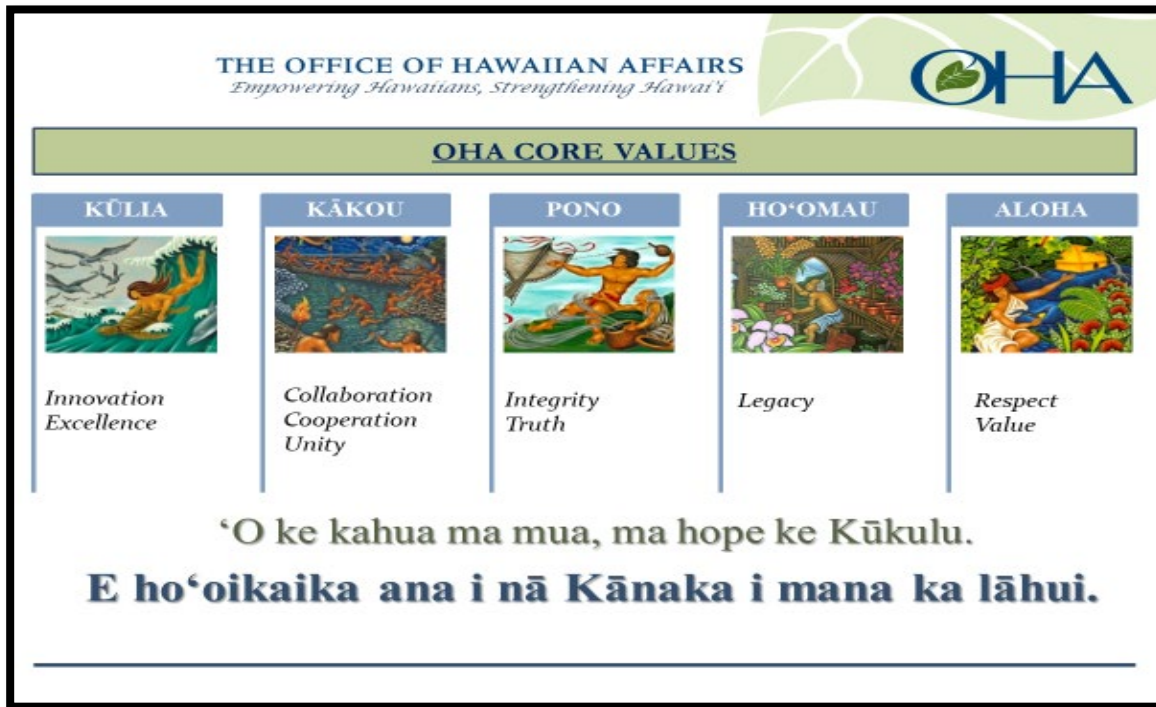
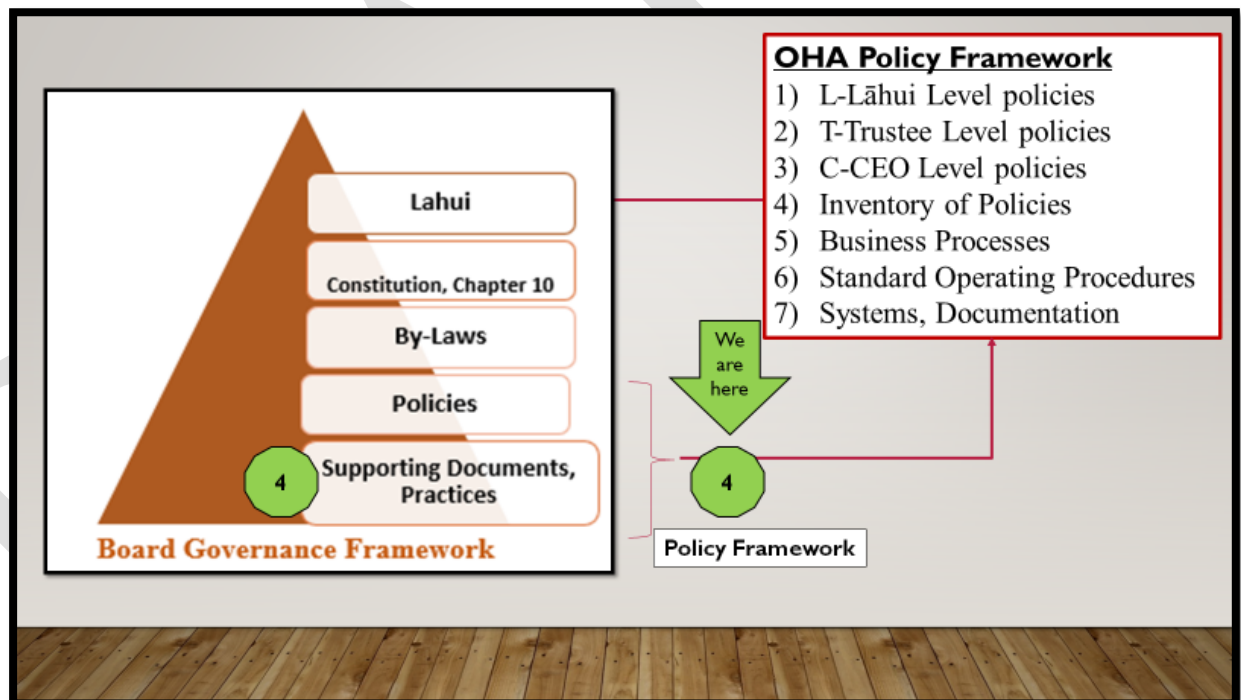


Figure 2 – OHA Core Values

Figure 3 – Policy Framework (Depiction 1)



C. Policy Framework. The Policy Framework, approved and adopted by the Board in December 2021, provides the implementation and operationalization of this T-Trustee level policy and its associated and cascaded C-CEO level policies, processes and procedures.

Endowment Investment Policy

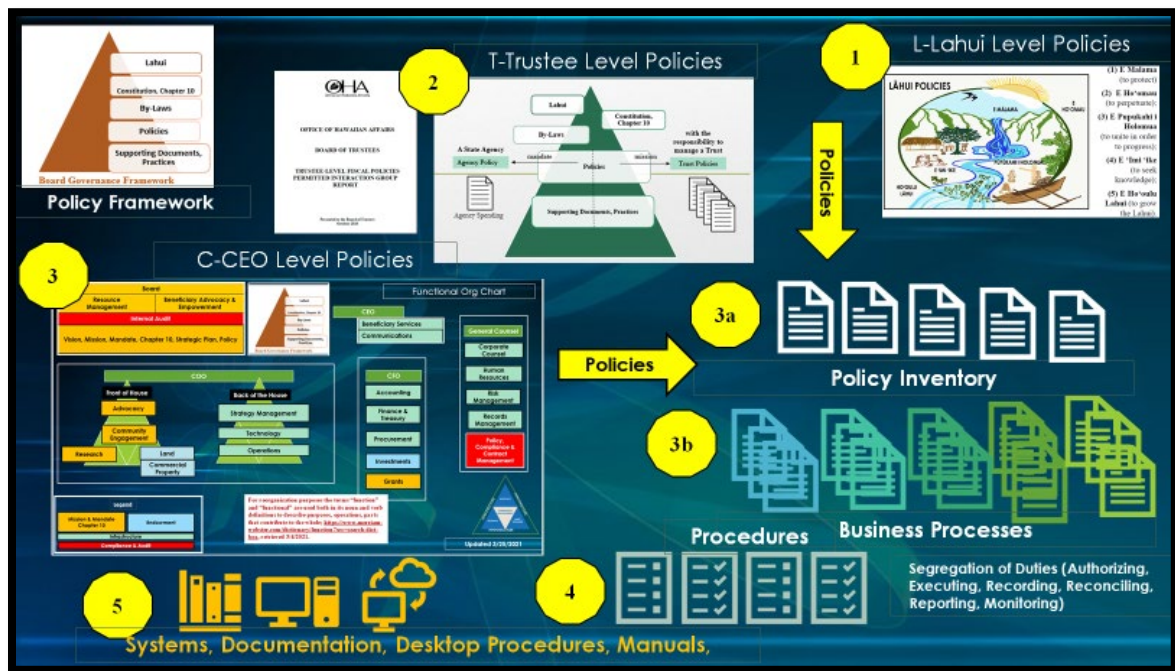
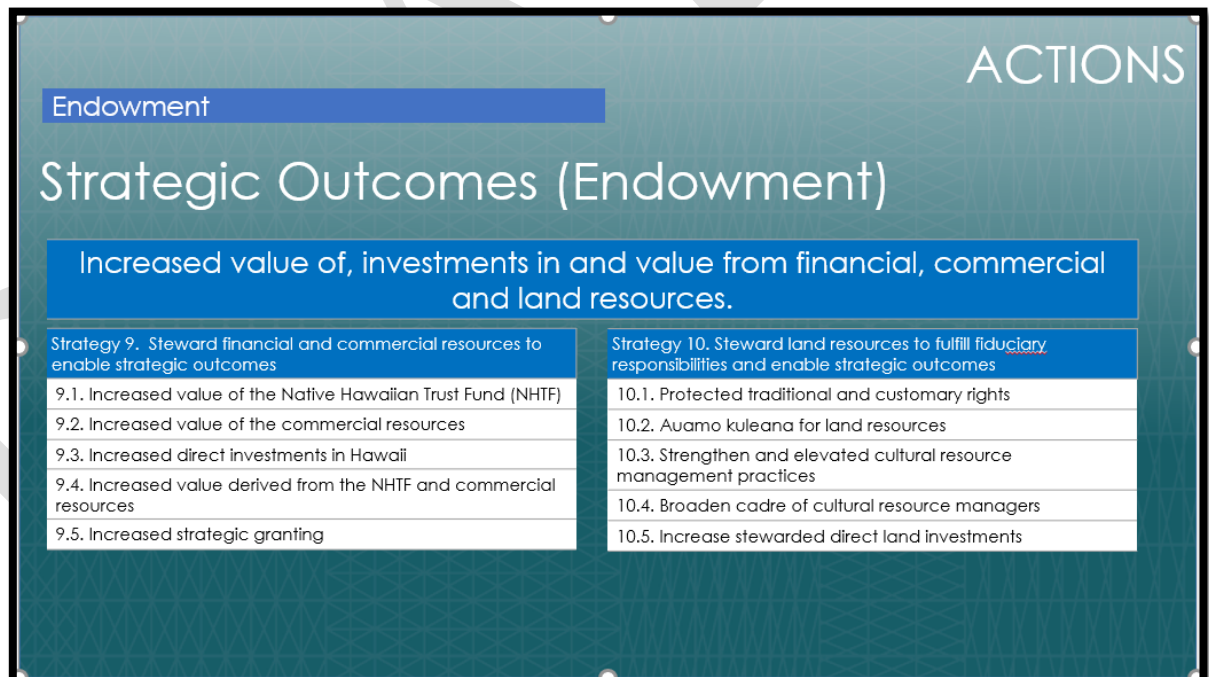


Figure 4 – Policy Framework (Depiction 2)

III. MANA I MAULI OLA ALIGNMENT

Figure 5 –
Strategic
Outcomes
(Endowment)



Endowment Investment Policy

IV. LEGAL, STATUTORY and/or REGULATORY POLICY BASIS

- A. **Board of Trustees – Purposes of the Office [§10-3]** Hawai‘i Revised Statutes (HRS) Chapter 10 provides that OHA is meant to address the needs of the Native Hawaiian people, including: (1) The betterment of conditions of native Hawaiians; (2) The betterment of conditions of Hawaiians; (3) Serving as the principal public agency responsible for the performance, development, and coordination of programs and activities relating to native Hawaiians and Hawaiians; except that the Hawaiian Homes Commission Act, 1920, as amended, shall be administered by the Hawaiian homes commission; (4) Assessing the policies and practices of other agencies impacting on native Hawaiians and Hawaiians, and conducting advocacy efforts for native Hawaiians and Hawaiians; (5) Applying for, receiving, and disbursing, grants and donations from all sources for native Hawaiian and Hawaiian programs and services; and (6) Serving as a receptacle for reparations.¹
- B. **Board of Trustees – General Powers [§10-4]** (1) To adopt, amend and repeal bylaws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by law; **BY-LAWS** (2) To acquire in any lawful manner any property, real, personal, or mixed, tangible or intangible, or any interest therein; to hold, maintain, use, and operate the same; and to sell, lease, or otherwise dispose of the same at such time, in such manner and to the extent necessary or appropriate to carry out its purpose; **REAL OR PERSONAL PROPERTY** (3) To determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to the office; **OBLIGATIONS AND EXPENDITURES** (4) To enter into and perform such contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States, or with the State, or with any political subdivision thereof or with any person, firm, association, or corporation, as may be necessary in the conduct of its business and on such terms as it may deem appropriate; **CONTRACTS, LEASES, COOPERATIVE AGREEMENTS** (5) To execute, in accordance with its bylaws all instruments necessary or appropriate in the exercise of any of its powers; **EXECUTE INSTRUMENTS** (6) To issue revenue bonds pursuant to this chapter to finance the cost of an office project or to fund a loan program, and to provide for the security thereof, in the manner and pursuant to the procedure prescribed in part II; **REVENUE BONDS** (7) To lend or otherwise apply the proceeds of the bonds issued for an office project or a loan program either directly or through a trustee or a qualified person for use and application in the acquisition, purchase, construction, reconstruction, improvement, betterment, extension or maintenance of an office project or the establishment, funding, and administration of a loan program, or agree with the qualified person whereby any of these activities shall be undertaken or supervised by that qualified person or by a person designated by the qualified person; **REVENUE BONDS**; (8) With or without terminating a project agreement or loan agreement, as applicable, to exercise any and all rights provided by law for entry and re-entry upon or to take possession of an office project or enforce a loan agreement at any time or from time to time upon breach or default by a qualified person under a project agreement or loan agreement, including any action at law or in equity for the purpose of effecting its rights of entry or re-entry or obtaining possession of the project or enforcing the loan agreement or for the payments

¹ [HRS §10-3](#); see also [HRS §10-1](#).

Endowment Investment Policy

of rentals, user taxes, or charges, or any other sum due and payable by the qualified person to the office pursuant to the project agreement or loan agreement; and **PROJECT OR LOAN AGREEMENT; (9)** To take such actions as may be necessary or appropriate to carry out the powers conferred upon it by law. **ANY NECESSARY ACTION TO CARRY OUT POWERS**

- C. Board of Trustees – General Powers [§10-4.5] (a)(b)(c)** Authority over disbursements: (a) Except as provided in subsection (b), and notwithstanding any other law to the contrary, the office shall have and exercise the power to make all necessary and appropriate disbursements of its moneys by issuing checks in its own name by any other means. **DISBURSEMENTS/CHECK ISSUANCE** (b) The office shall have and exercise the power to deposit any of its moneys in any banking institution within or outside the State, to the extent necessary to implement subsection (a). **BANKING** The department of accounting and general services, with the approval of the office of Hawaiian affairs, may continue to perform the payroll function of the office, including the issuance of salary checks for the office's employees. **PAYROLL**

V. DEFINITIONS²

For purposes of policy development, implementation, monitoring and evaluation, working definitions are provided and remain the same for this policy and associated policies:

- A. **5(f) Funds:** Refers to Section 5(f) of the State of Hawai'i Admissions Act.
- B. **Annual Ceded Land Revenues:** Annual revenues received from the state of Hawai'i representing OHA's entitled percentage of the Public Land Trust.
- C. **Annual Spending Withdrawal:** Is defined as the maximum amount authorized to be budgeted from the Native Hawaiian Trust Fund in one fiscal year.
- D. **Asset Allocation:** The policy allocation of financial asset classifications (e.g., capital appreciation, diversifying strategies, capital preservation) in an endowment that balances risks and returns.
- E. **Average Market Value:** Shall be computed quarterly based upon the monthly statements received from OHA's Custodian of Record, the average shall be computed from the most recent 20 quarter period ending as of March 31st, fifteen months before the start of the budget on July 1.
- F. **Endowment:** The aggregated value of financial, land, real property, commodities, and other investable assets, which are managed to increase in value, and the resultant investment income used for Board designated purposes. An endowment can be referenced as the "principal" or "corpus" and meant to remain intact, and in perpetuity, while using the resultant investment income.
- G. **Endowment Fund:** includes all OHA investment assets on a consolidated basis including Financial Assets and Hawaii Direct Investments. The Endowment Fund excludes OHA's operating assets, operating cash, assets of support subsidiaries, and conservation lands.

² Definitions drafted for this section were derived after looking up the word in the on-line dictionary (<https://www.merriam-webster.com/>) and <https://www.investopedia.com/financial-term-dictionary-4769738> choosing the appropriate context for the policy.

Endowment Investment Policy

- H. **Financial Asset(s):** A financial asset is a liquid asset (easily and quickly converted to cash) that gets its value from a contractual right or ownership claim. Cash, stocks, bonds, mutual funds, and bank deposits are examples of financial assets. Financial asset value reflects factors of supply and demand in the marketplace in which they trade, as well as the degree of risk they carry.
- I. **Hawaii Direct Investment:** An outlay of resources to purchase land, real property, commodities; or contribute to a project or other business venture in which there is an expectation of financial or other strategic return and alignment.
- J. **Investment:** An outlay of resources with the intent of deriving a return to enable spending; or an acquisition for future income or benefit.
- K. **Moving Average Rule:** To spend a fixed percentage of the Native Hawaiian Trust Fund's Financial Assets average market value (e.g., spend 5.0% of the average market value of the previous 20 quarters).
- L. **Native Hawaiian Trust Fund:** Is defined as all Public Land Trust revenue received emanating from 5(f) funds that are subject to OHA's Native Hawaiian Trust Fund investment policy.
- M. **Public Land Trust Revenue:** Emanating from 5(f) funds that the State of Hawai'i remits to the Office of Hawaiian Affairs.
- N. **Spending:** An outlay of resources with the intent of meeting operational obligations and/or commitments.
- O. **Spending Rate:** Is the percentage (%) applied to the average market value to determine the spending amount.
- P. **Spent:** Is when actual disbursement or encumbrances of funds is made. Trustees should never appropriate funds beyond the Spending Policy calculated amount.
- Q. **State of Hawai'i General Fund:** Appropriations are determined by the Legislature during each Biennium and are spent for a specific purpose.
- R. **Total Return:** Defined as the sum of earned interest and dividends and realized and unrealized gains or losses, less all investment management costs (e.g., investment consultant, custodian, money manager fees).
- S. **To Spend:** Is the result of multiplying the moving average rule (Moving Average) by the spending rate.

VI. POLICY

Refer to Exhibit A

VII. SCOPE AND DELEGATION OF POLICY AUTHORITY

- A. **Policy Amendment.** Trustees of the Office of Hawaiian Affairs ("Trustees") collectively maintain the sole authority to amend this policy subsequent to a simple majority Board approval and two readings of the Board.³

³ Reference to the Executive Policy Manual (EPM) for process to be included here.

Endowment Investment Policy

B. Retention and Delegation of Authority. The following table describes the delegation and retention of authority by the Board of Trustees:

Process	BOT	Administration
1. Amend Policy	Initiates Amendment	Assists in analysis(es), workshop(s), recommendation(s), including related Action Item(s) as needed
2. Approve Policy and/or Amendments	Retains the Authority to Approve	N/A
3. Retire or Replace Policy	Initiates Action	Assists in analysis(es), workshop(s), recommendation(s), including related Action Item(s) as needed
4. Create Related T-Trustee Level Policies	Initiates Amendment	Assists in analysis(es), workshop(s), recommendation(s), including related Action Item(s), as needed
5. Creation of Related C-CEO Policies to Articulate Implementation	Delegates the Authority to the Administrator	Refer to Section VI. Related C-CEO LEVEL POLICIES, if applicable

Table 1 – Retention and Delegation of Authority

Endowment Investment Policy

VIII. RELATED T-TRUSTEE LEVEL POLICIES

- A. **T-2022-XXXX: Endowment Spending** – A T-Trustee level policy which outlines [to be determined]
- B. **T-2022-XXXX: Debt Management** – A T-Trustee level policy which outlines [to be determined]
- C. **T-2022-XXXX: Economic Development** - A T-Trustee level policy which outlines [to be determined]

IX. RELATED C-CEO LEVEL POLICIES

- A. **C-2022-XXXX: Treasury, Banking & Cash Management** – A C-CEO level policy which outlines the operational policies and processes, to effectively and optimally, authorize, collect, transfer, secure, draw, manage, disburse and record funds/cash.

X. POLICY PROCESSES

- A. Update policy, including retention or delegation of authority.
- B. Update asset allocation.
- C. Conduct due diligence activities.
- D. Finance acquisitions and investments.
- E. Operate and manage portfolio.
- F. Manage 3rd party resources, including custodian(s), manager(s), consultant(s) oversight and related fee(s) management.
- G. Seek and select external asset manager(s).
- H. Rebalance portfolio.
- I. Conduct studies.
- J. Evaluate and report performance regularly.

XI. HISTORICAL POLICY REVISIONS

A. Endowment Investment Policy

Action Item 22-XX, June XX, 2022; Board of Trustees, July XX, 2022 (1st Reading), July XX, 2022 (2nd Reading).

B. Native Hawaiian Trust Fund, Investment Policy Statement (Predecessor)

Adopted 5/29/03 (ARM 03-05); amended 10/24/08 (ARM 08-04); amended 8/3/09 (ARM 09-07); amended 4/15/10 (ARM 10-02); amended 9/27/12 (ARM 12-08); amended 6/19/14 (ARM 14-03); amended 8/24/17 (RM 17-08); amended 9/19/19 (RM 19-13); and amended 08/12/21 (RM 21-10).

Endowment Investment Policy

XII. CONTACT

The following organizational unit and position should be contacted regarding this policy and/or its implementation.

Organizational Unit	Position
Board of Trustees	Chair, Committee on Resource Management

XIII. EXHIBIT A – Endowment Investment Policy

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Section 1. Introduction and Purpose

1.1 Introduction

The Endowment Investment Policy (“EIP”) governs the investment of assets held in the Office of Hawaiian Affairs (“OHA”), Native Hawaiian Trust Fund (the “NHTF”, “Endowment Fund” or “Fund”) which comprises both financial assets and Hawai‘i direct investments.

This Statement represents the Board of Trustees (“BOT”) of the Office of Hawaiian Affairs (“OHA”) philosophy, regarding the investment of the Endowment Fund’s assets and is effective until modified. It is also intended that the investment policies be sufficiently specific to be meaningful, but adequately flexible to be practicable.

1.2 The Trust

OHA’s mission is to mālama (protect) Hawai‘i's people and environmental resources and the NHTF’s assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle, and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally. The overall goal of the Endowment is to provide superior investment returns to sustain OHA’s ability to better the conditions of Native Hawaiians.

1.3 Purpose of the Investment Policy Statement

In keeping with the fiduciary requirements and obligations of all parties involved in managing the Endowment Fund, under existing Federal and State laws, the purpose of the EIP is to:

- a. Document investment management processes.
- b. Identify key roles and responsibilities relating to the ongoing management of the Endowment Fund.
- c. Set forth an investment structure for the Endowment assets.
- d. Establish formalized criteria to measure, monitor, and evaluate the Fund’s performance results regularly.
- e. Encourage effective communication among all fiduciaries, including external parties engaged to execute investment strategies.

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Endowment Investment Policy

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Section 2. General Objectives

2.1 Financial Objectives

- a. To provide permanent funding for OHA's programs. This objective addresses the need to ensure intergenerational equity by providing the same level of program support in the future as it provides today.
- b. To maintain the purchasing power of the Endowment after spending and inflation. The objective of preserving purchasing power emphasizes the need to take a long-term perspective (10 years plus) in formulating spending and investment policies.
- c. To provide a predictable and stable source of income for OHA's programs. This objective is achieved through the spending policy.
- d. To provide a maximum level of return consistent with prudent risk levels. This objective assumes the construction of a global, equity-oriented, diversified portfolio coupled with active risk management.

2.2 Spending Objectives

The annual amount withdrawn from the Endowment shall constitute no more than five percent (5%) annually of the Financial Assets market value and the prior year's net cash flows of the Hawai'i Commercial Real Estate portfolio. The calculation of the maximum withdrawal amounts is outlined in the Endowment Spending Policy.

- a. For Financial Assets – Rolling 20 quarter market average
- b. For Hawai'i Real Estate – Prior year net cash flows

2.3 Investment Objectives

- a. **Spending Requirement:** Based on the long-term spending policy, the Endowment must attain an average annual real total return of 5% over the long term (CPI + 5% objective). The real total return is adjusted for inflation by the Consumer Price Index ("CPI"). Using the historical average inflation rate of 3% implies a nominal total return bar of 8% to meet the spending requirement.
- b. **Policy Benchmark:** The investment performance of the Fund will also be evaluated, on a risk-adjusted basis, against an investable blend of market indices. Over the long term, the Fund's diversification is expected to generate risk-adjusted returns that meet or exceed those of blended market indices. This comparison is useful in evaluating how successfully the underlying strategies have been implemented and the effectiveness of tactical departures from the strategic asset allocation.
- c. The investment performance of the Fund will also be evaluated against a secondary policy benchmark consisting of a 70% equity (MSCI ACWI net) and 30% bond (Bloomberg US Aggregate) blend of market indices. This comparison is useful in evaluating the effectiveness of an active management program versus a passive

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management approach.

- d. It is recognized that the investment objective stated above may be difficult to attain over every five years but should be attainable over a series of five- and ten-year periods.

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Section 3. Investment Philosophy and Structure

3.1 Investment Philosophy

The investment of the Endowment Fund is based on a set of beliefs and practices:

- a. Invest for the long-term
 1. Preserve capital for use by future generations
 2. Focus on asset allocation as the primary determinant of return
 3. Avoid short-term speculative activity
 4. Accept illiquidity if justified by higher alpha
 5. Bias towards equity investments
- b. Build a well-diversified portfolio
 1. Limit risk by combining uncorrelated strategies
 2. Maintain meaningful exposure to major capital markets
 3. Tilt towards value strategies
 4. Employ fundamental research-driven and bottom-up strategies
- c. Take advantage of global market inefficiencies
 1. Invest primarily with active managers
 2. Use indexed and enhanced indexed strategies where appropriate
 3. Focus resources on inefficient markets (e.g., venture capital, hedge funds, emerging markets)
 4. Manage the portfolio exposures actively in response to changing market conditions
- d. Hawai'i Direct Investments
 1. Consistent with OHA's Mission, values, goals, and resources
 2. Generate sufficient economic returns to support spending contribution
 3. Hawai'i Real Estate will remain a substantial portion of the Endowment given OHA's legacy and identity as a Native Hawaiian organization

3.2 Investment Management Structure

The Endowment is comprised of Financial Assets and Hawaii Direct Investments, each with its own investment structure and guidelines.

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3.3 Financial Assets

- a. Financial Assets are invested with external investment managers. External investment management firms are selected based on factors including, but not limited to the following:
 1. Experience of key personnel and succession plan where appropriate
 2. Consistency in the investment approach
 3. Effectiveness of decision-making process
 4. Assets under management and plans for managing future capacity
 5. Organizational structure including administration, back-office support, risk management, and reporting
 6. Firm's ethical and financial viability
 7. Performance record
 8. Fees
 9. Structural fit within the Endowment Fund
- b. Financial Assets may also be invested internally in passive equity and bond indices through cash market securities or derivative instruments.
- c. Equities (public and private), Real Assets, Absolute Return, and Fixed Income will primarily be managed separately. In the interest of diversification, the equity portion of the portfolio will be placed with managers who have distinct and different investment philosophies. The investment managers have the discretion to manage the assets in their portfolios to best achieve the investment objectives and requirements outlined in this policy statement and their investment guidelines.

3.4 Hawai'i Direct Investments

OHA's directly owned Hawai'i Commercial Real Estate holdings that are economically focused.

- a. OHA chooses to utilize internal management of the assets.
- b. Management shall formulate and implement an overall strategy incorporating both economic and cultural focus.
- c. Internal management will also leverage the expertise of OHA's Real Estate Advisory Committee and external real estate consultant.

Section 4. Hawai'i Direct Investment Policy (HDIP)

The primary role of the Hawai'i Direct Investments is to create financially viable Hawai'i commercial real estate holdings while also protecting and preserving Hawai'i lands and their cultural significance. OHA's Hawai'i commercial real estate portfolio will seek to generate a total return (Income and Capital Appreciation) to meet OHA's spending requirements while also preserving purchasing power for future generations. OHA will make capital investments to enhance, maintain, and protect existing improvements on its Hawai'i commercial real estate holdings and consider real estate acquisitions and monetization for compelling and strategic reasons.

A secondary objective targets equity and/or debt positions in private companies based in Hawai'i as further guided by the OHA Economic Development Policy and BOT-approved lending programs for Native Hawaiians.

Investments other than corporate real estate and BOT-approved lending programs must be approved by a supermajority vote of the BOT.

All direct investments should demonstrate the ability to generate current income and capital gains consistent with the asset class benchmark index and Fund's long-term objective.

4.1 Delegation of Authority

All final acquisition, development, and/or disposition decisions of Hawai'i direct investments must be approved by the BOT. The BOT delegates to the CEO the authority to:

- a. Administer the HDIP and approve and implement procedures to carry it out.
- b. Delegate duties to OHA staff as necessary to fulfill and implement this policy.
- c. Deny opportunities that do not satisfy the current policy, guidelines, and/or criteria approved by the BOT.
- d. Execute contracts and agreements.
- e. Conduct investment due diligence, negotiations, and ongoing performance monitoring.
- f. Structure real estate financing terms for approval by the BOT.
- g. Oversee and manage the operational functions associated with each investment, including selecting and terminating service providers, negotiating leases and setting fee schedules (including market-based lease terms for OHA occupied space), obtaining and approving permits, licensing, and leasing, approving tenant improvements, sub-leases, evictions, use and service agreements, and making all other operational decisions associated with the investment.

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- h. Determine when to segregate assets to fund acquisitions and to place those assets with OHA staff to invest until acquisitions are closed.
- i. The BOT reserves the right to approve all other decisions not listed above.

4.2 Permissible Investments

Hawai'i Real Estate

- a. Hawai'i commercial real estate that is directly owned by OHA with a focus on total return to meet current and future spending requirements.
- b. The objective for Hawai'i commercial real estate strategies is to outperform, net of commissions and fees, a blend of real estate indices that reflect the holdings of the Fund. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- c. Only real property that is Hawai'i commercial real estate property is included in the Fund.
- d. OHA may finance real estate acquisition or capital improvements with a mortgage. The property may be pledged as collateral under a non-recourse structure to OHA. Any amount of recourse back to OHA, including an OHA guarantee, will be considered a use of capital and therefore be subjected to the OHA's Debt Management Policy.
- e. The market valuation of Hawai'i commercial real estate is determined by biennium appraisals conducted by a reputable independent appraisal firm and that value will be utilized until the next appraisal. Before the first appraisal, the market value of the asset is assumed to equal its acquisition cost.

Other Investments

- a. Includes income and growth-oriented strategies with significant operations in Hawai'i which are managed in an integrated manner to meet the long-term spending objectives of OHA.
- b. BOT-approved lending programs for Native Hawaiians.

Section 5. Roles and Responsibilities

The Office of Hawaiian Affairs Native Hawaiian Trust Fund maintains a structured and organized process in implementing its investment program. To accomplish the mission, objectives, and desired investment returns of the Fund, the Board of Trustees has delegated authority to various individuals and organizations. The BOT recognizes that it may not possess sufficient expertise to directly manage the assets of the Fund. The BOT, therefore, employs the services of various external experts to act as Fiduciaries-- Consultants, Advisors, and/or Custodians and seeks advice from independent parties. The BOT does rely on this expertise in carrying out its responsibility to oversee the overall management of the Fund's assets and will meet quarterly to review the performance of the Fund and the activities of the external providers for reasonable consistency with the objectives of the Fund as set forth in this Statement. When necessary, the BOT will provide guidance to the investment process. BOT may delegate certain of its responsibilities to the CEO to assist with the implementation of this Statement.

Key responsibilities in the oversight and management of the Endowment Fund are as follows:

- a. Trustees. The Trustees shall carry out their fiduciary responsibility by:
 1. Setting broad direction and policy, including approving asset allocation targets and ranges, Benchmarks, Spending Policy, and other guidelines for management.
 2. Ensuring the Endowment Fund management is appropriately resourced.
 3. Monitoring and evaluating overall investment results, taking into account the effect of fees and expenses.
 4. Delegate authority to the CEO to manage the Endowment Fund due to the necessary high level of knowledge and expertise required. This includes appointing the custodian, consultant, and Investment Advisory Committee (IAC) members, and hiring and terminating external investment managers.
 5. Trustees are responsible for obtaining and maintaining the necessary training and education required to carry out his/her duties at OHA. Trustees may be required to travel to industry conferences and participate in educational forums as opportunities arise.
- b. Management
 1. For Financial Assets, OHA chooses to utilize external investment managers. Internal management shall formulate and implement the overall strategy, select and monitor external investment managers, monitor the portfolio's risk and return, and rebalance the asset allocation within approved guidelines. Internal management will also leverage the expertise of OHA's Investment Advisory Committee and external investment consultant.
 2. For Hawai'i Commercial Real Estate, OHA chooses to utilize internal management of the assets. Management shall formulate and implement an overall strategy incorporating both economic and cultural focus. Management will also leverage the expertise of OHA's Real Estate Advisory Committee and external real estate consultant.

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3. For investment accounting, custody, and performance measurement, OHA shall utilize a Master Custodian Bank or other similar service providers overseen by the Chief Financial Officer who will also be responsible for real property valuations and the transfer of funds to affect investments and OHA's Operations.
4. Throughout the Endowment, management shall undertake prudent due diligence when making new investment decisions and document research and analysis.
5. The investment staff should receive the necessary training and education required to carry out its duties. It may be necessary for investment staff to travel to industry conferences and participate in educational forums as opportunities arise.
6. The duties of the CEO, OHA staff, Investment Committee, and Investment Consultant will be further outlined in the OHA Native Hawaiian Trust Fund Operational Procedures.

Section 6. Standards of Care

6.1 Board of Trustees and OHA Staff.

The standard of care applied to the BOT and OHA internal staff assigned to the Fund shall be the "prudent person" standard, defined as follows: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The BOT may rely upon the expert advice and counsel of its external providers to satisfy the "prudent person" standard provided the BOT has established adequate controls and fulfills its oversight responsibilities regarding the external providers as outlined in this Statement.

6.2 Code of Ethics.

Trustees and employees shall abide by the Standard of Conducts established under Chapter 84 of the Hawai'i Revised Statutes and the code of ethics stated in the OHA Bylaws and, where appropriate, the OHA Employee Handbook and the BOT Executive Policy Manual. The main points of the code are:

- a. Trustees and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of their investment program, or that could impair their ability to make impartial decisions.
- b. Trustees and employees shall conduct themselves to avoid even the appearance of any illegal or unethical conduct and shall at all times do their utmost to carry out their duties with courtesy and in a professional manner.
- c. Trustees and employees should exclude themselves from discussions and/or votes the results of which would or could affect that person's immediate family, or any other entity in which that person has an ownership or other financial interest.
- d. Trustees and employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.
- e. Trustees and employees shall disclose before the discussion of the issue any conflict or possible conflicts of interest and shall recuse themselves from participating in any discussion, vote, or decision making on the matter.

6.3 External Providers

The standard of care is applied to all external providers (i.e., Consultant, Investment Managers, and Custodian) shall be as set forth in the agreement: "Investments shall be managed with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims".

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Section 7. Asset Allocation Guidelines

To achieve its investment objective, the Endowment Fund will be divided into Financial Assets and Hawaii Direct Investments.

7.1 Financial Assets

Financial Assets consist of three broad categories: Capital Appreciation, Diversifying Strategies, and Capital Preservation. These three categories may be broken into more specific capital market asset classes as defined in the Strategic Asset Allocation.

- a. Capital Appreciation: The purpose is to provide the capital growth that will enable the Endowment to meet its spending requirements, while at the same time preserving the purchasing power of the Endowment Fund for future generations. The strategy consists of an integrated blend of global developed and emerging markets equity, real assets, and opportunistic investments (e.g. Credit). It is recognized that these strategies entail the assumption of greater market variability and risk.
- b. Diversifying Strategies: Diversifying Strategies are investment strategies intended to provide uncorrelated returns with the other asset classes (capital appreciation, global fixed income, and real assets), and achieve favorable risk/return characteristics. Diversifying Strategies are typically structured as hedge funds, but may also include shorter duration drawdown vehicles, and may take both long and short positions, use leverage and derivatives, and actively manage market exposure. Diversifying Strategies investments will be made through external managers and be diversified across multiple sub-strategies.
- c. Capital Preservation: The purpose is to provide liquidity in support of spending and capital commitments; a deflation hedge; and to reduce the overall volatility of the Endowment. Capital Preservation investments are fixed income and cash investments and will be made through external managers and be diversified across US government securities and high-quality issuers of corporate credit.

7.2 Hawai'i Direct Investments

There is no specific asset allocation target for Hawai'i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any additional capital investments at the total Endowment Fund level.

7.3 Short-term and Long-term Targets

The policy portfolio is structured using both short-term and long-term targets and ranges. The long-term targets will be phased in over three years. The target asset allocation reflects both the long-term risk and return objective of the Endowment and establishes a normative allocation against which shorter-term asset allocation decisions can be gauged.

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7.4 Rebalancing Policy

OHA rebalances its Financial Assets to maintain its allocation within defined ranges. The primary purpose of rebalancing is to ensure that the Fund's actual asset allocation does not drift too far from the strategic asset allocation.

There is no specific asset allocation target for Hawai'i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any capital investment.

7.5 Asset Allocation (Short-term)

Asset Class Portfolios	Maximum	Minimum	Strategic Target	Benchmark Index
Capital Appreciation				
Global Equities	55%	35%	45%	MSCI ACWI(net)
Global Real Assets	10%	0%	5%	Custom Blend
Private Equity & Venture	25%	0%	20%	MSCI ACWI(net) +3%
Opportunistic	10%	0%	0%	S&P/LSTA Middle Market Index
Total Capital Appreciation	80%	60%	70%	Blend
Diversifying Strategies				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
Total Diversifying			15%	
Capital Preservation				
US Fixed Income	15%	8%	13%	Bloomberg US Aggregate
Cash	10%	0%	2%	3-Month T-Bills
Total Capital Preservation	25%	8%	15%	Blend
Total Financial Assets			100%	Policy Portfolio
Hawai'i Direct Investments				
Hawai'i Direct Investments	No Target		100%	CPI +5%

* Real Asset Custom Blend: 25% Bloomberg Commodity Index, 25% Global Large Midcap Natural Resources index, 20% S&P Global Infrastructure Index, 20% Bloomberg US Govt. TIP 1–10-year index, & 10% Dow Jones Select REIT Index

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The Short-Term Strategic Targets for the Asset Classes listed in the table above multiplied by the benchmarks recommended by the Consultant and approved by the CEO constitute the Policy Portfolio.

The table below represents the Long-term Strategic Target.

7.6 Asset Allocation (Long-Term)

Asset Class Portfolios	Maximum	Minimum	Strategic Target	Benchmark Index
Capital Appreciation				
Global Equities	55%	25%	40%	MSCI ACWI(net)
Private Equity & Venture	25%	0%	18%	MSCI ACWI(net) +3%
Opportunistic	10%	0%	5%	S&P/LSTA Middle Market Index
Private Real Assets	15%	0%	10%	Custom Blend*
Total Capital Appreciation	80%	60%	73%	Blend
Diversifying Strategies				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
Total Diversifying			15%	
Capital Preservation				
US Fixed Income	15%	8%	10%	Bloomberg US Aggregate
Cash	5%	0%	2%	3-Month T-Bills
Total Capital Preservation	20%	8%	12%	Blend
Total Financial Assets			100%	Policy Portfolio
Hawai'i Direct Investments				
Hawai'i Direct Investments	Target		100%	CPI +5%

* Real Asset Custom Blend: 25% Bloomberg Commodity Index, 25% Global Large Midcap Natural Resources index, 20% S&P Global Infrastructure Index, 20% Bloomberg US Govt. TIP 1–10-year index, & 10% Dow Jones Select REIT Index

Section 8. Investment Guidelines

8.1 Guidelines for Capital Appreciation

- a. Includes growth-oriented strategies which are managed in an integrated manner to meet the long-term spending objectives of the Endowment and sustain the portfolio in perpetuity.
- b. The objective is to outperform, net of fees, a representative risk-adjusted blend of market indices that reflect the strategic asset allocation of the Capital Appreciation portfolio. Also, performance on each sub-category will be monitored against the average return of a universe of active managers and/or fund-of-funds. The performance will be monitored regularly and evaluated over rolling five- and ten-year periods.
- c. In recognition of the increasing correlation among asset classes, the Capital Appreciation strategies represent a market-oriented mix of global developed and emerging markets equity, real estate, commodities, venture capital, private equity, and opportunistic investments such as credit securities
- d. Strategies will be broadly diversified by country, economic sector, industry, number of holdings, number of managers, and other investment characteristics. To achieve its investment objective, the Capital Appreciation strategies may contain a mix of actively and passively managed strategies. Direct investments, commingled funds, private limited partnerships, and fund-of-funds may be used.
- e. The investment managers employed will have broad discretion on decisions related to individual country and security selection, security size and quality, number of industries and holdings, proxy voting, current income levels, and turnover. The usual standards of fiduciary prudence set forth in this policy statement and individual investment management agreements and guidelines apply.
- f. If allowed under their investment guidelines, managers may at their discretion hold investment reserves of either cash equivalents or bonds. Derivatives may be used to manage certain exposures such as currency or market risk if so, specified under individual investment manager guidelines.

8.2 Guidelines for the Diversifying Strategies

- a. The objective for the Diversifying strategies is to outperform, net of commissions and fees, a Hedge Fund Fund-of-Fund Benchmark. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- b. Diversifying strategies are intended to generate meaningful returns while reducing equity market sensitivity. These strategies may include hedge funds, asset-backed securities, and opportunistic credit. Implementation will be made through commingled funds, limited partnerships, or fund-of-funds.

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8.3 Guidelines for the Capital Preservation

- a. The Capital Preservation strategies provide liquidity to meet current spending needs and stability to protect capital in down markets.
- b. The objective for the Capital Preservation strategies is to outperform, net of commissions and fees, a blend of market indices that reflect the strategic asset allocation of the Fund. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- c. The Fixed Income strategy may contain money market instruments, domestic and foreign government bonds, and other high-quality investment vehicles with risk/return characteristics consistent with the investment objectives of the Capital Preservation Fund. Derivatives may be used to manage certain exposures as specified under individual investment manager guidelines.
- d. Fixed income managers are expected to employ active management techniques, including maturity, sector, and quality considerations. The implementation may also be achieved through passive indices, commingled funds, limited partnerships, and fund-of-funds.

8.4 Guidelines for Hawai'i Direct Investments

- a. The objective of Hawai'i Real Estate strategies is to outperform, net of commissions and fees, a blend of real estate indices that reflect the holdings of the Fund. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- b. All direct investments should demonstrate the ability to generate current income and capital gains consistent with the asset class benchmark index and Fund's long-term objective.
- c. Only economical Hawai'i Real Estate Property is included in the Endowment.
- d. OHA may finance the real estate acquisition or development with a mortgage. The property may be pledged as collateral under a non-recourse structure to OHA. Any amount of recourse back to OHA, including an OHA guarantee, will be considered a use of capital and therefore be subjected to the OHA's Debt Policy.
- e. The market valuation of corporate real estate is determined by biennium appraisals conducted by a reputable independent appraisal firm and that value will be utilized until the next appraisal. Before the first appraisal, the market value of the asset is assumed to equal its acquisition cost.

8.5 Guidelines for Transactions

- a. As a general guideline that should apply to all assets managed, transactions should be entered into based on best execution, which is interpreted normally to mean the best-realized price.

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8.6 Responsible Investing

OHA will seek to apply the principles of Responsible Investing in its investment practices and decisions where possible and encourage its investment managers to apply Responsible Investing to their investment portfolios. Responsible Investing is an approach that aims to incorporate environmental, social, and governance (ESG) factors into investment decisions to better manage risk, provide positive societal outcomes, and generate sustainable long-term returns. ESG factors include, but are not limited to, such issues as energy consumption, greenhouse gas emissions, climate change, resource scarcity, water use, waste management, health and safety, employee productivity, diversity and non-discrimination, supply chain risk management, human rights (including respect for worker rights), and effective board oversight.

OHA will endeavor to remain current on responsible investing issues and the impact of ESG factors on the endowment.

8.7 Derivatives Policy

Derivatives policy applies to all investments except for those permitted in external investment funds.

- a. Investments in derivatives shall not create a leverage effect on portfolio returns and must be consistent with the asset class they are in.
- b. OHA staff will be required to report periodically (at least annually) to the BOT on their use of derivatives for any purpose and to assure compliance with this Policy.

Section 9. Monitoring of Objectives and Results

9.1 Monitoring of Objectives and Results

- a. All objectives and policies are in effect until modified. The Resource Management Committee with advice from the CEO will review these periodically for their continued appropriateness. It is anticipated that changes to the asset allocation targets and ranges will be made infrequently.
- b. The Endowment portfolio will be monitored continually for consistency in investment philosophy; return relative to objectives; investment risk as measured by asset concentrations; exposure to extreme economic conditions; and market volatility.
- c. Internal staff will review individual managers as needed to confirm that performance expectations remain in place, and make recommendations, as needed.
- d. The performance and portfolio activity will be reviewed at least annually by the Board of Trustees and with the Resource Committee every quarter. Results will be evaluated over longer time frames including the inception period, rolling five- and ten-year periods, and complete market cycles.

Section 10. Selecting External Investment Managers

10.1 Review Process

HRS §103D-102(b)(2)(F) exempts investment manager selections from the State procurement process. The selection process will include, but not be limited to, the following:

- a. OHA staff and Consultant will review the universe of candidates for the specific assignment and provide a list of best-in-class managers from a formal screening process of qualified candidates.
- b. The initial list will consist of eight to ten managers but maybe fewer depending on the investment approach.
- c. The Consultant will provide OHA staff performance and risk statistics as available and a summary description of each manager.
- d. OHA staff and Consultant will evaluate the investment managers and shorten the list to four candidates.
- e. The Consultant will request each qualifying candidate to provide information which will include but is not limited to three-year, five-year, and ten-year performance records, as available, and the associated risks taken to achieve the returns, the quality, and stability of the investment personnel and process of each company, adherence to philosophy/style and the fees charged by each company.
- f. OHA staff and the Consultant will provide a summary of the responses received. At least two finalists will be selected to make an oral presentation to the Investment Committee.
- g. The Investment Committee will make the final selection for approval.
- h. Once a manager is approved by the Investment Committee, the OHA administration will have the authority to execute the agreement and funding.
- i. The timing of funds to the manager will be based on the asset allocation, availability of funds, and structure of the investment.

10.2 Selection Criteria

In general, eligible investment managers will possess attributes including, but not limited to, the following:

- a. For specific asset class searches, the firm must be experienced in managing money

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for institutional clients in the asset class/product-category/investment style specified.

- b. The firm must have a minimum three-year history of managing institutional assets, and demonstrate the continuity of key personnel; shorter-term histories will be considered for entire portfolio management teams that have portable track records from predecessor firms.
- c. The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients.
- d. The firm must have an asset base sufficient to accommodate the Fund's portfolio: The manager should have at least \$500 million of discretionary institutional assets under management; the Fund's portfolio should represent no more than 5% of the firm's total asset base for any manager.
- e. The firm must demonstrate adherence to the investment style and adherence to the firm's stated investment discipline.
- f. The firm should promote good governance in its proxy voting policy and adhere to best practice standards regarding transparency, manager fee structure, leverage, and liquidity in the alternative asset classes.
- g. The firm's fees should be competitive with industry standards for each product category and overall.
- h. The firm must comply with the "Duties of the Investment Advisors" outlined in this Statement and should conform to GIPS (Global Investment Performance Standards) for performance reporting.
- i. The firm must be able to provide analytics tools and/or reports necessary for OHA staff and the Consultant to monitor and analyze risk and manager performance.

10.3 Criteria for Termination

Grounds for termination may include, but are not limited to:

- a. Failure to comply with the guidelines agreed upon for the management of the Fund's assets, including holding restricted securities and conducting prohibited transactions
- b. Failure to achieve performance objectives specified in this Statement or the Advisor's contractual guidelines
- c. Significant deviation from the Advisor's stated investment philosophy/style and/or process
- d. Loss of key personnel or significant ownership changes that create instability in the

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organization

- e. Evidence of illegal or unethical behavior
- f. Lack of willingness to cooperate with reasonable requests for information, meetings, or other materials
- g. Loss of confidence in the manager

The presence of one or a combination of these, factors will be carefully reviewed but will not necessarily result in automatic termination.

10.4 Termination

If at any time the standard required is not being met by the investment manager, OHA staff and the investment consultant will report to the Investment Committee the course of action that will be taken toward the Manager. The decision to terminate a manager shall be by a majority vote of the Investment Committee present at the meeting subject to the contractual agreement. The BOT reserves the right to terminate an Investment Manager at any time with reasonable notice as defined in the contract.

Section 11. Risk Management Policy

The Risk Management Policy is designed to ensure that there are risk control measures in place to identify, monitor, and manage the level of risks and to balance the long-term expected risk and return objectives of the Endowment investment portfolio. The OHA Board of Trustees (“BOT”) recognizes that the undertaking of risks is generally unavoidable in investment management. The purpose of this policy is not to eliminate risks, but to understand the risks through the implementation of disciplined processes and procedures. Risk control measures include continuous monitoring and timely reporting by OHA staff to ensure the effectiveness of OHA’s investment risk management system. This Policy is not intended to provide an exhaustive list of risks or provide a comprehensive list of processes and procedures to identify and mitigate risks. Rather, this policy provides generally accepted approaches to risk management that can be implemented through investment guidelines and operational policies and procedures

11.1 Risk Management Policy

Risk is managed primarily through diversification. The Endowment Fund will be diversified both by asset class (e.g., developed and emerging markets equities, real assets, opportunistic investments, absolute return, bonds, and cash equivalents) and within asset classes (e.g., within equities by country, economic sector, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the Endowment.

11.1 Hawai‘i Direct Investments

Hawai‘i commercial real estate is expected to be a substantial portion of the Endowment given OHA’s legacy and identity as a Native Hawaiian organization. There is no specific asset allocation target for Hawai‘i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any additional capital investments.

11.2 Key Risk Factors

Key risk factors may stem from internal or external sources. The assessment of risk may be both qualitative and quantitative. The OHA staff and Consultant shall conduct an annual qualitative risk assessment identifying key risk factors, sources of risk, risk mitigants, and remediation plan, if necessary, to manage these risks. OHA staff shall also provide quantitative risk reporting to the BOT using commonly accepted quantitative risk reporting measures quarterly. Risk management measures may include the following:

- a. Establish internal policies and procedures to minimize operational and legal risks
- b. Establish investment guidelines for eligible investments, diversification, rebalancing, liquidity, leverage, and use of derivatives
- c. Annual reporting of the portfolio volatility (measured using the standard deviation of

Endowment Investment Policy

Exhibit A

returns) and expected volatility and return

- d. Annual reporting of tracking error for OHA's liquid assets
- e. Annual reporting of leverage, currency risk, concentration risk, and liquidity risk
- f. Annual external financial audit by a reputable independent audit firm
- g. Periodic review of the Investment Policy Statement and Risk Management Policy to assess the relevance and effectiveness of these policies

11.3 Guidelines

- a. The Endowment Fund will be monitored quarterly for adherence to the following risk guidelines. A breach in a guideline triggers a written notification from the internal staff to the CEO. It is recognized that market conditions and/or illiquidity of the underlying securities may preclude an immediate rebalancing of the portfolio. Risk control exception reporting will be provided to the BOT as part of its quarterly investment performance report which specifies the actions, if any, needed to bring the Endowment Fund into compliance.
- b. Concentration – Maximum Portfolio Weights:
 - 1. 10% in a single marketable manager (excluding Fund-of-Funds & Fixed Income)
 - 2. 5% in a single Alternatives (e.g. Private Equity and Hedge Fund) manager excluding Fund-of-Funds
- c. Liquidity:
 - 1. Quarterly: 25% of the Endowment's Financial Assets convertible to cash
 - 2. Annually: 40% of the Endowment's Financial Assets convertible to cash
 - 3. Unfunded capital commitments plus current exposure to private investments limited to one half (50%) of the Endowment's Financial Assets

11.4 Implementation

It is the responsibility of OHA's Chief Executive Officer to ensure that risk management policies and procedures are in place to identify, monitor, and manage investment risk. It is the OHA staff's responsibility to implement internal procedures and continuously monitor the investment portfolio and investment managers to ensure policy and guideline compliance. OHA staff shall rely on the most recent data available provided by the Custodian and investment managers to analyze risk statistics and provide risk reporting. A risk management review shall be provided to the BOT by the Investment Consultant on an annual basis, or more frequently as needed.

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Section 1. Introduction and Purpose

1.1 Introduction

The Endowment Investment Policy (“EIP”) governs the investment of assets held in the Office of Hawaiian Affairs (“OHA”), Native Hawaiian Trust Fund (the “NHTF”, “Endowment Fund” or “Fund”) which comprises both Financial Assets and Hawai‘i Direct Investments.

This Statement represents the Board of Trustees (“BOT”) of the Office of Hawaiian Affairs (“OHA”) philosophy, regarding the investment of the Endowment Fund’s assets and is effective until modified. It is also intended that the investment policies be sufficiently specific to be meaningful, but adequately flexible to be practicable.

1.2 The Trust

OHA’s mission is to mālama (protect) Hawai‘i’s people and environmental resources and the NHTF’s assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle, and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally. The overall goal of the Endowment is to provide superior investment returns to sustain OHA’s ability to better the conditions of Native Hawaiians.

1.3 Purpose of the Investment Policy Statement

In keeping with the fiduciary requirements and obligations of all parties involved in managing the Endowment Fund under existing Federal and State laws, the purpose of the EIP is to: is

- a. Document investment management processes
- b. Identify the key roles and responsibilities relating to the ongoing management of the Endowment Fund.
- c. Set forth an investment structure for the Endowment assets.
- d. Establish formalized criteria to measure, monitor, and evaluate the Fund’s performance results regularly.
- e. Encourage effective communication among all fiduciaries, including external parties engaged to execute investment strategies.

Section 2. General Objectives

2.1 Financial Objectives

- a. To provide permanent funding for OHA's programs. This objective addresses the need to ensure intergenerational equity by providing the same level of program support in the future as it provides today.
- b. To maintain the purchasing power of the Endowment after spending and inflation. The objective of preserving purchasing power emphasizes the need to take a long-term perspective in formulating spending and investment policies. Long-term perspective means investing for periods of 10 years plus.
- c. To provide a predictable and stable source of income for OHA's programs. This objective is achieved through the spending policy.
- d. To provide a maximum level of return consistent with prudent risk levels. This objective assumes the construction of a global, equity-oriented, diversified portfolio coupled with active risk management.

2.2 Spending Objectives

The annual amount withdrawn from the Endowment shall constitute no more than five percent (5%) annually of the Financial Assets market value and the prior year's Net Cash Flows of Hawai'i Commercial Real Estate portfolio. The calculation of the maximum withdrawal amounts is outlined in the Endowment Spending Policy.

- a. For Financial Assets – Rolling 20 quarter market average
- b. For Hawai'i Real Estate – Prior year net cash flows

2.3 Investment Objectives

- a. Spending Requirement: Based on the long-term spending policy, the Endowment must attain an average annual real total return of 5% over the long term (CPI + 5% objective). The real total return is adjusted for inflation by the Consumer Price Index ("CPI"). Using the historical average inflation rate of 3% implies a nominal total return bar of 8% to meet the spending requirement.
- b. Policy Benchmark: The investment performance of the Fund will also be evaluated, on a risk-adjusted basis, against an investable blend of market indices. Over the long term, the Fund's diversification is expected to generate risk-adjusted returns that meet or exceed those of blended market indices. This comparison is useful in evaluating how successfully the underlying strategies have been implemented and the effectiveness of tactical departures from the strategic asset allocation.
- c. The investment performance of the Fund will also be evaluated against a secondary policy benchmark consisting of a 70% equity (MSCI ACWI net) and 30% bond (Bloomberg US Aggregate Bond) blend of market indices. This comparison is useful

in evaluating the effectiveness of an active management program versus a passive management approach.

- d. It is recognized that the investment objective stated above may be difficult to attain over every five years but should be attainable over a series of five- and ten-year periods.

Section 3. Investment Philosophy and Structure

3.1 Investment Philosophy

The investment of the Endowment Fund is based on a set of beliefs and practices:

- a. Invest for the long-term
 - 1. Preserve capital for use by future generations
 - 2. Focus on asset allocation as the primary determinant of return
 - 3. Avoid short-term speculative activity
 - 4. Accept illiquidity if justified by higher alpha
 - 5. Bias towards equity investments
- b. Build a well-diversified portfolio
 - 1. Limit risk by combining uncorrelated strategies
 - 2. Maintain meaningful exposure to major capital markets
 - 3. Tilt towards value strategies
 - 4. Employ fundamental research-driven and bottom-up strategies
- c. Take advantage of global market inefficiencies
 - 1. Invest primarily with active managers
 - 2. Use indexed and enhanced indexed strategies where appropriate
 - 3. Focus resources on inefficient markets (e.g., venture capital, hedge funds, emerging markets)
 - 4. Manage the portfolio exposures actively in response to changing market conditions
- d. Hawai‘i Direct Investments
 - 1. Consistent with OHA’s Mission, values, goals, and resources
 - 2. Generate sufficient economic returns to support spending contribution
 - 3. Hawai‘i Real Estate will remain a substantial portion of the Endowment given OHA’s legacy and identity as a Native Hawaiian organization

3.2 Investment Management Structure

The Endowment is comprised of Financial Assets and Hawaii Direct Investments, each with its own investment structure and guidelines.

3.3 Financial Assets

- a. Financial Assets are invested with external investment managers. External investment management firms are selected based on factors including, but not limited to the following:
 1. Experience of key personnel and succession plan where appropriate
 2. Consistency in the investment approach
 3. Effectiveness of decision-making process
 4. Assets under management and plans for managing future capacity
 5. Organizational structure including administration, back-office support, risk management, and reporting
 6. Firm's ethical and financial viability
 7. Performance record
 8. Fees
 9. Structural fit within the Endowment Fund
- b. Financial Assets may also be invested internally in passive equity and bond indices through cash market securities or derivative instruments.
- c. Equities (public and private), Real Assets, Absolute Return, and Fixed Income will primarily be managed separately. In the interest of diversification, the equity portion of the portfolio will be placed with managers who have distinct and different investment philosophies. The investment managers have the discretion to manage the assets in their portfolios to best achieve the investment objectives and requirements outlined in this policy statement and their investment guidelines.

3.4 Hawai'i Direct Investments

OHA's directly owned Hawai'i Commercial Real Estate holdings that are economically focused.

- a. OHA chooses to utilize internal management of the assets.
- b. Management shall formulate and implement an overall strategy incorporating both economic and cultural focus.
- c. Internal management will also leverage the expertise of OHA's Real Estate Advisory Committee and external real estate consultant.

Section 4. Hawai‘i Direct Investment Policy (HDIP)

The primary role of the Hawai‘i Direct Investments is to create financially viable Hawai‘i commercial real estate holdings while also protecting and preserving Hawai‘i lands and their cultural significance. OHA’s Hawai‘i commercial real estate portfolio will seek to generate a total return (Income and Capital Appreciation) to meet OHA’s spending requirements while also preserving purchasing power for future generations. OHA will make capital investments to enhance, maintain, and protect existing improvements on its Hawai‘i commercial real estate holdings and consider real estate acquisitions and monetization for compelling and strategic reasons.

A secondary objective targets equity and/or debt positions in private companies based in Hawai‘i as further guided by the OHA Economic Development Policy and BOT-approved lending programs for Native Hawaiians.

Investments other than corporate real estate and BOT-approved lending programs must be approved by a supermajority vote of the BOT.

All direct investments should demonstrate the ability to generate current income and capital gains consistent with the asset class benchmark index and Fund’s long-term objective.

4.1 Delegation of Authority

All final acquisition, development, and/or disposition decisions of Hawai‘i direct investments must be approved by the BOT. The BOT delegates to the CEO the authority to:

- a. Administer the HDIP and approve and implement procedures to carry it out.
- b. Delegate duties to OHA staff as necessary to fulfill and implement this policy.
- c. Deny opportunities that do not satisfy the current policy, guidelines, and/or criteria approved by the BOT.
- d. Execute contracts and agreements.
- e. Conduct investment due diligence, negotiations, and ongoing performance monitoring.
- f. Structure real estate financing terms for approval by the BOT.
- g. Oversee and manage the operational functions associated with each investment, including selecting and terminating service providers, negotiating leases and setting fee schedules (including market-based lease terms for OHA occupied space), obtaining and approving permits, licensing, and leasing, approving tenant improvements, sub-leases, evictions, use and service agreements, and making all other operational decisions associated with the investment.
- h. Determine when to segregate assets to fund acquisitions and to place those

assets with OHA staff to invest until acquisitions are closed.

- i. The BOT reserves the right to approve all other decisions not listed above.

4.2 Permissible Investments

Hawai‘i Real Estate

- a. Hawai‘i commercial real estate that is directly owned by OHA with a focus on total return to meet current and future spending requirements.
- b. The objective for Hawai‘i commercial real estate strategies is to outperform, net of commissions and fees, a blend of real estate indices that reflect the holdings of the Fund. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- c. Only real property that is Hawai‘i commercial real estate property is included in the Fund.
- d. OHA may finance real estate acquisition or capital improvements with a mortgage. The property may be pledged as collateral under a non-recourse structure to OHA. Any amount of recourse back to OHA, including an OHA guarantee, will be considered a use of capital and therefore be subjected to the OHA’s Debt Management Policy.
- e. The market valuation of Hawai‘i commercial real estate is determined by biennium appraisals conducted by a reputable independent appraisal firm and that value will be utilized until the next appraisal. Before the first appraisal, the market value of the asset is assumed to equal its acquisition cost.

Other Investments

- a. Includes income and growth-oriented strategies with significant operations in Hawai‘i which are managed in an integrated manner to meet the long-term spending objectives of OHA.
- b. BOT-approved lending programs for Native Hawaiians.

Section 5. Roles and Responsibilities

The Office of Hawaiian Affairs Native Hawaiian Trust Fund maintains a structured and organized process in implementing its investment program. To accomplish the mission, objectives, and desired investment returns of the Fund, the Board of Trustees has delegated authority to various individuals and organizations. The BOT recognizes that it may not possess sufficient expertise to directly manage the assets of the Fund. The BOT, therefore, employs the services of various external experts to act as Fiduciaries-- Consultants, Advisors, and/or Custodians and seeks advice from independent parties. The BOT does rely on this expertise in carrying out its responsibility to oversee the overall management of the Fund's assets and will meet quarterly to review the performance of the Fund and the activities of the external providers for reasonable consistency with the objectives of the Fund as set forth in this Statement. When necessary, the BOT will provide guidance to the investment process. BOT may delegate certain of its responsibilities to the CEO to assist with the implementation of this Statement.

Key responsibilities in the oversight and management of the Endowment Fund are as follows:

- a. Trustees. The Trustees shall carry out their fiduciary responsibility for the Endowment Fund by:
 1. Setting broad direction and policy, including approving asset allocation targets and ranges, Benchmarks, Spending Policy, and other guidelines for management.
 2. Ensuring the Endowment Fund management is appropriately resourced.
 3. Monitoring and evaluating overall investment results, taking into account the effect of fees and expenses.
 4. Delegate authority to the CEO to manage the Endowment Fund due to the necessary high level of knowledge and expertise required. This includes appointing the custodian, consultant, and Investment Advisory Committee (IAC) members, and hiring and terminating external investment managers.
 5. Trustees are responsible for obtaining and maintaining the necessary training and education required to carry out his/her duties at OHA. Trustees may be required to travel to industry conferences and participate in educational forums as opportunities arise.
- b. Management
 1. For Financial Assets, OHA chooses to utilize external investment managers. Internal management shall formulate and implement the overall strategy, select and monitor external investment managers, monitor the portfolio's risk and return, and rebalance the asset allocation within approved guidelines. Internal management will also leverage the expertise of OHA's Investment Advisory Committee and external investment consultant.
 2. For Hawai'i Commercial Real Estate, OHA chooses to utilize internal management of the assets. Management shall formulate and implement an overall strategy incorporating both economic and cultural focus. Management will also leverage the expertise of OHA's Real Estate Advisory Committee and external real estate consultant.

3. For investment accounting, custody, and performance measurement, OHA shall utilize a Master Custodian Bank or other similar service providers overseen by the Chief Financial Officer who will also be responsible for real property valuations and the transfer of funds to affect investments and OHA's Operations.
4. Throughout the Endowment, management shall undertake prudent due diligence when making new investment decisions and document research and analysis.
5. The investment staff should receive the necessary training and education required to carry out its duties. It may be necessary for investment staff to travel to industry conferences and participate in educational forums as opportunities arise.
6. The duties of the CEO, OHA staff, Investment Committee, and Investment Consultant will be further outlined in the OHA Native Hawaiian Trust Fund Operational Procedures.

Section 6. Standards of Care

6.1 Board of Trustees and OHA Staff.

The standard of care applied to the BOT and OHA internal staff assigned to the Fund shall be the "prudent person" standard, defined as follows: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The BOT may rely upon the expert advice and counsel of its external providers to satisfy the "prudent person" standard provided the BOT has established adequate controls and fulfills its oversight responsibilities regarding the external providers as outlined in this Statement.

6.2 Code of Ethics.

Trustees and employees shall abide by the Standard of Conducts established under Chapter 84 of the Hawai'i Revised Statutes and the code of ethics stated in the OHA Bylaws and, where appropriate, the OHA Employee Handbook and the BOT Executive Policy Manual. The main points of the code are:

- a. Trustees and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of their investment program, or that could impair their ability to make impartial decisions.
- b. Trustees and employees shall conduct themselves to avoid even the appearance of any illegal or unethical conduct and shall at all times do their utmost to carry out their duties with courtesy and in a professional manner.
- c. Trustees and employees should exclude themselves from discussions and/or votes the results of which would or could affect that person's immediate family, or any other entity in which that person has an ownership or other financial interest.
- d. Trustees and employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.
- e. Trustees and employees shall disclose before the discussion of the issue any conflict or possible conflicts of interest and shall recuse themselves from participating in any discussion, vote, or decision making on the matter.

6.3 External Providers.

The standard of care is applied to all external providers (i.e., Consultant, Investment Managers, and Custodian) shall be as set forth in the agreement: "Investments shall be managed with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims".

Section 7. Asset Allocation Guidelines

To achieve its investment objective, the Endowment Fund will be divided into Financial Assets and Hawaii Direct Investments.

7.1 Financial Assets

Financial Assets consist of three broad categories: Capital Appreciation, Diversifying Strategies, and Capital Preservation. These three categories may be broken into more specific capital market asset classes as defined in the Strategic Asset Allocation.

- a. Capital Appreciation: The purpose is to provide the capital growth that will enable the Endowment to meet its spending requirements, while at the same time preserving the purchasing power of the Endowment Fund for future generations. The strategy consists of an integrated blend of global developed and emerging markets equity, real assets, and opportunistic investments (eg. Credit). It is recognized that these strategies entail the assumption of greater market variability and risk.
- b. Diversifying Strategies: Diversifying Strategies are investment strategies intended to provide uncorrelated returns with the other asset classes (capital appreciation, global fixed income, and real assets), and achieve favorable risk/return characteristics. Diversifying Strategies are typically structured as hedge funds, but may also include shorter duration drawdown vehicles, and may take both long and short positions, use leverage and derivatives, and actively manage market exposure. Diversifying Strategies investments will be made through external managers and be diversified across multiple sub-strategies.
- c. Capital Preservation: The purpose is to provide liquidity in support of spending and capital commitments; a deflation hedge; and to reduce the overall volatility of the Endowment. Capital Preservation investments are fixed income and cash investments and will be made through external managers and be diversified across US government securities and high-quality issuers of corporate credit.

7.2 Hawai'i Direct Investments

There is no specific asset allocation target for Hawai'i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any additional capital investments at the total Endowment Fund level.

7.3 Short-term and Long-term Targets

The policy portfolio is structured using both short-term and long-term targets and ranges. The long-term targets will be phased in over three years. The target asset allocation reflects both the long-term risk and return objective of the Endowment and establishes a normative allocation against which shorter-term asset allocation decisions can be gauged.

7.4 Rebalancing Policy

OHA rebalances its Financial Assets to maintain its allocation within defined ranges. The primary purpose of rebalancing is to ensure that the Fund's actual asset allocation does not drift too far from the strategic asset allocation.

There is no specific asset allocation target for Hawai'i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any capital investment.

7.5 Asset Allocation (Short-term)

Asset Class Portfolios	Maximum	Minimum	Strategic Target	Benchmark Index
Capital Appreciation				
Global Equities	55%	35%	45%	MSCI ACWI(net)
Global Real Assets	10%	0%	5%	Custom Blend
Private Equity & Venture	25%	0%	20%	MSCI ACWI(net) +3%
Opportunistic	10%	0%	0%	S&P/LSTA Middle Market Index
Total Capital Appreciation	80%	60%	70%	Blend
Diversifying Strategies				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
Total Diversifying			15%	
Capital Preservation				
US Fixed Income	15%	8%	13%	Bloomberg US Aggregate
Cash	10%	0%	2%	3-Month T-Bills
Total Capital Preservation	25%	8%	15%	Blend
Total Financial Assets			100%	Policy Portfolio
Hawai'i Direct Investments				
Hawai'i Direct Investments	No Target		100%	CPI +5 %

* Real Asset Custom Blend: 25% Bloomberg Commodity Index, 25% Global LargeMidCap Natural Resources index, 20% S&P Global Infrastructure Index, 20% Bloomberg US Govt. TIP 1-10-year index, & 10% Dow Jones Select REIT Index

The Short-Term Strategic Targets for the Asset Classes listed in the table above multiplied by the benchmarks recommended by the Consultant and approved by the CEO constitute the Policy Portfolio.

The table below represents the Long-term Strategic Target.

7.6 Asset Allocation (Long-Term)

Asset Class Portfolios	Maximum	Minimum	Strategic Target	Benchmark Index
Capital Appreciation				
Global Equities	55%	25%	40%	MSCI ACWI(net)
Private Equity & Venture	25%	0%	18%	MSCI ACWI(net) +3%
Opportunistic	10%	0%	5%	S&P/LSTA Middle Market Index
Private Real Assets	15%	0%	10%	Custom Blend*
Total Capital Appreciation	80%	60%	73%	Blend
Diversifying Strategies				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
Total Diversifying			15%	
Capital Preservation				
US Fixed Income	15%	8%	10%	Bloomberg US Aggregate
Cash	5%	0%	2%	3-Month T-Bills
Total Capital Preservation	20%	8%	12%	Blend
Total Financial Assets			100%	Policy Portfolio
Hawai'i Direct Investments				
Hawai'i Direct Investments	Target		100%	CPI +5%

* Real Asset Custom Blend: 25% Bloomberg Commodity Index, 25% Global Large Midcap Natural Resources index, 20% S&P Global Infrastructure Index, 20% Bloomberg US Govt. TIP 1–10-year index, & 10% Dow Jones Select REIT Index

Section 8. Investment Guidelines

8.1 Guidelines for Capital Appreciation

- a. Includes growth-oriented strategies which are managed in an integrated manner to meet the long-term spending objectives of the Endowment and sustain the portfolio in perpetuity.
- b. The objective is to outperform, net of fees, a representative risk-adjusted blend of market indices that reflect the strategic asset allocation of the Capital Appreciation portfolio. Also, performance on each sub-category will be monitored against the average return of a universe of active managers and/or fund-of-funds. The performance will be monitored regularly and evaluated over rolling five- and ten-year periods.
- c. In recognition of the increasing correlation among asset classes, the Capital Appreciation strategies represent a market-oriented mix of global developed and emerging markets equity, real estate, commodities, venture capital, private equity, and opportunistic investments such as credit securities
- d. Strategies will be broadly diversified by country, economic sector, industry, number of holdings, number of managers, and other investment characteristics. To achieve its investment objective, the Capital Appreciation strategies may contain a mix of actively and passively managed strategies. Direct and derivative investments, commingled funds, private limited partnerships, and fund-of-funds may be used.
- e. The investment managers employed will have broad discretion on decisions related to individual country and security selection, security size and quality, number of industries and holdings, proxy voting, current income levels, and turnover. The usual standards of fiduciary prudence set forth in this policy statement and individual investment management agreements and guidelines apply.
- f. If allowed under their investment guidelines, managers may at their discretion hold investment reserves of either cash equivalents or bonds. Derivatives may be used to manage certain exposures such as currency or market risk if so, specified under individual investment manager guidelines.

8.2 Guidelines for the Diversifying Strategies

- a. The objective for the Diversifying strategies is to outperform, net of commissions and fees, a Hedge Fund Fund-of-Fund Benchmark. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- b. Diversifying strategies are intended to generate meaningful returns while reducing equity market sensitivity. These strategies may include hedge funds, asset-backed securities, and opportunistic credit. Implementation will be made through direct investments, limited partnerships, or fund-of-funds.

8.3 Guidelines for the Capital Preservation

- a. The Capital Preservation strategies provide liquidity to meet current spending needs and stability to protect capital in down markets.

- b. The objective for the Capital Preservation strategies is to outperform, net of commissions and fees, a blend of market indices that reflect the strategic asset allocation of the Fund. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- c. The Fixed Income strategy may contain money market instruments, domestic and foreign government bonds, and other high-quality investment vehicles with risk/return characteristics consistent with the investment objectives of the Capital Preservation Fund. Derivatives may be used to manage certain exposures as specified under individual investment manager guidelines.
- d. Fixed income managers are expected to employ active management techniques, including maturity, sector, and quality considerations. The implementation may also be achieved through passive indices, commingled funds, limited partnerships, and fund-of-funds.

8.4 Guidelines for Hawai'i Direct Investments

- a. The objective of Hawai'i Real Estate strategies is to outperform, net of commissions and fees, a blend of real estate indices that reflect the holdings of the Fund. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- b. All direct investments should demonstrate the ability to generate current income and capital gains consistent with the asset class benchmark index and Fund's long-term objective.
- c. Only economical Hawai'i Real Estate Property is included in the Endowment.
- d. OHA may finance the real estate acquisition or development with a mortgage. The property may be pledged as collateral under a non-recourse structure to OHA. Any amount of recourse back to OHA, including an OHA guarantee, will be considered a use of capital and therefore be subjected to the OHA's Debt Policy.
- e. The market valuation of corporate real estate is determined by biennium appraisals conducted by a reputable independent appraisal firm and that value will be utilized until the next appraisal. Before the first appraisal, the market value of the asset is assumed to equal its acquisition cost.

8.5 Guidelines for Transactions

- a. As a general guideline that should apply to all assets managed, transactions should be entered into based on best execution, which is interpreted normally to mean the best-realized price.

8.6 Responsible Investing

OHA will seek to apply the principles of Responsible Investing in its investment practices and decisions where possible and encourage its investment managers to apply Responsible Investing to their investment portfolios. Responsible Investing is an approach that aims to incorporate environmental, social, and governance (ESG) factors into investment decisions to better manage risk, provide positive societal outcomes, and generate sustainable long-term returns. ESG factors include, but are not limited to, such issues as energy consumption, greenhouse gas emissions, climate change, resource scarcity, water use, waste management, health and safety, employee productivity, diversity and non-discrimination, supply chain risk management, human rights (including respect for worker rights), and effective board oversight.

OHA will endeavor to remain current on responsible investing issues and the impact of ESG factors on the endowment.

8.7 Derivatives Policy

Derivatives policy applies to all investments except for those permitted in external investment funds.

- a. Investments in derivatives shall not create a leverage effect on portfolio returns and must be consistent with the asset class they are in.
- b. OHA staff will be required to report periodically (at least annually) to the BOT on their use of derivatives for any purpose and to assure compliance with this Policy.

Section 9. Monitoring of Objectives and Results

9.1 Monitoring of Objectives and Results

- a. All objectives and policies are in effect until modified. The Resource Management Committee with advice from the CEO will review these periodically for their continued appropriateness. It is anticipated that changes to the asset allocation targets and ranges will be made infrequently.
- b. The Endowment portfolio will be monitored continually for consistency in investment philosophy; return relative to objectives; investment risk as measured by asset concentrations; exposure to extreme economic conditions; and market volatility.
- c. Internal staff will review individual managers as needed to confirm that performance expectations remain in place, and make recommendations, as needed.
- d. The performance and portfolio activity will be reviewed at least annually by the Board of Trustees and with the Resource Committee every quarter. Results will be evaluated over longer time frames including the inception period, rolling five- and ten-year periods, and complete market cycles.

Section 10. Selecting External Investment Managers

10.1 Review Process

HRS §103D-102(b)(2)(F) exempts investment manager selections from the State procurement process. The selection process will include, but not be limited to, the following:

- a. OHA staff and Consultant will review the universe of candidates for the specific assignment and provide a list of best-in-class managers from a formal screening process of qualified candidates.
- b. The initial list will consist of eight to ten managers but maybe fewer depending on the investment approach.
- c. The Consultant will provide OHA staff performance and risk statistics as available and a summary description of each manager.
- d. OHA staff and Consultant will evaluate the investment managers and shorten the list to four candidates.
- e. The Consultant will request each qualifying candidate to provide information which will include but is not limited to three-year, five-year, and ten-year performance records, as available, and the associated risks taken to achieve the returns, the quality, and stability of the investment personnel and process of each company, adherence to philosophy/style and the fees charged by each company.
- f. OHA staff and the Consultant will provide a summary of the responses received. At least two finalists will be selected to make an oral presentation to the Investment Committee.
- g. The Investment Committee will make the final selection for approval.
- h. Once a manager is approved by the Investment Committee, the OHA administration will have the authority to execute the agreement and funding.
- i. The timing of funds to the manager will be based on the asset allocation, availability of funds, and structure of the investment.

10.2 Selection Criteria

In general, eligible investment managers will possess attributes including, but not limited to, the following:

- a. For specific asset class searches, the firm must be experienced in managing money for institutional clients in the asset class/product-category/investment style specified;
- b. The firm must have a minimum three-year history of managing institutional assets, and demonstrate the continuity of key personnel; shorter-term histories will be

considered for entire portfolio management teams that have portable track records from predecessor firms.

- c. The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients;
- d. The firm must have an asset base sufficient to accommodate the Fund's portfolio: The manager should have at least \$500 million of discretionary institutional assets under management; the Fund's portfolio should represent no more than 5% of the firm's total asset base for any manager;
- e. The firm must demonstrate adherence to the investment style and adherence to the firm's stated investment discipline;
- f. The firm should promote good governance in its proxy voting policy and adhere to best practice standards regarding transparency, manager fee structure, leverage, and liquidity in the alternative asset classes;
- g. The firm's fees should be competitive with industry standards for each product category and overall;
- h. The firm must comply with the "Duties of the Investment Advisors" outlined in this Statement and should conform to GIPS (Global Investment Performance Standards) for performance reporting;
- i. The firm must be able to provide analytics tools and/or reports necessary for OHA staff and the Consultant to monitor and analyze risk and manager performance.

10.3 Criteria for Termination

Grounds for termination may include, but are not limited to:

- a. Failure to comply with the guidelines agreed upon for the management of the Fund's assets, including holding restricted securities and conducting prohibited transactions
- b. Failure to achieve performance objectives specified in this Statement or the Advisor's contractual guidelines
- c. Significant deviation from the Advisor's stated investment philosophy/style and/or process
- d. Loss of key personnel or significant ownership changes that create instability in the organization
- e. Evidence of illegal or unethical behavior
- f. Lack of willingness to cooperate with reasonable requests for information, meetings, or other materials

g. Loss of confidence in the manager

The presence of one or a combination of these, factors will be carefully reviewed but will not necessarily result in automatic termination.

10.4 Termination

If at any time the standard required is not being met by the investment manager, OHA staff and the investment consultant will report to the Investment Committee the course of action that will be taken toward the Manager. The decision to terminate a manager shall be by a majority vote of the Investment Committee present at the meeting subject to the contractual agreement. The BOT reserves the right to terminate an Investment Manager at any time with reasonable notice as defined in the contract.

Section 11. Risk Management Policy

The Risk Management Policy is designed to ensure that there are risk control measures in place to identify, monitor, and manage the level of risks and to balance the long-term expected risk and return objectives of the Endowment investment portfolio. The OHA Board of Trustees (“BOT”) recognizes that the undertaking of risks is generally unavoidable in investment management. The purpose of this policy is not to eliminate risks, but to understand the risks through the implementation of disciplined processes and procedures. Risk control measures include continuous monitoring and timely reporting by OHA staff to ensure the effectiveness of OHA’s investment risk management system. This Policy is not intended to provide an exhaustive list of risks or provide a comprehensive list of processes and procedures to identify and mitigate risks. Rather, this policy provides generally accepted approaches to risk management that can be implemented through investment guidelines and operational policies and procedures

11.1 Risk Management Policy

Risk is managed primarily through diversification. The Endowment Fund will be diversified both by asset class (e.g., developed and emerging markets equities, real assets, opportunistic investments, absolute return, bonds, and cash equivalents) and within asset classes (e.g., within equities by country, economic sector, industry, quality, and size). The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the Endowment.

11.1 Hawai‘i Direct Investments

Hawai‘i commercial real estate is expected to be a substantial portion of the Endowment given OHA’s legacy and identity as a Native Hawaiian organization. There is no specific asset allocation target for Hawai‘i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any additional capital investments.

11.2 Key Risk Factors

Key risk factors may stem from internal or external sources. The assessment of risk may be both qualitative and quantitative. The OHA staff and Consultant shall conduct an annual qualitative risk assessment identifying key risk factors, sources of risk, risk mitigants, and remediation plan, if necessary, to manage these risks. OHA staff shall also provide quantitative risk reporting to the BOT using commonly accepted quantitative risk reporting measures quarterly. Risk management measures may include the following:

- a. Establish internal policies and procedures to minimize operational and legal risks
- b. Establish investment guidelines for eligible investments, diversification, rebalancing, liquidity, leverage, and use of derivatives
- c. Annual reporting of the portfolio volatility (measured using the standard deviation of returns) and expected volatility and return
- d. Annual reporting of tracking error for OHA’s liquid assets

- e. Annual reporting of leverage, currency risk, concentration risk, and liquidity risk
- f. Annual external financial audit by a reputable independent audit firm
- g. Periodic review of the Investment Policy Statement and Risk Management Policy to assess the relevance and effectiveness of these policies

11.3 Guidelines

- a. The Endowment Fund will be monitored quarterly for adherence to the following risk guidelines. A breach in a guideline triggers a written notification from the internal staff to the CEO. It is recognized that market conditions and/or illiquidity of the underlying securities may preclude an immediate rebalancing of the portfolio. Risk control exception reporting will be provided to the BOT as part of its quarterly investment performance report which specifies the actions, if any, needed to bring the Endowment Fund into compliance.
- b. Concentration – Maximum Portfolio Weights:
 - 1. 10% in a single marketable manager (excluding Fund-of-Funds & Fixed Income)
 - 2. 5% in a single Alternatives (e.g. Private Equity and Hedge Fund) manager excluding Fund-of-Funds
- c. Liquidity:
 - 1. Quarterly: 25% of the Endowment's Financial Assets convertible to cash
 - 2. Annually: 40% of the Endowment's Financial Assets convertible to cash
 - 3. Unfunded capital commitments plus current exposure to private investments limited to one half (50%) of the Endowment's Financial Assets

11.4 Implementation

It is the responsibility of OHA's Chief Executive Officer to ensure that risk management policies and procedures are in place to identify, monitor, and manage investment risk. It is the OHA staff's responsibility to implement internal procedures and continuously monitor the investment portfolio and investment managers to ensure policy and guideline compliance. OHA staff shall rely on the most recent data available provided by the Custodian and investment managers to analyze risk statistics and provide risk reporting. A risk management review shall be provided to the BOT by the Investment Consultant on an annual basis, or more frequently as needed.

Adopted 5/29/03 (ARM 03-05); amended 10/24/08 (ARM 08-04); amended 8/3/09 (ARM 09-07); amended 4/15/10 (ARM 10-02); amended 9/27/12 (ARM 12-08); amended 6/19/14 (ARM 14-03); amended 8/24/17 (RM 17-08); amended 9/19/19 (RM 19-13); amended 08/12/21 (RM 21-10); amended xx/xx/22 (RM xx-xx).

NATIVE HAWAIIAN TRUST FUND

INVESTMENT POLICY STATEMENT

The following Investment Policy Statement (IPS) has been duly adopted, by the Office of Hawaiian Affairs, Board of Trustees at its meeting held on August 12, 2021 and is in full force and effect on August 12, 2021.

Carmen Hulu Lindsey, Chairperson
Board of Trustees

Date

First Reading: August 5, 2021
Second Reading: August 12, 2021

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Distribution:

- 9- Each OHA Trustee via Asset & Resource Management Committee
- 1- OHA BOT Secretary
- 1- OHA Chief Executive Officer
- 1- OHA Chief Operating Officer
- 1- OHA Chief Financial Officer
- 1- OHA Controller
- 1- OHA Chief Investment Officer
- 1- OHA Investment Consultant
- 5- Each Investment Advisor/ Non-Marketable Alternatives Provider
- 1- Custodian

THE OFFICE OF HAWAIIAN AFFAIRS NATIVE HAWAIIAN TRUST FUND INVESTMENT POLICY STATEMENT

OBJECTIVES AND POLICY GUIDELINES

Section 1. Introduction and Scope

1.1 Introduction. This statement governs the investment of assets held in the Office of Hawaiian Affairs Native Hawaiian Trust Fund (the “Fund”).

This Policy Statement is set forth so that the Board of Trustees (“BOT”) of the Office of Hawaiian Affairs (“OHA”), OHA Staff, Investment Consultant, Investment Advisors and Investment Managers (where appropriate), and beneficiaries may be made aware of the investment policy with regard to the investment of the Fund's assets, the investment objectives, and the expectations and requirements with respect to the ongoing management of the Fund's assets.

1.2 The Trust. OHA’s mission is to mālama (protect) Hawai'i's people and environmental resources and the Trust Fund's assets, toward ensuring the perpetuation of the culture, the enhancement of lifestyle and the protection of entitlements of Native Hawaiians, while enabling the building of a strong and healthy Hawaiian people and nation, recognized nationally and internationally. The overall goal of the Fund is to provide superior investment returns to sustain the beneficiaries in perpetuity and to uphold OHA’s mission.

1.3 Purpose of the Investment Policy Statement. In keeping with the fiduciary requirements and obligations of all parties involved in managing the Fund under existing Federal and State laws, the purposes of this Policy Statement (the “Statement”) are to provide the:

- a) BOT, OHA staff, Consultant and Advisors with a clear and mutual understanding of the Fund’s philosophy, investment objectives and policies;
- b) Advisors with guidance, objectives and limitations in investing the Fund’s assets; and
- c) BOT with a meaningful basis to evaluate the Advisors’ performance in order to meet the BOT’s fiduciary responsibility to monitor prudently the Fund’s investments.

This Statement represents the BOT's philosophy regarding the investment of the Fund’s assets. The BOT will review and revise the Statement as needed to ensure that it continues to reflect the BOT’s expectations and objectives. All of the BOT’s modifications or amendments to the Statement shall be made in writing and will be provided to all Investment Advisors and Consultants.

It is also intended that the investment policies be sufficiently specific to be meaningful, but adequately flexible to be practicable. It is further understood that all performance standards and return objectives in this Statement are intended as evaluation tools for determining whether to continue to retain the Advisors. The parties understand that the Advisors cannot give assurance of actual investment results and that the Advisors understand that the BOT will terminate its relationship with an Advisor based on a determination that the Advisor is not achieving the performance standards.

1.4 Manager-of-Managers Approach. The BOT has elected to employ Advisors in an outsourced manager-of-managers investment approach, without necessarily bundling custodial services. There is a preference for a full discretionary approach to invest across multiple asset classes. When necessary to achieve the Fund’s objectives, the BOT may hire an Advisor with a non-Manager-of-Managers approach or to manage assets with a specific asset class mandate. Under the outsourcing agreement, the Advisors will assume certain BOT fiduciary responsibilities as set forth in the applicable agreement(s) between the Advisors and the BOT. The Advisors are accountable for the prudent management of all assets subject to their oversight and, where applicable, will make all key investment decisions, such as tactical asset allocation and manager selection, within the context set by this Statement and in adherence to the duties and powers set forth in the applicable management, advisory, or trust agreements. The BOT

still maintains responsibility for imposing guidelines, targets and asset allocation constraints as set forth in this Statement, and for monitoring the Advisors to ensure they act prudently and adhere to all aspects of the Statement.

1.5 Spending Policy. The annual amount withdrawn from the Fund shall constitute no more than five percent (5%) annually of the Fund's market value, excluding any Fiscal Reserve spending, using the methodology specified in the OHA Native Hawaiian Trust Fund Spending Policy. The calculation of the maximum withdrawal amounts are set forth in the Native Hawaiian Trust Fund Spending Policy and Fiscal Reserve Withdrawal Guidelines.

Section 2. General Objectives

2.1 Prioritized Investment Objectives. The overall objectives of the Fund are in the following order of priority:

- a) To grow the Fund's assets consistently by at least inflation plus five percent annually (Consistent Capital Growth);
- b) To invest in a manner that seeks to ensure the continuous preservation of purchasing power of the overall portfolio (Capital Preservation);
- c) To achieve a portfolio return that meets or exceeds the return of the Fund's Policy Portfolio Benchmark on a net of fee basis over a long time horizon (Benchmark Outperformance); and
- d) To diversify the portfolio by asset type, security (issuer) and Investment Manager to reduce the volatility of returns (Adequate Diversification).

2.2 Long-Term Objective. Consistent capital growth is the primary objective of the Fund. The investment portfolio shall be designed with the objective of protecting principal while earning a rate of return that is targeted to meet or exceed the real spending rate and the strategic benchmark index of the Fund over the long term in order to preserve the Fund's assets and ensure that sufficient liquidity will be available to cover future cash requirements. Consistent capital growth is achieved by investing prudently in a wide range of asset classes to achieve proper diversification, thereby reducing volatility. Since the Advisors will focus on long-term capital appreciation, the Fund may experience a drawdown of principal, although over a full market cycle, the Advisors in aggregate are expected to produce a total annual return that will exceed inflation as measured by the Consumer Price Index (CPI) by five percent. It is anticipated that the Fund will experience an annualized average volatility of approximately 13% annually with a maximum rolling 12-month annualized volatility of roughly 20% over a market cycle.

All parties named in this Statement shall carry out their business in compliance to all existing and future applicable state and federal regulations (Regulatory Compliance Requirement) and for assets subject to their discretion maintain adequate liquidity to meet all anticipated expenditures after sufficient notice (Adequate Liquidity Requirement).

2.3 Definition of Market Cycle. Throughout this Statement the term "market cycle" is used. Market cycles include both a rising and a declining market. Generally, a rising market will be defined as a period of at least two consecutive quarters of rising stock prices and a declining market will be defined as a period of at least two consecutive quarters of declining stock prices. Therefore, a Market Cycle (the minimum period of evaluation) shall be at least one year and more typically three to six years.

2.4 Definition of Investment Consultant, Investment Advisor and Investment Manager. Throughout this Statement the terms Investment "Consultant", Investment "Advisor" and Investment "Manager" are used. Consultant shall refer to the entity hired by the OHA Chief Executive Officer ("CEO") to assist OHA staff and BOT in overseeing the Fund and to monitor and evaluate the Advisors; "Advisor" shall refer to each Fiduciary (typically utilizing the "manager-of-managers" approach) hired by the BOT to exercise investment discretion over a portion of the Fund's assets within the parameters set forth in the Statement; and "Manager" shall refer to any portfolio manager selected by the Advisors to invest the Fund's assets.

Section 3. Standards of Care

3.1 Board of Trustees and OHA Staff. The standard of care applied to the BOT and OHA internal staff assigned to the Fund shall be the "prudent person" standard, defined as follows: "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." The BOT may rely upon the expert advice and counsel of its external providers to satisfy the "prudent person" standard provided the BOT has established adequate controls and fulfills its oversight responsibilities regarding the external providers as outlined in this Statement.

3.2 External Providers. The standard of care applied to all external providers (i.e., Consultant, Advisors (indirectly Investment Managers hired by the Advisors), and Custodian) shall be as set forth in the agreement between the BOT or CEO, as appropriate, and each external provider. The BOT will negotiate a standard for the Investment Advisors that is similar in effect to the "prudent expert" standard, defined as: "Investments shall be managed with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims".

3.3 Code of Ethics. OHA Trustees, OHA officers, and OHA employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of their investment program, or that could impair their ability to make impartial decisions. OHA Trustees and employees involved in the investment process shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. OHA employees and officers shall refrain from undertaking personal investment transactions with entities that conduct business with the Fund. Should any Trustees have personal involvement with any direct investment transaction or any perceived conflicts of interest, the Trustee should disclose the involvement immediately and be recused from discussions and votes on said investment. OHA Trustees, officers, and employees shall abide by the Standard of Conducts established under Chapter 84 of the Hawai'i Revised Statutes and the code of ethics stated in the OHA Bylaws and, where appropriate, the OHA Employee Handbook and the BOT Executive Policy Manual.

Section 4. Delegation of Authority

The Office of Hawaiian Affairs Native Hawaiian Trust Fund maintains a structured and organized process in implementing its investment program. To accomplish the mission, objectives and desired investment returns of the Fund, the Board of Trustees has delegated authority to various individuals and organizations.

4.1 BOT Composition. The BOT currently consists of representatives from:

- a) O'ahu
- b) Kaua'i and Ni'ihau
- c) Moloka'i and Lana'i
- d) Hawai'i
- e) Maui
- f) At large (4)

4.2 BOT Responsibilities. The BOT recognizes that it may not possess sufficient expertise to manage directly the assets of the Fund. The BOT, therefore, employs the services of various external experts to act as Fiduciaries--Consultants, Advisors and/or Custodians and seeks advice from independent parties. The BOT does rely on this expertise in carrying out its responsibility to oversee the overall management of the Fund's assets, and will meet quarterly to review the performance of the Fund and the activities of the external providers for reasonable consistency with the objectives of the Fund as set forth in this Statement. When necessary, the BOT will provide

guidance to the investment process. BOT may delegate certain of its responsibilities to the CEO to assist with the implementation of this Statement. BOT responsibilities include, but are not limited to:

- a) Approve the Investment Policy Statement and all modifications to the Statement;
- b) Approve Advisors and Non-Marketable Alternatives Providers. The BOT delegates authority to the CEO to select the Custodian, Consultant and Investment Advisory Committee (IAC) members;
- c) Monitor results of all Fund assets as a whole and those assigned to each Advisor. The BOT shall include in its quarterly assessment such topics as: economic outlook, portfolio diversification, asset allocation and structure, Advisors' strategies, potential risks, and the performance of the overall portfolio as well as each of the Fund's asset classes versus its benchmark rate of return and peer institutions;
- d) Review quarterly reports regarding the activities of Advisors, Consultant, Investment Advisory Committee and OHA staff overseeing the Fund;
- e) Review quarterly reports from the Custodian and Advisors regarding the composition of each Advisor's assets under management versus the Fund's strategic target and the asset class strategies of each Advisor;
- f) Review the quarterly report of the Consultant regarding the performance of the Fund and the Advisors;
- g) As necessary, review the Fund's strategic direction or significant issues impacting the Fund or Fiduciaries, and take action as appropriate;
- h) Attend a minimum of two investment educational events held in Hawai'i per year; and
- i) Attend out-of-State training, educational or due diligence events that are recommended by the CEO and approved by the Chairperson of the BOT.

4.3 Duties of the Consultant, Investment Advisory Committee, CEO and OHA Staff. The duties of the Consultant will be as set forth in the agreement entered into between the CEO and the Consultant. The duties of the Investment Advisory Committee are as outlined in the Committee's Charter. This Committee has no authority to make decisions, but only serves to provide independent comments to the Consultant, the CEO and staff, and BOT representatives regarding the economic outlook and the Fund's assets, strategies, performance, risks and Fiduciaries. The duties of the CEO, OHA staff, Investment Advisory Committee and Consultant will be set forth in the OHA Native Hawaiian Trust Fund Operational Procedures. The CEO is responsible for approving these Operational Procedures and for reviewing and approving all investment decisions not made by an Advisor, except those reserved for the BOT. The Consultant and OHA staff are responsible for assisting the CEO and the BOT in the execution of their responsibilities. Duties of the Consultant and OHA staff jointly include, but are not limited to:

- a) Monitor the performance of each Advisor's portfolio as frequently as market conditions dictate, including review of the Advisor's monthly reports;
- b) Aggregate as necessary and monitor the performance of the Fund's investment portfolios monthly and prepare quarterly performance and Advisor activity reports for review by the CEO and BOT;
- c) Monitor the monthly reconciliation of the portfolio positions and valuations among the Custodian and Advisors (OHA staff only);
- d) Seek to ensure that assets are invested in accordance with the requirements specified in this Statement;
- e) Recommend to the CEO and implement operational procedures that will enhance the investment program of the Fund and ensure that proper internal controls are implemented to safeguard the assets of the Fund, including preparing Investment Guideline Summaries for each of the Advisors;
- f) Recommend benchmarks for approval to the CEO;
- g) Prepare periodic market-cycle and annual reviews of the Fund's investments and the Advisors' performance, including findings from annual due diligence visits for presentation to the BOT;
- h) Conduct onsite annual due diligence of the Advisors and Custodian;
- i) Coordinate and vet changes to the Investment Policy Statement and serve as chair (Consultant) and secretary (OHA staff) to the Investment Advisory Committee;
- j) Evaluate the reasonableness of recommendations of Advisors and Non-Marketable Alternatives Providers regarding investment decisions and policies requiring the approval of the CEO.
- k) Evaluate and recommend Direct Investments in Hawaii for the approval of the CEO and BOT, as appropriate;
- l) Manage the Fund's Enhanced Liquidity Account assets awaiting disbursement to OHA consistent with the

Operational Procedures reviewed by the CFO and approved by the CEO; and

- m) Evaluate and recommend (OHA staff and Consultant) new Advisors for the approval by the CEO and BOT;
- n) Maintain knowledge of current trends and conditions with respect to investment management through continuing education.

4.4 Duties of the Advisors. The duties of the Advisors shall be as set forth in the agreements entered into between the BOT and the Advisors, and will explicitly include this Statement as an addendum. The Advisors act as Fiduciaries of the Fund for the assets they have under management. Duties of the Advisors include, but are not limited to:

- a) Invest the assets of the Fund within the constraints of the Statement while adhering to the investment management style, concepts and principles for which they were retained by the BOT. Advisors are responsible for tactical asset allocation and manager selection unless otherwise stated in the management and/or trust agreement with OHA;
- b) Where applicable per the Advisor management agreement, for all investment decisions requiring the CEO's approval, recommend specific investments and provide strategic and/or tactical investment advice to the BOT, CEO, OHA staff, and Consultant as appropriate to render a decision that will achieve the Fund's investment objectives;
- c) Seek to achieve best execution and price for all transactions effected on behalf of the Fund with brokers and dealers qualified to execute institutional orders on an ongoing basis and if appropriate, facilitate the recapture of commissions on behalf of the Fund;
- d) Reconcile within tolerance limits monthly accounting, transaction, valuation and asset summary data with the Custodian's transactions, valuations and holdings, including resolving any discrepancies with the Custodian;
- e) For investments where a market value is not available, assist the Custodian as necessary in finding appropriate pricing sources or establishing fair value procedures.
- f) Report to the BOT on all significant matters pertaining to their firm's ownership, investment style and philosophy, changes in personnel and performance relevant to the management of the Fund. Items relevant to the Fund include those that would have a direct or indirect impact on the ability of the Advisor to continue to provide a high level of service;
- g) Vote the proxies of invested companies (or delegate the vote to Managers), as they deem appropriate, although the BOT reserves the right to vote proxies in separately managed accounts if it so chooses;
- h) Periodically conduct capital market studies and make recommendations to the BOT regarding changes to the Statement and strategic asset allocation targets and ranges based on the risk/return objectives of the Fund and the economic and market outlook. The timing of these analyses, and either reaffirmation or recommendation of modifications to this Statement, shall be as agreed upon with the BOT, but normally every two to five years, but no less frequently than every six years;
- i) Select qualified Investment Managers, and monitor existing Managers' style consistency and performance at least monthly, including due diligence of those Managers regarding personnel, ownership, risk management and the investment process;
- j) Negotiate fee arrangements and other contract terms with the investment Managers on behalf of the Fund;
- k) Communicate with the Consultant and/or OHA staff on at least a monthly basis regarding actions taken, or any material changes, issues or circumstances warranting attention including performance of the Fund, market conditions and outlook, manager-turnover, Managers' or Advisor's staff turnover, etc;
- l) Prepare and present a quarterly executive summary report to the BOT as requested by the Consultant or OHA staff including performance versus benchmarks, asset allocation, economic outlook, fees, Manager summary, and any other significant issues impacting the Fund;
- m) Assist the Consultant and OHA staff in preparing Investment Guideline Summaries for the approval of the CEO covering the assets under their management and annually prepare a compliance and derivatives usage report (Each Advisor's Investment Guideline Summary will govern the assets under their management in conjunction with the Investment Policy Statement and the Investment Management Agreement between the

- Advisor and OHA);
- n) Host an annual onsite comprehensive and/or topical due diligence for the Consultant and OHA staff and officials and as requested provide portfolio analytics and style consistency adherence at the manager-level for the Advisor's commingled vehicles;
- o) Negotiate and arrange for brokerage and any applicable recordkeeping services;
- p) Render special projects at the request of the BOT, the Consultant or OHA staff; and
- q) Provide certain other services, as described elsewhere in this Statement, such as investment training, market research, educational programs, analytical tools, etc.

4.5 Duties of the Custodian. The duties of the Custodian shall be as set forth in the agreement between the BOT and the Custodian. In addition to other responsibilities contained in that agreement the Custodian will:

- a) Provide complete custody and depository services for the Fund's assets including obtaining market values or fair values for all assets on at least a monthly basis;
- b) Provide a monthly report of transactions by the Advisors and, where applicable, by OHA (Enhanced Liquidity Account) as set forth in the Custody agreement;
- c) Provide audited monthly and annual accounting statements for all the Fund's assets and transactions;
- d) Collect all interest income, dividends and principal realization and properly report them in all accounting statements;
- e) Disperse funds to cover expenses, accept funds from OHA or the Advisors, and disperse funds to OHA or the Advisors as properly instructed by CEO or OHA staff, and properly report these transactions in all accounting statements; and
- f) Reconcile monthly accounting, transaction and asset summary data and communicate and resolve any discrepancies with the Advisors.

Section 5. Asset Allocation Guidelines and Long Term Targets

The BOT prefers Advisors who can construct and manage a portfolio encompassing multiple strategic asset classes using a Manager-of-Manager approach and utilize the Fund's strategic target index as their primary benchmark (strategic target weight times strategic benchmark index return for each strategic asset class). The purpose of the strategic target asset allocation is to provide an optimal mix of investments that has the potential to produce the desired returns with the least amount of fluctuation in the overall value of the investment portfolio. The minimum and maximum levels listed below are targeting guidelines as opposed to absolute barriers; Advisors should bring asset allocations which are outside of their approved targeting range back to the range per their rebalancing policy unless granted a written exception by the CEO. The Traditional and Alternative Assets Advisors are not responsible for Hawai'i Direct Investments and the Enhanced Liquidity Account. The Alternatives Advisor may hedge the under or over exposure to asset classes with barriers to entry and exit (Non-Marketable Alternatives) with similar liquid (marketable) asset classes (e.g. hedge underexposure to targeted private equity using traditional equity or marketable equity alternatives).

There is no specific asset allocation target to Hawai'i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any other capital investments. It is expected that Hawai'i commercial real estate will remain a substantial portion of the Fund given OHA's legacy and identity as a Native Hawaiian organization.

5.1 Asset Allocation.

Asset Class Portfolios	Maximum	Minimum	Strategic Target	Benchmark Index	Primary Objective
Traditional Asset Classes					
Traditional Global Equities	55%	22%	42%	MSCI ACWI	Growth
Traditional Global Fixed Income	22%	11%	18%	Bloomberg US Aggregate	Income
Traditional Global Real Assets	11%	0%	5%	US TIPS +3%	Inflation Hedge
Total Traditional Assets	88%	33%	65%		
Alternative Asset Classes					
Hedge Funds	19.2%	6.4%	13%	3-Month T-Bills +4%	Volatility Management
Private Markets*	25.6%	0%	19%	MSCI ACWI +3%	Growth
Total Alternative Assets	44.8%	6.4%	32%		
Enhanced Liquidity Account					
Enhanced Liquidity	10%	0%	3%	1-3 Year Treasury	Liquidity
Total Financial Assets			100%		
Hawai‘i Direct Investments					
Hawai‘i Direct Investments	No Target			CPI +5%	Total Return
*The Private Market allocation will consist of the previous Non-Marketable Equity, Credit, and Real Assets & Opportunistic portfolios					

The Strategic Targets for the Asset Classes listed in the table above multiplied by the benchmarks recommended by the Consultant and approved by the CEO constitute the Policy Portfolio. The table below regroups the Asset Classes by their primary objective.

Asset Class Portfolios	Maximum	Minimum	Strategic Target
Growth			
Traditional Global Equities	55%	22%	42%
Private Markets	25.6%	0%	19%
Total Growth	80.6%	22%	61%
Income			
Traditional Global Fixed Income	22%	11%	18%
Total Income	22%	11%	18%
Volatility Management			
Hedge Funds	19.2%	6.4%	13%
Inflation Hedge			
Traditional Global Real Assets	11%	0%	5%
Total Inflation Hedge	11%	0%	5%
Liquidity			
Enhanced Liquidity	10%	0%	3%
Hawai'i Direct Investments			
Hawai'i Direct Investments	No Target		

All Hawai'i-based Direct Investments are excluded from the discretionary Manager-of-Managers framework. The OHA staff with the assistance of the Consultant will be responsible for the due diligence, performance monitoring and reporting of such investments. For Hawai'i commercial real estate, OHA chooses to utilize internal management of the assets. Management shall formulate and implement an overall strategy incorporating both economic and cultural focus. Internal management will also leverage the expertise of OHA's Real Estate Advisory Committee and external real estate consultant.

Private Market investments are accomplished outside of the discretionary Advisor framework as the Advisors do not have investment discretion over these assets. Approved Non-Marketable Alternatives Providers will provide OHA staff and the Consultant with sufficient information and analyses to evaluate their investment recommendations. The information may include Manager due diligence reports and portfolio analytics so that the CEO can make an informed decision relating to the investment. It is recognized that there may be underinvestment or overinvestment in these illiquid asset classes due to the timing of capital calls and distributions.

5.2 Benchmarks. Each Advisor will use the primary strategic benchmark index listed in their Investment Guideline Summary as a guide in managing assets under their control. The strategic asset allocation targets and ranges, performance benchmarks, and additional investment guidelines are also set forth in each Advisor's Investment Guideline Summary or Investment Management Agreement. As necessary, the Consultant will recommend changes to the strategic targets, ranges, performance benchmarks, and any additional guidelines and the CEO must approve those changes before they become effective. The CEO will notify the BOT of Investment Guideline changes in writing.

Every new product of an Advisor must be assigned to one of the above asset classes as agreed upon between the Advisor and OHA Staff and/or the Consultant, with notification of the CEO. In addition, each investment may have a custom benchmark different from that of the asset class as agreed upon with the Consultant. The secondary benchmark is the Consumer Price Index (CPI) plus 5.0% annually for the Fund as a whole. The Consultant will also recommend, in consultation with each Advisor, peer manager and peer institution benchmarks and these will be approved by the CEO. Besides reporting portfolio performance versus these portfolio benchmarks, the Advisors shall report investment results on individual funds or portfolios versus their custom benchmarks.

The BOT recognizes that the actual asset allocation of the Fund may vary between or even outside of the minimum and maximum in the short term depending on market conditions and/or tactical asset allocation shifts. Asset classes not contemplated above or elsewhere in this Policy may be added to the Fund upon approval in writing by the BOT. The Advisors will only be responsible for meeting the investment objectives applicable to the portion of the Fund entrusted to such Advisors.

Rebalancing Policy. The primary purposes of rebalancing are to (1) ensure that the Fund's actual asset allocation does not drift too far from the strategic asset allocation; and (2) improve the performance of the Fund. The CEO will ensure that any agreement entered into with an Investment Advisor sets forth a rebalancing policy satisfactory to the BOT. There is no specific asset allocation target to Hawai'i Direct Investments, however, asset allocation concerns will weigh into consideration when evaluating any capital investment.

Section 6. Cash Holdings

It is the policy of the Fund that the Advisors fully invest the assets of the Fund under their control except to accommodate large cash flows. Unhedged cash and equivalents may be held in the Fund for defensive purposes at the Advisor's discretion during abnormal market conditions. The equity portion of the Advisor's portfolio should strive to maintain less than 5% of the portfolio in cash equivalents, unless the cash is hedged to achieve the appropriate asset class exposure. The fixed income portion of the Advisor's portfolio may maintain higher cash balances (e.g., as barbell strategies necessitate this exposure to cash).

Cash equivalents maximize liquidity and safety of principal. Maturities should be short enough that cash equivalents can be liquidated with a limited loss of principal. The following types of cash equivalents are eligible for investment:

- a) Money market mutual funds (2a7) which invest solely in U.S. Treasury and government agency securities;
- b) Deposits which are 100% federally insured or collateralized with U.S. government or agency securities with a market value of at least 100% of the face amount of the certificate;
- c) U.S. Treasury bills and short-term U.S. government agency securities;
- d) Overnight repurchase agreements collateralized with U.S. government or agency securities with a market value of at least 102% of the face amount; and
- e) Commercial paper of the highest two grades as rated by a nationally recognized rating agency.

Section 7. Pooled/Commingled Investments/Mutual Funds

Commingled investment vehicles where there is a pooling of securities owned by multiple clients for diversification, risk reduction, or cost benefits, include mutual funds, trust funds, private placements, and limited

partnerships, and are explicitly permissible. Although private placements and limited partnerships are exempt from both federal and state securities registration, they are considered appropriate vehicles for the Fund.

Section 8. Permissible Investments

8.1 Asset Class Definitions, Objectives, Permissible Instruments, Strategies, & Requirements. Investments in each asset class listed in Section 5, except for those investments excluded from the Advisors' responsibility, must be well diversified as defined below and in the Investment Guideline Summary or Investment Management Agreement of each Advisor. Advisors, as Fiduciaries, must exercise prudence in all matters and invest solely for the benefit of the Fund. For each asset class, the Advisors will retain Managers who invest in separate accounts or in commingled vehicles. An Advisor may select itself, an affiliated Manager, or an external Manager. Advisors may also retain Managers to provide "active overlay" strategies that use securities, currencies and derivative instruments, including but not limited to forwards, options, futures contracts, options, currency forwards, futures contracts and swaps (e.g. interest rate, credit default and total return) to replicate an index or combination of indexes. These overlay strategies will seek to (a) manage Fund exposure to various asset classes, (b) manage overall Fund risk, and (c) under certain conditions, enhance total return with tightly controlled leverage constraints.

Each Advisor must demonstrate that it has the capability to manage the risks involved in each asset class. Key to controlling risks is the ability to conduct robust ongoing due diligence on the Managers it selects and the ability to measure, manage and report portfolio risks, including issuer concentration, market, credit, duration, liquidity, leverage, currency and other major risks. The Consultant, with the assistance of OHA staff and the Advisors, must document the investment restrictions and risk controls for the portfolio of each Advisor in the Investment Guideline Summaries. The Advisors are not allowed to leverage the Fund's assets at the portfolio level without prior written approval of the BOT, although individual managers or commingled vehicles in certain asset classes and strategies may employ leverage under controlled conditions. Risk hedging in each asset class is explicitly permitted, including currency risks relative to the benchmark index and temporarily hedging the exposure in an illiquid asset class with a similar liquid asset class.

a) Traditional Global Equity - Common & Preferred Stocks and Un-levered Equity Derivatives. The primary role of traditional global equity is to seek to provide total return in excess of inflation, consistent with the appropriate benchmark index. Traditional equity may be actively managed in diversified portfolios of long only positions and/or long and short positions netting to approximately 100% long, be passively managed, utilize active overlay strategies, or be managed in any combination of active, passive and overlay strategies. The goal of an actively managed stock portfolio will be to achieve a net return after fees in excess of its benchmark index with comparable risk. Securities should be publicly owned and traded actively enough to insure liquidity without significantly adverse effects on price due to rapid sale. The Advisor should diversify the portfolio by geography—domestic and international, both developed and emerging markets, by investment style—value and growth, by manager, by approach—quantitative versus fundamental, by sector and industry, and capitalization—small, mid and large. An Advisor may select itself or an affiliated Manager in this asset class.

b) Traditional Global Fixed Income – Cash Equivalents, Bonds, Loans and Un-levered Fixed Income Derivatives. The primary role of Global Fixed Income is to seek to: 1) generate income while diversifying the investment assets, 2) provide a safe, stable return, and 3) provide a deflationary hedge. The fixed income asset class may include, but is not limited to the following components:

- a) Cash equivalents;
- b) US core credit including investment grade corporate, asset-backed, municipals and mortgage securities;
- c) High-yield securities and liquid loans; and
- d) Foreign government securities, investment grade foreign corporate debt denominated in US dollars or foreign currencies from both emerging markets and developed countries.

Advisors should ensure that managers are carefully managing portfolio duration, convexity, yield curve structure, sector exposure, issuer concentration, credit quality, non-U.S. securities, and currency risk to achieve a balanced and

reasonable risk budget relative to the benchmark index for the fixed income portfolio. An Advisor may select itself or an affiliated Manager in this asset class.

c) Global Real Assets – Real Estate Investment Trusts (REITs) and Treasury Inflation Protected Securities (TIPS). The primary role of global real estate is to seek to provide total return in excess of inflation, consistent with an appropriate real estate benchmark index. The Managers selected by the Advisors must have demonstrated a favorable record in managing real estate portfolios. The public real estate asset portfolio of the Fund may be comprised of commingled pools and/or a portfolio of real estate investment trusts (REITs), which are well diversified by property type and geographic location. Advisors shall invest in instruments which comprise a portfolio well diversified by the four main property types, including office, retail, industrial, and multifamily residential, as well as by geographic region, and tenancy/leasing structure. If a real estate investment is made via a commingled vehicle, the prospectus or operating guidelines of that vehicle will serve as the operative policy. The Advisors are responsible for ensuring that the selected vehicle or portfolio has adequate risk controls in place and that the Manager is investing according to the operative policy. The Advisors may also invest in TIPS as a diversifier, or if they believe that they provide a better value than REITs, as an inflation hedge. An Advisor may select itself or an affiliated Manager in this asset class.

d) Low Volatility Marketable Alternatives – Funds of Hedge Funds, Individual Hedge Funds, Commodity Funds, and Mutual and Exchange Traded Funds employing alternative strategies. The primary role of this asset class is to seek to provide a consistently positive return source above the risk free rate that has low volatility and low correlation to the other asset classes, and the secondary role is to provide an inflation hedge through a commodity allocation. This asset class consists of a diversified portfolio of hedge fund strategies deemed appropriate by the Advisor for this role, including but not limited to macro, commodity trading advisors, relative value, opportunistic, global tactical asset allocation, distressed, and opportunistic. The Alternatives Advisor may utilize funds of hedge funds, a portfolio of individual hedge funds, mutual funds or market neutral overlay strategies designed to achieve a consistently positive return above the risk free rate. The Alternatives Advisor may select itself or an affiliate as the fund-of-funds Manager or as one or more of the hedge fund Managers. The Alternatives Advisor is responsible for ensuring that the selected vehicle has adequate risk controls in place. The Alternatives Advisor will seek to ensure that Managers invest according to the offering memorandum or partnership agreement. The Alternatives Advisor may select Managers that utilize reasonable amounts of leverage at the fund-of-funds level and Managers that utilize reasonable leverage within their individual hedge funds. The liquidity requirements for individual hedge funds or hedge fund-of-funds will be defined in the Advisor's Investment Guideline Summary. Advisors should seek to avoid direct or indirect investments in funds with redemption gates or side pockets, as well as funds which lack reasonable transparency consistent with the investment strategy. Advisors should also avoid any funds with excessive fees in relation to market practice and/or expected returns, or terms which do not align the interests of the Manager with the client, as well as those that have the majority of assets in illiquid investments.

The primary role of the commodities allocation is to seek to provide a consistently positive return above inflation with a low or negative correlation to the other asset classes. Commodities provide an inflation hedge and should consist of a diversified portfolio of energy, metal, agricultural and other commodities, including but not limited to oil, natural gas, grains, metals, and livestock. The Alternatives Advisor may utilize separate accounts or commingled funds using a single Manager or a multi-manager approach. The Alternatives Advisor should utilize strategies that have at least monthly liquidity under normal conditions and further liquidity guidelines will be specified in the Advisor's Investment Guideline Summary. The Alternatives Advisor may select an affiliate as the Manager-of-Managers or as one of the Managers. The Alternatives Advisor is responsible for ensuring that the selected Managers have adequate risk controls in place, especially for separately managed accounts. The Alternatives Advisor will seek to ensure that Managers utilizing funds invest according to the offering memorandum or partnership agreement.

e) Non-Marketable Equity Alternatives – Private Equity Funds, Funds of Private Equity Funds, Equity Hedge Funds, and Cash Equivalents & Overlay Strategies. The primary role of Non-Marketable Equity Alternatives is to seek to provide enhanced total return to traditional equity through vehicles which may have limited liquidity and/or utilize leverage and derivatives, but employ strategies which go beyond the long only equity portfolio. Equity Alternatives include, but are not limited to, investments in private equity, venture capital, portable alpha, and long- biased equity hedge funds. The Alternatives Advisor may utilize hedge funds that correlate to the equity markets or

overlay strategies such as portable alpha to hedge an underexposure to the targeted level of Non-Marketable Equity Alternatives, and hold cash temporarily to meet capital calls. The Alternatives Advisor may select itself or an affiliated Manager to hedge an underexposure in this asset class. The CEO may approve funds of private equity funds, which consist of funds making primary and/or secondary investments in underlying private equity funds as well as some direct investments. These funds are managed for returns with low correlation to returns in the traditional equity markets, and with very little liquidity. Assets invested in these private funds are generally illiquid for five to ten or more years. The CEO needs to invest the Fund's assets in a consistent long-term approach so as to limit the vintage year risk where there is a wide range of performance depending on the year the fund is launched. The Non-Marketable Alternatives Providers will seek to ensure that general partners invest according to the offering memorandum or partnership agreement. The Providers are responsible for ensuring that the selected vehicle has adequate risk controls in place and invests within the stated style and the scope of its offering memorandum or partnership agreement. Due to the long-term nature of a private equity investment, the measurement period for complete evaluation will be over a ten-year period. A ten-year return is intended to cover at least one complete market cycle, and is consistent with the average term of private equity fund-of-funds investments. The OHA staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class.

f) Non-Marketable Credit Alternatives — Mezzanine Debt Funds, Specialty Loan Funds, Distressed Debt Funds, and Credit Hedge Funds. The primary role of Non-Marketable Credit Alternatives is to seek to provide enhanced total return to traditional credit through vehicles which may have limited liquidity and/or utilize leverage and derivatives, but provide access to fixed income strategies with higher return potential. Credit alternatives include, but are not limited to mezzanine debt, bank loans, distressed debt, special situations, portable alpha, and hedge funds utilizing credit strategies. These strategies should have returns with moderate correlation to traditional fixed income returns and low correlation to the other asset classes. The Non-Marketable Alternatives Providers are responsible for ensuring that their selected vehicles have adequate risk controls in place and that their selected vehicles conform to the offering memorandum or partnership agreement. The Alternatives Advisor may select itself or an affiliated Manager to hedge an underexposure in this asset class using credit hedge funds, overlay strategies, or traditional credit strategies. The OHA staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class.

g) Non-Marketable Real Assets & Opportunistic Alternatives — Natural Resource Funds, Infrastructure Funds, Commodity Funds, Master Limited Partnerships (MLP's) and unique investments that do not fit into another Asset Class. The primary role of Non-Marketable Real Assets & Opportunistic Alternative investments is to seek to provide an inflation hedge, and the secondary role is to provide enhanced total return above Traditional Real Assets by committing capital for ten years or more to private market real asset strategies. Real assets include, but are not limited to real estate, TIPS, commodities, and natural resources. The OHA Staff and Consultant will evaluate and the CEO must approve all investments in Non-Marketable funds within this asset class. The Alternatives Advisor may hedge target exposure using such marketable assets as MLP's, CTA's, REITs, TIPS, overlay strategies, or mutual and exchange-traded funds utilizing real asset strategies. The Alternatives Advisor may select itself or an affiliated Manager to hedge underexposure in this asset class.

h) Hawai'i Direct Investments. The primary role of Hawai'i Direct Investments is to seek a total return of five percent in excess of inflation from Hawai'i commercial real estate. This asset class also includes the OHA corporate headquarters and private equity and debt investments with significant operations in Hawai'i. All direct real estate investments must be made within the context of the Direct Investment Policy Statement.

Section 9. Prohibited Investments

The following investments are prohibited. Should a prohibited transaction occur, the Advisor must report it immediately after discovery to the Consultant and OHA staff, who will report it at the next BOT meeting.

9.1 Self-Dealing Transactions. Managers cannot purchase or hold any security of the Advisor who selected them, unless permitted by law.

9.2 Financial Institution Deposits including CDs. Direct deposits may not exceed the Federal Deposit Insurance Corporation insurance limit unless they are 100% collateralized by eligible U.S. government securities or fully covered by a surety bond.

9.3 Letter Stock. Letter stock and other unregistered equity securities are prohibited except in the alternative asset classes.

Section 10. Derivatives Policy

This Derivatives Policy applies to all investments with the exception of those permitted in funds in the alternative asset classes. Investments in derivatives shall not create a leverage effect on portfolio returns and must be consistent with the asset class they are in. Structured securities, futures, forwards, total return swaps, interest rate swaps, credit default swaps, options and other derivatives are permitted only if they are used in a defensive hedging manner (e.g. to hedge a currency, equitize cash, or to create an overlay strategy or structured fixed income portfolio). Advisors will be required to report on a periodic basis (at least annually) to the BOT on their use of derivatives for any purpose and to assure compliance with this Policy.

Section 11. Voting of Proxies

The BOT has delegated the authority to Advisors and Managers to vote proxies. For separately managed accounts (not pooled vehicles), the BOT reserves its right to exercise its proxy rights when it so chooses and to vote the proxies of invested companies as it deems appropriate. The proxy voting review process and guidelines are set forth in the OHA Native Hawaiian Trust Fund Operational Procedures.

Section 12. Trades, Exchanges & Valuation

12.1 Selling or Exchanging Securities. Investment Managers may sell or exchange securities in the course of daily management of specific funds. The goal of all such trades is to maximize portfolio performance while maintaining an appropriate risk profile.

12.2 Marking to Market. To account for market fluctuations and volatility, the Custodian or its agent (independent pricing agent) will mark to market all securities at least monthly. When market values are not available, the Custodian will follow the prevailing best practices regarding fair valuation. If a significant market event takes place during the month that impacts the value of the portfolio, the Custodian or its agent will determine the impact on the portfolio.

Section 13. Procedures for Selecting and Reviewing Investment Advisors

13.1 Review Process. Fund investments will be managed by professional Advisors and Managers except to the extent the BOT specifically delegates investment authority for other strategies for which the Fund's Advisors do not have specific expertise under the Manager-of-Managers' approach or for OHA's Enhanced Liquidity Account. When the BOT elects to retain a new Investment Advisor(s), it will instruct OHA staff and the Consultant to conduct a search for the Advisor and issue a public notice on OHA's website. HRS §103D-102(b)(2)(F) specifically exempts investment from the State procurement process. The selection process will include, but not be limited to, the following:

- a) The Consultant will perform a review of the universe of available candidates for the specific assignment and provide a list of best-in-class Advisors to OHA staff from a formal screening process of qualified candidates.
- b) The initial list will consist of either eight to ten Advisors, but may be fewer depending on the investment approach.
- c) OHA procurement will review the list of candidates ensuring that they meet OHA's compliance standards.
- d) The Consultant will provide OHA staff performance and risk statistics as available and applicable as well as a summary of each Advisor.
- e) OHA staff and the Consultant will evaluate the Advisors and shorten the list to four candidates.
- f) The Consultant will request each qualifying candidate to provide information which will include but is not limited to three-year, five-year, and ten-year performance record, as available, and the associated risks taken to achieve the returns, the quality and stability of the investment personnel and process of each company, adherence to philosophy/style and the fees charged by each company.
- g) OHA staff and the Consultant will provide a summary of the responses received, which will include a list of evaluation criteria to be approved by the CEO for the BOT. At least two finalists will be selected to make an oral presentation to the BOT.
- h) Final selection will be approved by the BOT.
- i) Timing of funds to Advisors will be based on the asset allocation, availability of funds, and structure of the investment.
- j) OHA staff will be responsible for coordinating the contract execution with any external Advisor or Manager approved by the BOT.

13.2 Selection Criteria for Advisors. Criteria will be established for each Advisor search undertaken by the BOT and will be tailored to the BOT's needs. These criteria are applicable to discretionary Manager-of-Managers and may not necessarily be applicable for the Enhanced Liquidity Account Manager. In general, eligible Advisors will possess attributes including, but not limited to, the following:

- a) For Manager-of- Manager searches, the firm must exhibit capabilities to offer Manager-of-Manager programs across a variety of asset classes and are capable of utilizing qualified Hawai'i-based Managers;
- b) For specific asset class searches, the firm must be experienced in managing money for institutional clients in the asset class/product category/investment style specified by the BOT;
- c) The firm must have a minimum five-year history with managing institutional assets, demonstrate continuity of key personnel,; shorter-term histories will be considered for entire portfolio management teams that have portable track records from predecessor firms;
- d) The firm must display a record of stability in retaining and attracting qualified investment professionals, as well as a record of managing asset growth effectively, both in gaining and retaining clients;
- e) The firm must have an asset base sufficient to accommodate the Fund's portfolio: Manager of Managers should have at least \$20 billion of discretionary institutional assets under management; the Fund's portfolio should represent no more than 5% of the firm's total asset base for any Advisor;
- f) The firm must demonstrate adherence to the investment style sought by the BOT, and adherence to the firm's stated investment discipline;
- g) The firm should promote good governance in its proxy voting policy and adhere to best practice standards regarding transparency, manager fee structure, leverage, and liquidity in the alternative asset classes;

- h) The firm's fees should be competitive with industry standards for each product category and overall;
- i) The firm must comply with the "Duties of the Investment Advisors" outlined in this Statement and should conform to GIPS (Global Investment Performance Standards) for performance reporting;
- j) The firm must be able to offer investment education programs to the BOT and OHA staff at least once a year; and
- k) The firm must be able to provide analytics tools and/or reports necessary for OHA staff and Consultant to monitor and analyze asset allocation, risk, and manager performance.

13.3 Criteria for Advisor Review and Monitoring. The BOT reserves the right to terminate an Investment Advisor at any time with reasonable notice as defined in the contract between the BOT and the Investment Advisor. Grounds for termination may include, but are not limited to:

- a) Failure to comply with the guidelines agreed upon for the management of the Fund's assets; including holding restricted securities and conducting prohibited transactions;
- b) Failure to achieve performance objectives specified in this Statement or the Advisor's contractual guidelines;
- c) Significant deviation from the Advisor's stated investment philosophy/style and/or process.
- d) Loss of key personnel or significant ownership changes that create instability in the organization;
- e) Evidence of illegal or unethical behavior by the Investment Advisor;
- f) Lack of willingness to cooperate with reasonable requests by the BOT, Investment Consultant or OHA staff for information, meetings or other material;
- g) Loss of confidence by the BOT; and
- h) A change in the Fund's asset allocation program which necessitates a shift of assets to another process or style.

The presence of any one, or a combination of these, factors will be carefully reviewed by the BOT, but will not necessarily result in an automatic termination.

13.4 Performance Monitoring. The OHA staff and Consultant shall monitor monthly statements and receive quarterly performance reports from the Advisors. The Advisors shall monitor, at least monthly, the investment results of each Manager under contract to determine whether or not that Manager is performing up to the standard required by the benchmark of performance specified in the Manager's contract.

13.5 Advisors Total Return Comparison. The BOT expects that each Advisor's total portfolio performance over a market cycle will meet or exceed the benchmark index established for that Advisor.

13.6 Total Portfolio Returns. The BOT expects that the Fund's combined investment results over a market cycle will be in the top 50% of a nationally recognized universe of foundations and endowments with similar sized portfolios.

13.7 Asset Class Returns. Specific asset class investment results shall be measured against benchmarks as detailed in the Advisor's Investment Guideline Summary.

13.8 Advisor Alerts. Advisors are expected to keep the BOT, OHA staff and Consultant informed of any material changes in their respective firms (i.e. change in personnel, ownership, policy, etc.).

13.9 Termination. If at any time the standard required is not being met by an Advisor, the BOT will determine what action will be taken toward the Investment Advisor. The decision to terminate an Investment Advisor shall be by majority vote of the BOT present at the meeting subject to the contractual agreement.

Section 14. Liquidity Policy

The Redemption liquidity of the total Trust Fund will be maintained with a minimum 65% of the Fund's assets able to be liquidated at market value under normal conditions on at least a quarterly basis (advance notification and some

restrictions may apply). Investments with liquidity less than quarterly require the approval of the CEO. At least 50% of the total Trust Fund's assets must be liquid on at least a monthly basis at market value without restriction or advance notice longer than five business days under normal conditions. The Liquidity requirements for each Advisor and the assets under their management will be specified in their Investment Guideline Summaries and/or Investment Management Agreements.

Section 15. Errors & Omissions

The Advisor is to correct any material violation of the provisions of this Statement within a reasonable time period upon discovery. The Advisor will reimburse the Fund for a realized loss resulting from a material violation as agreed in the contract between the BOT and the Advisor.

Section 16. Adding New Asset Classes

The Investment Consultant with the assistance of OHA staff will work with the Advisors to assign each investment (e.g. fund) to an asset class portfolio, a custom benchmark index, and a peer manager universe. If the Advisor proposes an investment that does not fit into one of the approved asset classes listed in Section 5, the Advisor will prepare a written recommendation to the OHA staff / Consultant justifying the investment. The recommendation must include a description, of the new asset class, rationale for including the new investment, historical returns and risk statistics, liquidity, analysis of impact on the risk/return of the Fund, the benchmark index and manager peer universe. OHA staff and the consultant will provide a recommendation to the BOT. Adding a new asset class will require the approval of the CEO and the BOT.

Section 17. Interpretation

This Statement will be incorporated as an addendum in the agreements between the OHA BOT and each Advisor. In the event of any conflict or inconsistency between the terms of the agreement and this Statement, other than the Section 4.4 Duties of the Investment Advisors and anything designated as a Fundamental Investment Policy, the terms of the agreement with the Advisor shall govern.

Section 18. Hawai'i Direct Investment Policy (HDIP)

The primary role of the HDI asset class is to create financially viable Hawai'i commercial real estate holdings while also protecting and preserving Hawai'i lands and their cultural significance. OHA's Hawai'i commercial real estate portfolio will seek to generate a total return (Income and Capital Appreciation) to meet OHA's spending requirements while also preserving purchasing power for future generations. OHA will make capital investments to enhance, maintain, and protect existing improvements on its Hawai'i commercial real estate holdings and consider real estate acquisitions and monetization where compelling and for strategic reasons.

A secondary objective targets equity and/or debt positions in private companies based in Hawai'i as further guided by the OHA Economic Development Policy and BOT-approved lending programs for Native Hawaiians. Investments other than corporate real estate and BOT-approved lending programs must be approved by a supermajority vote of the BOT.

All direct investments should demonstrate the ability to generate current income and capital gains consistent with the asset class benchmark index and Fund's long-term objective.

18.2 Delegation of Authority. All final acquisition, development, and/or disposition decisions of Hawai'i direct investments must be approved by the BOT. The BOT delegates to the CEO the authority to:

- a) Administer the HDIP and approve and implement procedures to carry it out;
- b) Delegate duties to OHA staff as necessary to fulfill and implement this policy;
- c) Deny opportunities that do not satisfy current policy, guidelines, and/or criteria approved by the BOT;
- d) Execute contract and agreements;
- e) Conduct investment due diligence, negotiations, and on-going performance monitoring;
- f) Structure real estate financing terms for approval by the BOT;
- g) As necessary, oversee and manage the operational functions associated with each investment, including selecting and terminating service providers, negotiating leases and setting fee schedules (including market-based lease terms for OHA occupied space), obtaining and approving permits, licensing, and leasing, approving tenant improvements, sub-leases, evictions, use and service agreements, and making all other operational decisions associated with the investment; and
- h) Determine when to segregate assets to fund acquisitions and to place those assets with OHA staff to invest in the Enhanced Liquidity Account (ELA) until acquisitions are closed. These funds do not count toward the spending limit on annual transfers to the ELA

The BOT reserves the right to approve all other decisions not listed above.

18.3 Permissible Investments

Hawai'i Real Estate

- a) Hawai'i commercial real estate strategies seek to create financially viable properties owned by OHA focusing on total return to meet current spending requirements.
- b) The objective for Hawai'i commercial real estate strategies is to outperform, net of commissions and fees, a blend of real estate indices that reflect the holdings of the Fund. The performance will be monitored regularly and evaluated over rolling five and ten-year periods.
- c) Only real property that is Hawai'i commercial real estate property is included in the Fund.
- d) OHA may finance real estate acquisition or capital improvements with a mortgage. The property may be pledged as collateral under a non-recourse structure to OHA. Any amount of recourse back to OHA, including an OHA guarantee, will be considered a use of capital and therefore be subjected to the OHA's Debt Management Policy.
- e) The market valuation of Hawai'i commercial real estate is determined by biennium appraisals conducted by a reputable independent appraisal firm and that value will be utilized until the next appraisal. Before the first appraisal, the market value of the asset is assumed to equal its acquisition cost.

Other Investments

- a) Includes income and growth-oriented strategies with significant operations in Hawai'i which are managed in an integrated manner to meet the long-term spending objectives of OHA.
- b) BOT-approved lending programs for Native Hawaiians.

Section 19. Enhanced Liquidity Account Investments

The BOT has authorized the use of an Enhanced Liquidity Account (ELA) utilizing primarily short-term and intermediate-term U.S. government and agency securities, TIPS, MLP's, liquid alternative risk premia strategies, and passive beta strategies to manage OHA's short-term (less than 18 months) cash flow. The ELA may be managed internally by OHA staff or externally by a registered investment advisor. The primary objectives of the ELA are to expedite the ability to meet fiscal obligations and efficiently manage short-term cash needs; a secondary objective is to provide a highly liquid, low volatility, low or anti-correlating asset to the Fund. As such, OHA may hold up to 10% of the net assets of the Fund in the ELA. The custody of short-term investment assets shall remain with OHA's Fund Custodian.

19.1 Permissible Investments. Assets held within the ELA must have no less than monthly liquidity under normal

conditions. Passive index mutual funds, passive exchange-traded funds, passive institutional commingled funds, liquid alternative risk premia strategies, short-term U.S. government and agency securities, cash, and cash equivalents are permitted. A list of allowable investment vehicles for each asset class must be reviewed by the CFO and Consultant, approved by the CEO, and presented to the BOT for review. OHA staff or its external Manager may only select from this Approved List of investments vehicles in the ELA.

19.2 Asset Allocation and Rebalancing. The investments should be highly liquid with low volatility. Under normal conditions, the ELA's assets should be targeted no more than 2.0 percentage points (absolute) away from the strategic target allocation set forth in the ELA Manager's Investment Guideline Summary or Investment Management Agreement. OHA staff and the Consultant will devise a targeting and rebalancing process with a maximum tolerance approved by the CEO. If managed internally, OHA staff will execute the process; otherwise the external Manager will execute the process. Decisions to target the asset allocation outside of the maximum 2.0% tolerance shall be reviewed by the Investment Advisory Committee and/or CFO, approved by the CEO, and reported to the BOT prior to implementation.

19.3 Internal Controls. Internal operational controls and procedures relating to short-term investments shall be outlined in the OHA Native Hawaiian Trust Fund Operational Procedures.

19.4 Advisor and Manager Selection. The BOT will approve OHA staff under the supervision of the CFO and CEO as the Advisor and an external Manager to manage the ELA. The external Manager may not have full investment discretion; therefore, provisions relating to discretionary Advisors in this Statement may not necessarily apply to the ELA Manager. The duties of the ELA Manager shall be established based on the Investment Management Agreement between the Manager and the BOT. BOT presentations by four finalists are not necessary for ELA Manager selection.

19.5 ELA Policy Benchmark & Investment Guidelines. The Policy performance benchmark for the ELA shall be the combination of market indexes and the risk free rate as set forth in the Manager's Investment Guideline Summary or Investment Management Agreement, which will also establish investment guidelines for managing the account.

Section 20. Investment Risk Management Policy

The Native Hawaiian Trust Fund Investment Risk Management Policy is designed to ensure that there are risk control measures in place to identify, monitor, and manage the level of risks and to balance the long-term expected risk and return objectives of the Fund investment portfolio. The OHA Board of Trustees ("BOT") recognizes that the undertaking of risks is generally unavoidable in investment management. The purpose of this policy is not to eliminate risks, but to understand the risks through the implementation of disciplined processes and procedures. Risk control measures include continuous monitoring and timely reporting by OHA staff to ensure the effectiveness of OHA's investment risk management system. This Policy is not intended to provide an exhaustive list of risks or provide a comprehensive list of process and procedures to identify and mitigate risks. Rather, this policy provides generally accepted approaches to risk management that can be implemented through investment guidelines and operational policies and procedures.

Risk Management

Key risk factors may stem from internal or external sources. The assessment of risk may be both qualitative and quantitative. The OHA staff and Consultant shall conduct an annual qualitative risk assessment identifying key risk factors, sources of risk, risk mitigants, and remediation plan, if necessary, to manage these risks. OHA staff shall also provide quantitative risk reporting to the BOT using commonly accepted quantitative risk reporting measures on a quarterly basis. Risk management measures may include the following:

- 1) Establish internal policies and procedures to minimize operational and legal risks;
- 2) Establish investment guidelines for eligible investments, diversification, rebalancing, liquidity, leverage, and use of derivatives;
- 3) Annual reporting of portfolio volatility (measured using standard deviation of returns) and expected volatility

- and return provided by the Investment Advisors;
- 4) Annual reporting of tracking error for OHA's liquid assets;
 - 5) Annual reporting of leverage, currency risk, concentration risk, and liquidity risk;
 - 6) Annual external financial audit by a reputable independent audit firm; and

- 7) Periodic review of the Investment Policy Statement and Risk Management Policy as necessary to assess the relevance and effectiveness of these policies.

Implementation

It is the responsibility of OHA's Chief Executive Officer to ensure that risk management policies and procedures are in place to identify, monitor, and manage investment risk. It is the OHA staff's responsibility to implement internal procedures and continuously monitor the investment portfolio and Advisor activities to ensure policy and guideline compliance. OHA staff shall rely on most recent data available provided by the Custodian and Advisors to analyze risk statistics and provide risk reporting. A risk management review shall be provided to the BOT by the Investment Consultant on an annual basis, or more frequently as needed.

Adopted 5/29/03 (ARM 03-05); amended 10/24/08 (ARM 08-04); amended 8/3/09 (ARM 09-07); amended 4/15/10 (ARM 10-02); amended 9/27/12 (ARM 12-08); amended 6/19/14 (ARM 14-03); amended 8/24/17 (RM 17-08); amended 9/19/19 (RM 19-13); amended 08/12/21 (RM 21-10).

T-Trustee Level Endowment Spending Policy

2A-Endowment Spending Policy (new format)

2A-Exhibit A - Endowment Spending Policy
(Clean)

2B-Endowment Spending (Redlined); and

2C-Spending Policy (AS IS)

Endowment Spending Policy

Subject: Endowment Spending

Effective Date: Upon 2nd Reading/Action of the Board of Trustees

Policy Framework: T-Trustee Level Policy

Date Reviewed/Revised: Upon 2nd Reading/Action of the Board of Trustees

Responsible Office: Board of Trustees

Next Scheduled Review Date: Three (3) years from Effective Date or As Deemed Appropriate by the Policy Administrator

Policy Administrator: Chair, Committee on Resource Management

I. POLICY AND GENERAL STATEMENT

It is the policy of the Office of Hawaiian Affairs (“OHA” or “Office”) to ensure resources are invested, stewarded and managed in a manner that increases the value of, investments in and value from, financial, commercial and land resources; and to be further spent or disbursed for the betterment of the conditions of Native Hawaiians.

The overwre purpose of the Endowment Spending policy is to establish guidelines to meet the long-term viability of the Office of Hawaiian Affairs (OHA) Native Hawaiian Trust Fund (Endowment). The Endowment Spending policy determines the annual flow of funds from the Endowment to the operating budget.

The primary objective of the Endowment Spending policy is to achieve a proper balance between the present and future needs of the organization. A well-designed spending policy balances the two principal goals of Endowment management:

1. Providing a stable flow of funds to meet the operating needs over the short-term to provide resources to this generation.
2. Maintaining the purchasing power of the Endowment over the long term, ensuring OHA will be able to provide adequate resources to future generations.

II. MO`OKUAUHAU

A. Board Governance Framework. The five elements of OHA’s Board Governance Framework: 1) Identity; 2) Values and Mana; 3) Statutory Basis; 4) Policies; and 5) Supporting Documents and Practices (Operations).

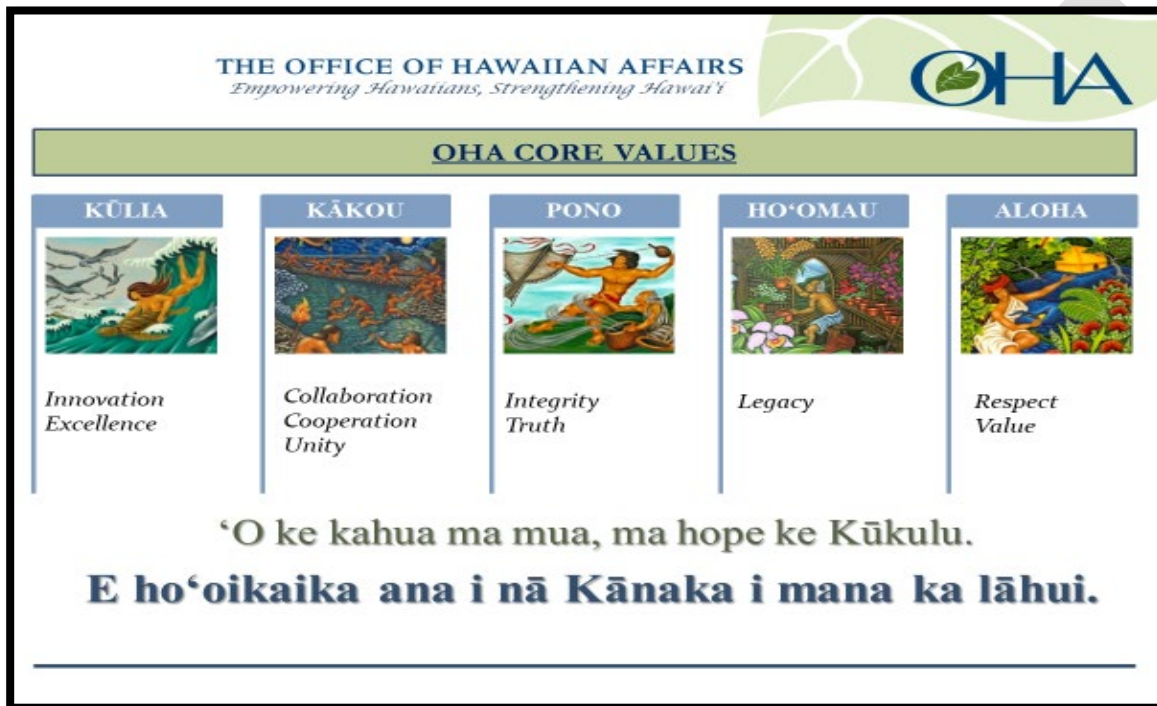


Endowment Spending Policy

Figure 1 – Board Governance Framework

The core values articulated below and approved by the Board of Trustees (“BOT” or “Board”) in April 2019, as part of the Board Governance Framework above, provides the basis for the policy framework below and this policy itself cascaded to policy implementation procedures and processes.

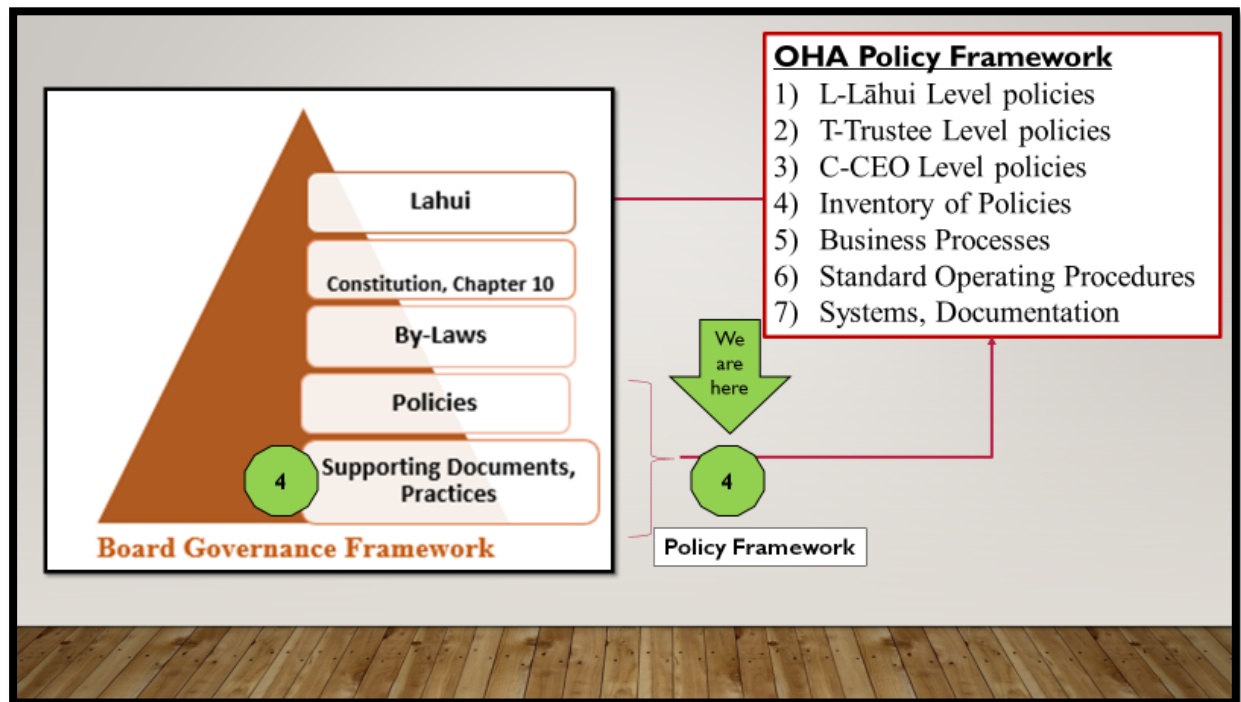
- B. Core Values.** As part of the Board Governance Framework, the adopted core values inform and frame the policy itself and its implementation.



**Figure 2 – OHA
Core Values**

Endowment Spending Policy

**Figure 3 –
Policy
Framework
(Depiction 1)**



C. Policy Framework. The Policy Framework, approved and adopted by the Board in December 2021, provides the implementation and operationalization of this T-Trustee level policy and its associated and cascaded C-CEO level policies, processes and procedures.

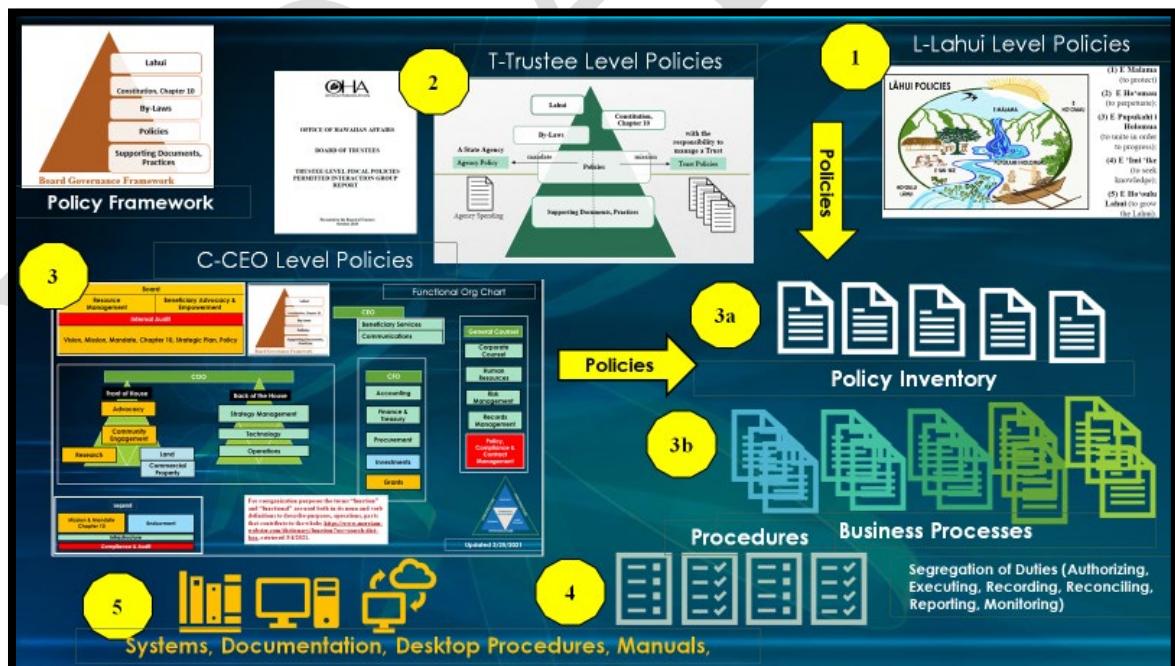
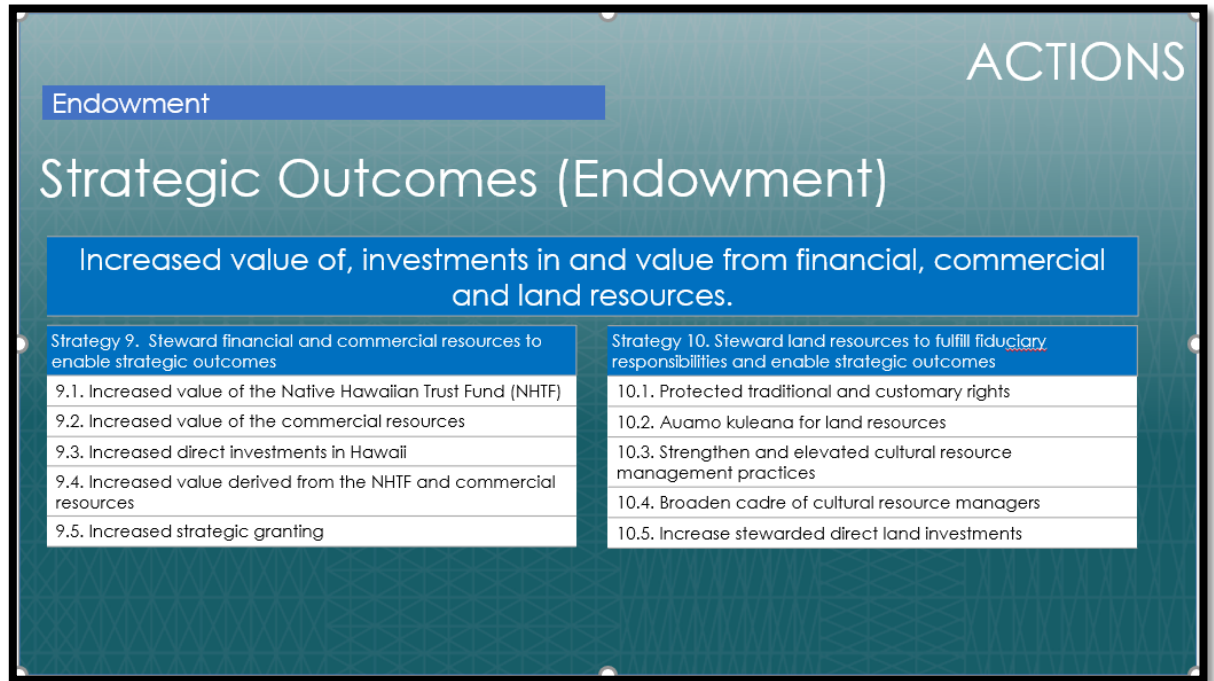


Figure 4 – Policy Framework (Depiction 2)

III. MANA I MAULI OLA ALIGNMENT

Endowment Spending Policy

**Figure 5 –
Strategic
Outcomes
(Endowment)**



Endowment Spending Policy

IV. LEGAL, STATUTORY and/or REGULATORY POLICY BASIS

- A. **Board of Trustees – Purposes of the Office [§10-3]** Hawai‘i Revised Statutes (HRS) Chapter 10 provides that OHA is meant to address the needs of the Native Hawaiian people, including: (1) The betterment of conditions of native Hawaiians; (2) The betterment of conditions of Hawaiians; (3) Serving as the principal public agency responsible for the performance, development, and coordination of programs and activities relating to native Hawaiians and Hawaiians; except that the Hawaiian Homes Commission Act, 1920, as amended, shall be administered by the Hawaiian homes commission; (4) Assessing the policies and practices of other agencies impacting on native Hawaiians and Hawaiians, and conducting advocacy efforts for native Hawaiians and Hawaiians; (5) Applying for, receiving, and disbursing, grants and donations from all sources for native Hawaiian and Hawaiian programs and services; and (6) Serving as a receptacle for reparations.¹
- B. **Board of Trustees – General Powers [§10-4]** (1) To adopt, amend and repeal bylaws governing the conduct of its business and the performance of the powers and duties granted to or imposed upon it by law; **BY-LAWS** (2) To acquire in any lawful manner any property, real, personal, or mixed, tangible or intangible, or any interest therein; to hold, maintain, use, and operate the same; and to sell, lease, or otherwise dispose of the same at such time, in such manner and to the extent necessary or appropriate to carry out its purpose; **REAL OR PERSONAL PROPERTY** (3) To determine the character of and the necessity for its obligations and expenditures, and the manner in which they shall be incurred, allowed, and paid, subject to provisions of law specifically applicable to the office; **OBLIGATIONS AND EXPENDITURES** (4) To enter into and perform such contracts, leases, cooperative agreements, or other transactions with any agency or instrumentality of the United States, or with the State, or with any political subdivision thereof or with any person, firm, association, or corporation, as may be necessary in the conduct of its business and on such terms as it may deem appropriate; **CONTRACTS, LEASES, COOPERATIVE AGREEMENTS** (5) To execute, in accordance with its bylaws all instruments necessary or appropriate in the exercise of any of its powers; **EXECUTE INSTRUMENTS** (6) To issue revenue bonds pursuant to this chapter to finance the cost of an office project or to fund a loan program, and to provide for the security thereof, in the manner and pursuant to the procedure prescribed in part II; **REVENUE BONDS** (7) To lend or otherwise apply the proceeds of the bonds issued for an office project or a loan program either directly or through a trustee or a qualified person for use and application in the acquisition, purchase, construction, reconstruction, improvement, betterment, extension or maintenance of an office project or the establishment, funding, and administration of a loan program, or agree with the qualified person whereby any of these activities shall be undertaken or supervised by that qualified person or by a person designated by the qualified person; **REVENUE BONDS**; (8) With or without terminating a project agreement or loan agreement, as applicable, to exercise any and all rights provided by law for entry and re-entry upon or to take possession of an office project or enforce a loan agreement at any time or from time to time upon breach or default by a qualified person under a project agreement or loan agreement, including any action at law or in equity for the purpose of effecting its rights of entry or re-entry or obtaining possession of the project or enforcing the loan agreement or for the payments

¹ [HRS §10-3](#); see also [HRS §10-1](#).

Endowment Spending Policy

of rentals, user taxes, or charges, or any other sum due and payable by the qualified person to the office pursuant to the project agreement or loan agreement; and **PROJECT OR LOAN AGREEMENT; (9)** To take such actions as may be necessary or appropriate to carry out the powers conferred upon it by law. **ANY NECESSARY ACTION TO CARRY OUT POWERS**

- C. Board of Trustees – General Powers [§10-4.5] (a)(b)(c)** Authority over disbursements: (a) Except as provided in subsection (b), and notwithstanding any other law to the contrary, the office shall have and exercise the power to make all necessary and appropriate disbursements of its moneys by issuing checks in its own name by any other means. **DISBURSEMENTS/CHECK ISSUANCE** (b) The office shall have and exercise the power to deposit any of its moneys in any banking institution within or outside the State, to the extent necessary to implement subsection (a). **BANKING** The department of accounting and general services, with the approval of the office of Hawaiian affairs, may continue to perform the payroll function of the office, including the issuance of salary checks for the office's employees. **PAYROLL**

V. DEFINITIONS²

For purposes of policy development, implementation, monitoring and evaluation, working definitions are provided and remain the same for this policy and associated policies:

- A. **5(f) Funds:** Refers to Section 5(f) of the State of Hawai'i Admissions Act.
- B. **Annual Ceded Land Revenues:** Annual revenues received from the state of Hawai'i representing OHA's entitled percentage of the Public Land Trust.
- C. **Annual Spending Withdrawal:** Is defined as the maximum amount authorized to be budgeted from the Native Hawaiian Trust Fund in one fiscal year.
- D. **Asset Allocation:** The policy allocation of financial asset classifications (e.g., capital appreciation, diversifying strategies, capital preservation) in an endowment that balances risks and returns.
- E. **Average Market Value:** Shall be computed quarterly based upon the monthly statements received from OHA's Custodian of Record, the average shall be computed from the most recent 20 quarter period ending as of March 31st, fifteen months before the start of the budget on July 1.
- F. **Endowment:** The aggregated value of financial, land, real property, commodities, and other investable assets, which are managed to increase in value, and the resultant investment income used for Board designated purposes. An endowment can be referenced as the "principal" or "corpus" and meant to remain intact, and in perpetuity, while using the resultant investment income.
- G. **Endowment Fund:** includes all OHA investment assets on a consolidated basis including Financial Assets and Hawaii Direct Investments. The Endowment Fund excludes OHA's operating assets, operating cash, assets of support subsidiaries, and conservation lands.

² Definitions drafted for this section were derived after looking up the word in the on-line dictionary (<https://www.merriam-webster.com/>) and <https://www.investopedia.com/financial-term-dictionary-4769738> choosing the appropriate context for the policy.

Endowment Spending Policy

- H. **Financial Asset(s):** A financial asset is a liquid asset (easily and quickly converted to cash) that gets its value from a contractual right or ownership claim. Cash, stocks, bonds, mutual funds, and bank deposits are examples of financial assets. Financial asset value reflects factors of supply and demand in the marketplace in which they trade, as well as the degree of risk they carry.
- I. **Hawaii Direct Investment:** An outlay of resources to purchase land, real property, commodities; or contribute to a project or other business venture in which there is an expectation of financial or other strategic return and alignment.
- J. **Investment:** An outlay of resources with the intent of deriving a return to enable spending; or an acquisition for future income or benefit.
- K. **Moving Average Rule:** To spend a fixed percentage of the Native Hawaiian Trust Fund's Financial Assets average market value (e.g., spend 5.0% of the average market value of the previous 20 quarters).
- L. **Native Hawaiian Trust Fund:** Is defined as all Public Land Trust revenue received emanating from 5(f) funds that are subject to OHA's Native Hawaiian Trust Fund investment policy.
- M. **Public Land Trust Revenue:** Emanating from 5(f) funds that the State of Hawai'i remits to the Office of Hawaiian Affairs.
- N. **Spending:** An outlay of resources with the intent of meeting operational obligations and/or commitments.
- O. **Spending Rate:** Is the percentage (%) applied to the average market value to determine the spending amount.
- P. **Spent:** Is when actual disbursement or encumbrances of funds is made. Trustees should never appropriate funds beyond the Spending Policy calculated amount.
- Q. **State of Hawai'i General Fund:** Appropriations are determined by the Legislature during each Biennium and are spent for a specific purpose.
- R. **Total Return:** Defined as the sum of earned interest and dividends and realized and unrealized gains or losses, less all investment management costs (e.g., investment consultant, custodian, money manager fees).
- S. **To Spend:** Is the result of multiplying the moving average rule (Moving Average) by the spending rate.

VI. POLICY

Consistent with the overall investment goals of the Native Hawaiian Trust Fund, the following spending rates and rules for distribution are set forward using a hybrid spending methodology.

- A. The formula for determining annual spending withdrawals and the mechanics of its implementation are as follows:
 1. Financial Assets - OHA will spend a fixed percentage of no more than five percent (5%) of the average market value,
Plus
 2. Hawaii Direct Investment (Commercial Real Estate) – Prior year

Endowment Spending Policy

Net Cash Income.

- B. Regardless of the performance of the Endowment, OHA's spending policy will apply.
- C. Funds available from other sources such as Ceded Land Revenues and State of Hawaii General Funds are not included in this Endowment spending formula.
- D. Financial Assets Portfolio will make quarterly distributions on its stated spending policy.
- E. Hawaii Direct Investment will make annual distributions on its state spending policy.
- F. The Board of Trustees determines the upper threshold for the development of a biennium budget (up to 5%), which is revisited during the supplemental year to correct any upward or downward adjustments in accordance with the actual spending policy formula. During the development of a biennium budget, only the first fiscal year can utilize actual figures with the second year requiring the OHA Administration to "estimate" the market value of the upcoming four quarters based on financial projections.

VII. SCOPE AND DELEGATION OF POLICY AUTHORITY

- A. **Policy Amendment.** Trustees of the Office of Hawaiian Affairs ("Trustees") collectively maintain the sole authority to amend this policy subsequent to a simple majority Board approval and two readings of the Board.³
- B. **Retention and Delegation of Authority.** The following table describes the delegation and retention of authority by the Board of Trustees:

Process	BOT	Administration
1. Amend Policy	Initiates Amendment	Assists in analysis(es), workshop(s), recommendation(s), including related Action Item(s) as needed
2. Approve Policy and/or Amendments	Retains the Authority to Approve	N/A
3. Retire or Replace Policy	Initiates Action	Assists in analysis(es), workshop(s), recommendation(s), including related Action Item(s) as needed
4. Create Related T-Trustee Level Policies	Initiates Amendment	Assists in analysis(es), workshop(s), recommendation(s),

³ Reference to the Executive Policy Manual (EPM) for process to be included here.

Endowment Spending Policy

Process	BOT	Administration
		including related Action Item(s), as needed
5. Creation of Related C-CEO Policies to Articulate Implementation	Delegates the Authority to the Administrator	Refer to Section VI. Related C-CEO LEVEL POLICIES, if applicable

Table 1 – Retention and Delegation of Authority

VIII. RELATED T-TRUSTEE LEVEL POLICIES

- A. T-2022-XXXX: Endowment Investment** – A T-Trustee level policy which ensures resources are invested, stewarded and managed in a manner that increases the value of, investments in and value from, financial, commercial and land resources; and to be further spent or disbursed for the betterment of the conditions of Native Hawaiians.
- B. T-2022-XXXX: Debt Management** – A T-Trustee level policy which outlines [to be determined]
- C. T-2022-XXXX: Economic Development** - A T-Trustee level policy which outlines [to be determined]
- D. T-2022-XXXX: Budget Construction & Management** -

IX. RELATED C-CEO LEVEL POLICIES

- A. C-2022-XXXX: Treasury, Banking & Cash Management** – A C-CEO level policy which outlines the operational policies and processes, to effectively and optimally, authorize, collect, transfer, secure, draw, manage, disburse and record funds/cash.

X. POLICY PROCESSES

- A.** Construct biennium budget, including policy spending parameters.
- B.** Report on budget transfers.
- C.** Prepare budget realignment(s).
- D.** Manage budget.
- E.** Report on spending, by classification (e.g., grants, operations, debt service, capital, land, reserves).
- F.** Regularly produce variance reports.

Endowment Spending Policy

XI. HISTORICAL POLICY REVISIONS

A. Endowment Spending Policy

Action Item 22-XX, June XX, 2022; Board of Trustees, July XX, 2022 (1st Reading), July XX, 2022 (2nd Reading).

B. Native Hawaiian Trust Fund, Spending Policy (Predecessor)

Adopted by the Board of Trustees, September 15, 2004; Amended and adopted by the Board of Trustees on July 6, 2006; Amended and adopted by the Board of Trustees on May 21, 2009; Reviewed with no modifications by the Board of Trustees on April 18, 2012; Amended and adopted by the Board of Trustees on February 27, 2014

C. Amended and adopted by the Board of Trustees on xxxx

XII. CONTACT

The following organizational unit and position should be contacted regarding this policy and/or its implementation.

Organizational Unit	Position
Board of Trustees	Chair, Committee on Resource Management

XIII. EXHIBITS

I. PURPOSE

The purpose of the Endowment Spending policy is to establish guidelines to meet the long-term viability of the Office of Hawaiian Affairs (OHA) Native Hawaiian Trust Fund (Endowment). The Endowment Spending policy determines the annual flow of funds from the Endowment to the operating budget.

II. OBJECTIVE

The primary objective of the Endowment Spending policy is to achieve a proper balance between the present and future needs of the organization. A well-designed spending policy balances the two principal goals of Endowment management:

1. Providing a stable flow of funds to meet the operating needs over the short-term to provide resources to this generation.
2. Maintaining the purchasing power of the Endowment over the long term, ensuring OHA will be able to provide adequate resources to future generations.

III. POLICY

Consistent with the overall investment goals of the Native Hawaiian Trust Fund, the following spending rates and rules for distribution are set forward using a hybrid spending methodology.

- A. The formula for determining annual spending withdrawals and the mechanics of its implementation are as follows:
 1. Financial Assets - OHA will spend a fixed percentage of no more than five percent (5%) of the average market value,
Plus
 2. Hawaii Direct Investment (Commercial Real Estate) – Prior year Net Cash Income.
- B. Regardless of the performance of the Endowment, OHA's spending policy will apply.
- C. Funds available from other sources such as Ceded Land Revenues and State of Hawaii General Funds are not included in this Endowment spending formula.
- D. Financial Assets Portfolio will make quarterly distributions on its stated spending policy.
- E. Hawaii Direct Investment will make annual distributions on its state spending policy.
- F. The Board of Trustees determines the upper threshold for the development of a biennium budget (up to 5%), which is revisited during the supplemental year to correct any upward or downward adjustments in accordance with the actual spending policy formula. During the development of a biennium budget, only the first fiscal year can utilize actual figures with the second year requiring the OHA Administration to "estimate" the market value of the upcoming four quarters based on financial projections.

IV. POLICY REVIEW

- A. The Endowment Spending Policy will be reviewed at least every two years or as recommended by the Chair of the Resource Management Committee.
- B. Modifications to the Endowment Spending Policy must meet requirements as provided by the then-current By-Laws. Any modification or exceptions to OHA's Spending Policy shall require six (6) votes and two (2) readings at the Board of Trustees level and require external due diligence to be conducted.

A.

Endowment Spending Policy – Attachment A

I. PURPOSE

The purpose of the Endowment Spending policy is to establish guidelines to meet the long-term viability of the Office of Hawaiian Affairs (OHA) Native Hawaiian Trust Fund (Endowment). The Endowment Spending policy determines the annual flow of funds from the Endowment to the operating budget.

II. OBJECTIVE

The primary objective of the Endowment Spending policy is to achieve a proper balance between the present and future needs of the organization. A well-designed spending policy balances the two principal goals of Endowment management:

1. Providing a stable flow of funds to meet the operating needs over the short-term to provide resources to this generation.
2. Maintaining the purchasing power of the Endowment over the long term, ensuring OHA will be able to provide adequate resources to future generations.

III. POLICY

Consistent with the overall investment goals of the Native Hawaiian Trust Fund, the following spending rates and rules for distribution are set forward using a hybrid spending methodology.

- A. The formula for determining annual spending withdrawals and the mechanics of its implementation are as follows:
 1. Financial Assets - OHA will spend a fixed percentage of no more than five percent (5%) of the average market value,
Plus
 2. Hawaii Direct Investment (Commercial Real Estate) – Prior year Net Cash Income.
- B. Regardless of the performance of the Endowment, OHA's spending policy will apply.
- C. Funds available from other sources such as Ceded Land Revenues and State of Hawaii General Funds are not included in this Endowment spending formula.
- D. Financial Assets Portfolio will make quarterly distributions on its stated spending policy.
- E. Hawaii Direct Investment will make annual distributions on its state spending policy.
- F. The Board of Trustees determines the upper threshold for the development of a biennium budget (up to 5%), which is revisited during the supplemental year to correct any upward or downward adjustments in accordance with the actual spending policy formula. During the development of a biennium budget, only the first fiscal year can utilize actual figures with the second year requiring the OHA Administration to "estimate" the market value of the upcoming four quarters based on financial projections.



OFFICE OF HAWAIIAN AFFAIRS

NATIVE HAWAIIAN TRUST FUND SPENDING POLICY, AS AMENDED

Adopted by the Board of Trustees, September 15, 2004

Amended and adopted by the Board of Trustees on July 6, 2006

Amended and adopted by the Board of Trustees on May 21, 2009

Reviewed with no modifications by the Board of Trustees on April 18, 2012

Amended and adopted by the Board of Trustees on February 27, 2014

**OFFICE OF HAWAIIAN AFFAIRS
NATIVE HAWAIIAN TRUST FUND SPENDING POLICY**

I. PURPOSE. The purpose of this policy is to ensure the continued viability of the Office of Hawaiian Affairs' (OHA) Native Hawaiian Trust Funds (NHTF) by providing specific guidelines to balance the objectives of maintaining principal and producing large, stable and predictable spending. Decisions affecting management of the NHTF focus upon four conflicting objectives:

- A. Maximize long-term total return;
- B. Maximize annual spending from the Trust;
- C. Preserve the real value (purchasing power) of the Trust's principal and of its spending distributions over the long term;
- D. Maximize the stability and predictability of spending distributions. In other words, minimize the spending shortfall risk.

II. OBJECTIVE. The following spending policy reflects the objective of distributing as much total return as is consistent with the overall defined investment objectives while protecting the value of the principal.

III. DEFINITIONS. To further clarify the spending policy, the following definitions are used:

A. Native Hawaiian Trust Fund defined as all Public Land Trust revenue emanating from 5(f) funds that is subject to OHA's Native Hawaiian Trust Fund investment policy.

B. Spending Rate is the percentage (%) applied to the average market value to determine the spend amount.

C. Annual Spending Withdrawals defined as the maximum amount authorized to be budgeted from the Native Hawaiian Trust Fund in one fiscal year.

D. Moving Average Rule – to spend a fixed percentage of the average Native Hawaiian Trust Fund's average market value (e.g., spend 5.0% of the average market value of the previous 20 quarters).

E. Annual Ceded Land Revenues – shall be the \$15.1 million (fifteen million one hundred thousand dollars) annual revenues received from the state of Hawai'i as of fiscal year 2006-2007, or including any adjustments to annual ceded lands revenues in the future by the state of Hawai'i.

F. State of Hawai'i General Fund appropriations are determined by the Legislature during each Biennium and are spent for a specific purpose.

G. To Spend is the result of multiplying the moving average rule (Moving Average) by the spending rate.

H. Spent is when actual disbursement or encumbrances of funds is made. Trustees should never appropriate funds beyond the Spending Policy calculated amount.

I. Average Market Value – shall be computed quarterly based upon the monthly statements received from OHA's Custodian of Record, the average shall be computed from the most recent 20 quarter period ending as of March 31st, fifteen months prior to the start of the budget on July 1. If real estate is included in the Native Hawaiian Trust Fund then the real property market value shall be included to compute the average market value.

J. Public Land Trust Revenue – emanating from 5(f) funds that the State of Hawai'i remits to the Office of Hawaiian Affairs.

K. Real Property Market Value – shall be based upon the latest real estate appraisal. Such an appraisal should be conducted every five (5) years or upon the sale of any respective real estate property, whichever comes first.

L. Investment – an acquisition for future income or benefit.

M. 5(f) Funds – refers to Section 5(f) of the State of Hawai'i Admissions Act.

N. Total return is defined as the sum of earned interest and dividends and realized and unrealized gains or losses, less all investment management costs (*e.g. investment consultant, custodian, money manager fees*).

O. Native Hawaiian Self-Governance Spending Withdrawal defined as a maximum cumulative authorization not to exceed \$3,000,000 to be budgeted from the

Native Hawaiian Trust Fund for self-governing efforts of the Office of Hawaiian Affairs.

IV. POLICY/PROCEDURE. Consistent with the overall investment goals of the Native Hawaiian Trust Fund, the following spending rates and rules for distribution are set forward.

A. The formula for determining **annual spending withdrawals** and the mechanics of its implementation shall adopt the **Moving Average Rule**, whereby;

1. OHA will **spend** a fixed percentage of no more than five percent (5%) of the Native Hawaiian Trust Fund's **average market value**,

plus

2. **Ceded Land** Revenues received by OHA

plus

3. **State of Hawai'i General Funds** received by OHA

plus

4. Any funds available but not spent in previous fiscal years (Fiscal Reserve), held within the Native Hawaiian Trust Fund.

B. Regardless of the performance of the Native Hawaiian Trust Fund, OHA's spending policy will apply. The 5% spending rate shall be applied to investment portfolio and real property assets intended to be income or benefit producing.

C. Funds available from sources other than those defined in Section IV.A. of this policy are not limited by this annual spending withdrawal formula.

V. SPECIAL SPENDING WITHDRAWAL. Public Law 103-150 recognizes that the "...indigenous Hawaiian people never directly relinquished their claims to their inherent sovereignty as a people or over their national lands..." and urges the President of the United States to "...support reconciliation efforts between the United States and the Native Hawaiian people." Act 195 was signed into law on July 6, 2011 and recognized the Native Hawaiian people as the only indigenous, aboriginal, maoli people of Hawai'i. Act 195 encourages OHA to "...continue to support the self-determination process by Native Hawaiians in the formation of their chosen governmental entity" and notes that the State has designated OHA "...as a trust vehicle

to act on behalf of Native Hawaiians until a Native Hawaiian governing entity could be reestablished...". Balancing the opportunity for the formation of a governmental entity that would empower Native Hawaiians to exercise their un-relinquished inherent sovereignty with the objectives of maintaining principal and producing large, stable and predictable spending, a special cumulative spending withdrawal of no more than \$3,000,000 can be authorized to be budgeted from the Native Hawaiian Trust Fund for self-governing efforts of the Office of Hawaiian Affairs and will be known as a **Native Hawaiian Self-Governance Spending Withdrawal**. Authorizations of funds pursuant to Section V. will require a separate Action Item appropriation request pursuant to Section 1.4.b of OHA's Board of Trustees Executive Policy Manual. This Section V. specifically disallows transfer of funds or appropriations of any kind to the Native Hawaiian Roll Commission, as established by Act 195.

VI. REVIEW

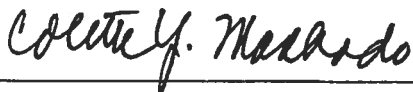
A. The Spending Policy will be reviewed at least every two years or as recommended by the Chair of the ARM Committee.

B. Modifications to the Spending Policy must meet requirements as provided by the then current By-Laws. Any modification or exceptions to OHA's Spending Policy shall require six (6) votes and two (2) readings at the Board of Trustees level and require external due diligence to be conducted.

VII. EFFECTIVE DATE. "The effective date of this policy is February 27, 2014 and this policy shall be deemed to pre-exist funds disbursed to OHA by the State pursuant to Act 178, SLH 2006."

Adopted on the 27th day of February, 2014

OFFICE OF HAWAIIAN AFFAIRS BOARD OF TRUSTEES



Colette Y. Machado, Chairperson

First Reading 2/20/2014

Second Reading 2/27/2014

OHA'S NATIVE HAWAIIAN TRUST FUND SPENDING POLICY'S FISCAL RESERVE WITHDRAWAL GUIDELINES

I. INTRODUCTION. The Office of Hawaiian Affairs two criteria for an effective Fiscal Reserve are the following: (1) the fund collects and dispenses appropriate amounts of money at appropriate times; and (2) it is simple to operate. Of the various alternatives studied by Administration, the fiscal reserve fund proposed here comes closest to satisfying these criteria. The purpose of this section is to describe the proposed operation of OHA's fiscal reserve as established by OHA's Spending Policy, which was initially adopted on October 31, 2000 and subsequently amended in September 2004, July 2006, and May 2009, respectively. These guidelines are not policy, rather it clarifies existing policy that exists on page 3, section IV of OHA's Native Hawaiian Trust Fund Spending Policy section entitled, "Policy/Procedure" and states "*plus*" A.3 "*Any funds available but not spent in previous fiscal years, held within the Native Hawaiian Trust Fund.*"

II. OHA'S NATIVE HAWAIIAN TRUST FUND SPENDING POLICY'S – FISCAL RESERVE. Following is a description of the fiscal reserve fund:

A. Objective. OHA's fiscal reserve fund is designed to provide money in certain situations.

B. Authorized uses. Money can be authorized under any of the 3 (three) permissible purposes as follows:

- 1. Budget Stabilization** – To address shortfalls in funding that directly translate into a significant spending decrease for a budget year. The shortfall can be the result of a downturn in the economy that negatively impacts the value of the NHTF investments, or can be the result of a reduction in general funding or ceded land revenue payments received from the state. Costs of programs can be funded through the fiscal reserve if it is determined that not providing the funding will have a severe negative impact on OHA's beneficiaries. The amount that can be utilized under this category in any given fiscal year, cannot exceed the previous year's spending limit subject to the limitations set forth in (E.) below. In other words, the budget stabilization can be used so that the fiscal reserve will supplement the current year budget to be at least equal to the prior year budget up to the limit set forth in (E.) below.
- 2. Unpredicted One-time Payments** – to address events or opportunities that are non-recurring in nature, have not been contemplated in the

budget process, and cannot wait to be included in the next budget cycle. This category would also include any expenditures needed to address legal issues as well as to remedy an emergency condition (which means a situation that creates a threat to public health, welfare, or safety that may arise by reason of major natural disaster, epidemic, riot, fire, or other reason.) The maximum designation amount under this category is subject to the limitations set forth in item (E.) below.

3. **Capital Acquisitions** – Major purchases of non-investment land or other capital assets that either have not been contemplated during the time of budget preparation, or cannot be addressed within the confines of the budget, and cannot wait to be included in the next budget cycle. The maximum withdrawal amount under this category is subject to the limitations set forth in item (E.) below.

C. Maximum Designations. The maximum designations allowable to be made in any given fiscal year, using any combination of items B.1. through B.3. above, are limited to no more than \$3,000,000 annually. The \$3,000,000 limitation is based on the fiscal year in which the designation is made, regardless of the year of funding specified in the designation. For example, if a \$2m designation is made in budget year 1, to be funded in budget year 2, the \$2m will count towards the limit in budget year 1, and only an additional \$1m can be designated in budget year 1. In budget year 2, the full \$3m of designations is still available.

D. Special Circumstances – There may be special circumstances that will require the use of funds in excess of the categories noted above. For example, the imminence of the passage of a federal recognition bill may trigger events for which OHA will be required to spend monies not otherwise available. In these special circumstances, the criteria set forth above can be waived by the BOT with a vote of the super majority plus 2 (8 affirmative votes). Since the “fiscal reserve” is a part of OHA’s Native Hawaiian Trust Fund and not an account established separately, if and when the fiscal reserve is utilized, the funds identified will merely serve as an additional means of financing.

E. Deposit Calculations. The source of data required to calculate the amount to be “restricted” as an OHA NHTF Spending Policy Fiscal Reserve shall be subject to audited financial statements for the respective fiscal year. Estimated year-end budget surpluses based upon unaudited records are not permissible.

F. Restrictions. The operation of the fiscal reserve fund is subject to two (2) restrictions:

1. no more than the current balance of the fiscal reserve in any year will be designated from the fund (e.g., the fund's balance cannot be negative after accounting for all designations; and
2. the total amount of money earmarked as a fiscal reserve does not have an upper threshold (*cap*) imposed upon it.

G. Operation

A. Pursuant to the OHA Spending Policy, Administration is tasked with calculating the spending policy limitation for the upcoming fiscal year utilizing a 20-quarter rolling average of the Native Hawaiian Trust Fund's market value, ending as of March 31st, fifteen months prior to the start of the budget on July 1. The respective 20-quarter rolling average along with a Board of Trustees determined spending rate (up to 5%) eventually determines the upper threshold for the development of a biennium budget, which is revisited during the supplemental year to correct any upward or downward adjustments in accordance to the actual spending policy formula. Note: during the development of a biennium budget, only the first fiscal year can utilize actual figures with the second year requiring Administration to "estimate" the market value of the upcoming four quarters based upon financial analysis techniques.

B. Only upon the close of OHA's fiscal year end financial records and the successful completion of a financial audit engagement can fiscal year "expenditure" figures be utilized, less any investment related expenses, and then deducted from OHA's calculated spending policy ceiling. As a part of OHA's adjusting fiscal year end journal entry, the difference is to be accumulated to any existing fund reserve account. Note: the funds are maintained within the Native Hawaiian Trust Fund, without the benefit of interest income and/or capital gains accrual, and are merely recognized as "reserved" funds within OHA's financial statements.

III. PROCEDURE. The procedure to be followed when requesting money via these guidelines for Board consideration shall be in the form of an Action Item and must include, at a minimum, the following information:

1. Identify the originator of the request;
2. Cite specific "Authorized Use" being requested as:
 - a. **B.1. Budget Stabilization,**
 - b. **B.2. Unpredicted One-time Payments, or**

c. B.3. Capital Acquisitions

3. Cite **D. Special Circumstances** if applicable.
4. Explain why the request cannot be accommodated with funds from the current Core Operating Budget.
5. State the urgency of the request and its impact on OHA if the request is denied or the decision is delayed.
6. Attach a letter or proposal detailing the request in sufficient detail to reasonably draw a conclusion of merit.

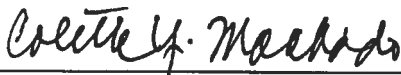
IV. VOTING REQUIREMENTS.

A. The Board of Trustees with six (6) affirmative votes may authorize expenditures from the fiscal reserve up to the maximum designation allowable under Budget Stabilization, Unpredicted One-time Payments, and Capital Acquisitions categories as set forth in Section II. B.1., B.2. and B.3., respectively, above.

B. The Board of Trustees with eight (8) affirmative votes may authorize expenditures from the fiscal reserves above the maximum designation allowable under the Special Circumstances category as set forth in Section II.D. above.

Adopted on the 27th day of February, 2014

OFFICE OF HAWAIIAN AFFAIRS BOARD OF TRUSTEES



Colette Y. Machado, Chairperson

First Reading	2/20/2014
Second Reading	2/27/2014

T-Trustee Level Debt Management Policy

3A-Exhibit A - Debt Management Policy (Clean)

3B-Debt Management Policy (Redlined)

3C-Debt Management Policy (AS IS)

OFFICE OF HAWAIIAN AFFAIRS

DEBT MANAGEMENT POLICY

I. PURPOSE

The purpose of this Debt Management Policy (“Policy”) is to ensure that all debt issuances undertaken by the Office of Hawaiian Affairs (“OHA”) are completed in an efficient manner and in accordance with best practices.

II. OBJECTIVES

- A. To provide principles for the use of debt to support OHA’s resource needs.
- B. To synchronize OHA’s Debt Management, Spending, and Endowment Fund Investment policies.
- C. To guide debt issuance, structuring, and management to achieve the lowest overall cost of capital over the long term, with acceptable risk parameters.
- D. To provide a specific limit and additional guidelines for other financial ratios.
- E. To provide guidance for OHA to maintain an acceptable creditworthiness rating that permits OHA to use debt in sufficient amounts at reasonable rates and borrowing covenants.

III. POLICY

It is the policy of the Board to adhere to prudent financial management practices and commit to long-term capital and financial planning. This Policy will enable OHA to foster consistency and optimize the use of its limited resources to meet its long-term capital needs.

OHA believes that debt is an equitable means of financing projects and represents an important means of meeting fiscal responsibilities. Adherence to a policy is essential to ensure that OHA maintains a sound debt position and protects the credit quality of its obligations.

OHA intends to use debt efficiently to maximize the delivery of projects within acceptable levels of risk, balancing obtaining the best possible credit ratings, minimizing interest costs, and optimizing future flexibility.

A. Principles and Purpose of Debt

OHA shall not incur debt that is more than necessary to fund the OHA project or purpose for which the issuance was approved and any associated financing costs. Debt proceeds should be secured as close to the date of expenditure as possible unless there are practical reasons to issue sooner, in which cases such reasons should be documented and approved by the Board.

Debt should improve OHA’s net worth or help to generate value, including cultural value. Additionally:

1. OHA should not issue debt that it cannot repay or that causes it to incur undue financial risk. OHA should not take on debt without a repayment solution that is consistent with its spending and withdrawal policies and its budget.
2. Debt utilized in the Endowment should be taken against an asset only for financial gain. Before incurring debt, OHA must consider financial alternatives where its assets and portfolio are not totally at risk. OHA should leverage its assets wisely by using debt strategically and prudently.
3. A rigorous due diligence analysis should be conducted before issuance of debt, including the impact on future budgets, sufficiency of revenues dedicated to debt service or operating costs of capital assets, and impact on the ability to provide future services.
4. Debt for OHA Programs and the Endowment Fund should be considered, planned, and coordinated together from an enterprise perspective given that they both have very similar implications for increasing the risk vs. return profile.
5. Implicit commercial real estate debt that OHA may cure will be treated as explicit debt for purposes of calculating the debt service to operations ratio.

B. Financial and Credit Limitations

In addition to legal limitations, financial and credit limitations must also be considered, such as target coverage levels and credit ratings goals, before issuing new debt. In conjunction with this Policy, OHA will undertake a Debt Affordability Study (“Study”) every two years to optimize the use of limited debt capacity while meeting public spending goals and ensure the prudent use of debt, and preserve enough future debt capacity. The Study analyzes the OHA’s debt profiles and presents relevant financial metrics to assess debt affordability. Before the issuance of any new debt, the analysis and recommendations of the most recent Study should be considered. The financial and credit impact of new debt must be evaluated such that OHA will not issue debt that it cannot repay or that causes it to incur undue financial risk.

IV. KEY FINANCIAL RATIOS

The ratios are consistent with the measures used by rating agencies in measuring an institution's financial strength. OHA will set a debt limit using the Debt Service to Operations Ratio as a guideline for prudent management. Management will regularly monitor the following ratio to ensure that OHA continues to operate on a strong financial basis and maintain its ability to receive a favorable credit rating.

Debt Policy Guidelines:

- Debt Service to Operations: < 20%
- Variable Debt Allocation: < 30%

Each of these ratios is briefly explained below:

$$\text{Debt Service to Operations} = \frac{\text{Annual Debt Service}}{\text{Annual Total Revenue and Sources of Funds}}$$

The debt service to operations ratio measures the percentage of debt service to the total revenue and sources of funds of the institution. By maintaining an appropriate proportion of debt service to total revenues and sources of funds, other critical and strategic needs can be met as part of the expense base. The guideline for this ratio is to be no greater than 20%.

$$\text{Variable Rate Debt Allocation} = \frac{\text{Variable Rate Debt}}{\text{Total Debt}}$$

Fixed-rate debt provides more long-term interest rate stability than variable-rate debt; however, variable rate debt can be a desirable component of a debt portfolio because it is typically at lower interest rates. The purpose of using a portion of variable rate debt for capital purposes is to lower the overall costs of borrowing, however, it is recognized that variable debt carries with it risk, therefore has a guideline of no more than 30% of the debt portfolio and should only be considered after a thorough evaluation.

V. ISSUANCE

- a. Tax-exempt debt will be considered by weighing the potential savings from a lower cost of funding versus the additional requirements, restrictions, and limitations.
- b. Secured debt should be considered as a possible method of reducing cost and limiting risk and the pledged assets should align strategically with the financing purpose.
- c. Method of Bond Sale
 1. Bonds should be sold through a negotiated sale with a senior underwriter that is selected through a Request for Proposal process.
 2. A competitive sale may be considered if it is projected to produce an optimal result.
 3. Private Placements may be considered if the size or structure of a transaction is not appropriate for public issuance. Lower upfront costs of a private placement should be balanced with higher interest rates, counterparty risk, and covenants.
 4. Bond issues will be coordinated to the extent possible so that multiple projects can be accommodated in a single borrowing to reduce the overall issuance cost per dollar of debt issued.

VI. STRUCTURE

- a. Fixed versus Variable Rate
 1. Both fixed and variable rate debt should be considered based on their associated costs, risk, and flexibility.

2. To minimize the uncertainty of interest rate fluctuations, the variable portion of the OHA's total debt portfolio should be managed.
- b. Amortization
 1. Varying Amortization types may be considered, including level, staggered or bullet, depending on the projected availability of cash flows to meet debt service requirements, the relative shape of the yield curve, and governmental restrictions.
 - c. Duration Matching
 1. Duration matching should be used where possible to reduce undue added risk to OHA operations. The correlation of current financing and temporary assets to shorter-term floating rate debt could potentially offer lower costs, while long-term debt could offer lower interest rate risk for fixed assets with longer useful life expectancies.
 - d. Lines of Credit
 1. Lines of credit can be used to assist with short-term cash management. Additionally, dedicated lines of credit to provide liquidity support for variable rate debt may be considered.
 - e. Credit Enhancements
 1. Credit enhancements such as letters of credit and bond insurance may be considered if they are cost-effective, do not pose material credit risks, and do not place onerous covenants on OHA.
 - f. Derivative Products
 1. Derivative products such as swaps, forwards, and options, and other hedging techniques such as caps, floors, collars, and rate locks, can be important interest rate management tools, which when used properly, can increase OHA's financial flexibility, provide opportunities for interest rate savings, and limit or hedge variable rate payments.
 2. It is essential that the character and risk associated with these transactions be carefully evaluated and clearly understood before entering into a debt-related derivative.

VII. MANAGEMENT

- a. Projected Spending
 1. When applicable, will be monitored by OHA management.
 2. Spending Decline Risk – the probability of a spending decline of more than 10% at the end of 5 years.
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 1. When applicable, will be monitored by OHA management.

c. Compliance and Reporting

1. OHA will provide ongoing disclosure information as required by State and Federal laws.
2. OHA will maintain good communication with lenders and bond rating agencies, including providing them with periodic updates of OHA's financial position as appropriate.

d. Internal Controls

1. Adequately detailed accounting records will be maintained with all transactions properly accumulated, classified, and summarized in accounts.
2. Appropriate internal and external reports will be issued as required.

e. Refunding and Restructuring

1. Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities.
2. Refunding will be considered if there is a present value economic benefit on the refinanced amount or if there will be material negotiation of financial or other covenants.

f. Multiple facilities should be consolidated into longer-term fixed-rate obligations when appropriate.

VIII. SCOPE & AUTHORITY

The debt covered by this Policy is as defined in GASB Statement 88, namely: "[F]or this purpose, debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established." Debt includes, but is not limited to, issuances under Hawai'i Revised Statutes ("HRS") sections 10-22 and 10-23.

Nothing in this Policy is intended to supersede the requirements of State or federal law, including Article VII, sections 12 and 13 of the State Constitution, HRS sections 13(2) and 10-36, and HRS chapter 10, part II.

All debt is to be issued pursuant to the provisions, restrictions, and limitations of the State Constitution, the HRS, the applicable provisions of the State of Hawai'i Debt Management Policy, applicable federal law, and other mandatory requirements.

IX. GOVERNANCE

- a. All debt limits must be approved by the Office of Hawaiian Affairs Board of Trustees after recommendation by the CEO.
- b. The Policy will be reviewed at least every five years or as recommended by the Chair of the Resource Management Committee

- c. The CEO shall develop debt procedures that shall be congruent with this Policy.
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The debt covered by this Policy is as defined in GASB Statement 88, namely: “[F]or this purpose, debt is defined as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.” Debt includes, but is not limited to, issuances under Hawai'i Revised Statutes (“HRS”) sections 10-22 and 10-23.

Nothing in this Policy is intended to supersede the requirements of State or federal law, including Article VII, sections 12 and 13 of the State Constitution, HRS sections 13(2) and 10-36, and HRS chapter 10, part II.

All debt is to be issued pursuant to the provisions, restrictions and limitations of the State Constitution, the HRS, the applicable provisions of the State of Hawai'i Debt Management Policy, applicable federal law, and other mandatory requirements.

IV. PROCEDURES TO IMPLEMENT THE POLICY

Ka Pouhana shall develop, for review by the Board, procedures regarding debt which shall be congruent with this Policy. The procedures shall model best practices for issuing debt. The procedures must address, at a minimum

- a. Procedures for incurring and managing debt, including the requirements for the due diligence analysis and process prior to incurring debt, the process for requesting approval by the Board, and reporting requirements to the Board
- b. Performance standards for OHA staff and external consultants, managers, or advisors
- c. Permissible/impermissible forms of debt

The procedures shall detail how the policy principles will be implemented - what will be done, what resources will be used and what results will be expected.

V. EXCEPTIONS TO THE POLICY

While adherence to this Policy is required in applicable circumstances, changes in the capital markets, programs and other unforeseen circumstances may produce situations that are not covered by the Policy or require modifications or exceptions to achieve Policy goals. In these cases, the Board may consider and approve exceptions to provisions within this Policy. A memo detailing the rationale for any exception to the Policy must be submitted to the Board.

C-CEO Level Cash Management Policy
(for information only)

4A-Cash Management Policy
(New Format, New Policy)

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DRAFT - FOR DISCUSSION PURPOSES ONLY

THE OFFICE OF HAWAIIAN AFFAIRS**Treasury Management Policy****Section 1. Introduction and Purpose****1.1 Introduction**

This document sets out the policies, practices, and objectives of the Office of Hawaiian Affairs (OHA) Treasury management activities, as approved by the Office of Hawaiian Affairs Board of Trustees' (BOT), and is effective until modified. OHA maintains a centralized management approach for all its Banking and Treasury operations. The Resource Management Office is responsible for the optimization of cash flows and the security of all funds collected, managed, and disbursed by the OHA. OHA acknowledges that effective Treasury Management will provide support towards the achievement of its business objectives.

1.2 Purpose and Objectives

The general purpose of this Treasury Management policy is to set forth the business policies and procedures to protect and enhance financial resources through effective cash management, prudent borrowing, and sound risk management. It is intended to provide the following benefits:

1. Strengthen OHA's operations quality control, management, production, and systems for financial control.
2. Improve internal communication to help ensure efficient operations and consistent delivery of quality information.
3. Functional guide for training new and existing employees and should prevent difficulties in performing duties due to lack of understanding or inconsistent approaches from personnel changes.
4. Identifying the key roles and responsibilities relating to Treasury and Cash management.

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Treasury Management Policy

Section 2. Delegation of Authority

2.1 Delegation

As authorized by the BOT, the administration of the OHA's financial and business affairs is the responsibility of the Chief Executive Officer (CEO). By approval of this document, The CEO has delegated the planning and management responsibility for OHA's financial resources to the Chief Financial Officer (CFO). The CFO, therefore, has the authority and responsibility for treasury and financial functions in the areas of banking, cash management, debt management, investment management, financial relationships management, and other general treasury functions. These responsibilities will be executed under the guidelines outlined in this policy.

Section 3. Treasury Functions of the Office of Resource Management

3.1 Functions of the Office of Resource Management

1. **Banking** - The CFO has overall responsibility for the administration and oversight of all banking and treasury services for the OHA. No other individual, department, or affiliate has the authority to establish an active bank account using the OHA's name or tax identification number.
2. **Cash Management** - Cash management is an integral component of the OHA's financial activities. It is the responsibility of the Resource Management Office to monitor and facilitate the flow of funds through all OHA's depository and disbursement accounts.
3. **Investment Management** - The CFO is charged with implementing the investment strategy as approved by the BOT. This office is also responsible for overseeing the day-to-day management and administration of the OHA's Native Hawaiian Trust Fund portfolio.
4. **Debt Management** - OHA borrows money through banks and/or the issuance of tax-exempt bonds to finance construction, development, or the acquisition of real estate assets to optimize its financial balance sheet for the long term. The CFO is responsible for coordinating the debt funding of these projects.
5. **Financial Relationships Management** - The Office of the Resource Management is responsible for the efficient operations of the OHA's banking and financial institution relationships. This includes handling key relationship issues such as pricing, bundling of services, availability of credit and non-credit services, and developing a 'partnership' approach.

THE OFFICE OF HAWAIIAN AFFAIRS**Treasury Management Policy****Section 4. Banking and Treasury Services****4.1 Banking and Treasury Services**

Purpose: to outline authority and responsibility as it pertains to the establishment and maintenance of OHA's financial accounts.

General Guidelines:

1. A financial institution account is defined as any account (checking, savings, depository, money market, etc.) opened at a financial institution that uses the name of the Office of Hawaiian Affairs or any derivation thereof, uses OHA's tax identification number, or receives the deposit of or disburses OHA funds.
2. All activities related to the opening, closing, and maintenance of all depository and disbursement accounts carrying the OHA's name and/or tax identification number shall be the sole responsibility of the Resource Management Office.
3. OHA staff should not deal directly with any financial institution regarding the opening, closing, or maintenance of a bank account, except as authorized in writing by the CFO.
4. All banking and treasury services concerning any financial institution account must be approved by the CEO and CFO.
5. Unless otherwise directed by the CFO, all account statements for OHA shall be mailed to the Resource Management Office to allow for prompt account reconciliation and review by the Controller.
6. Accounts no longer active should be closed. The closure process requires written authorization from the CFO and provides information as to the dispensation of any remaining funds left in the account. Additionally, the Resource Management office will provide information regarding the closing of the account to the Office of the CEO.
7. Counterparty Risk Management – CFO is responsible for monitoring the credit standing of approved financial institutions. The minimum acceptable long-term rating shall be S&P A, Moody's A2, or Fitch A, which are regarded as the upper-medium grade for investment.

4.2 Authorization Summary

1. The CEO is the only individual authorized to execute legal account opening and closing forms.
2. The CEO and CFO will designate an authorized signatory list which shall be maintained by the Controller.

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Section 5. Cash Management Policy

5.1 Cash Management Policy

Purpose: to establish sound cash management practices to ensure efficient utilization of cash and effective controls in a manner consistent with the overall strategic goals of OHA. *(In this context, cash would be defined as currency, checks, money orders, wire transfers, and ACH payments.)*

General Guidelines:

1. All activity and balances in the primary accounts shall be monitored by the Resource Management Office to assess the cash necessary to meet daily obligations and ensure adequate funds are available.
2. The Controller is responsible for the movement of funds between and from bank accounts maintained by OHA. This includes, but is not limited to:
 - Initiating all wire transfers of funds for general business purposes OHA
 - Establishing the daily cash position of the OHA
 - Appropriately funding disbursement accounts for OHA obligations
 - Initiating wire transfers and movement of funds at the custodian bank for investments, capital calls, and rebalancing purposes for the NHTF Portfolio.
3. All electronic fund transfers/remittances shall require the same supporting documents and authorizing signatures as non-electronic disbursements.
4. Check signers are authorized by the CEO and are prohibited from signing checks made out to him/herself or any related party. Any changes to authorized signers are communicated to the Controller, who is responsible for promptly modifying the signature cards.
5. Efficient cash management strategies, techniques, and procedures shall be used to increase the productivity of cash flows while achieving the following objectives:
 - **Liquidity** – maintaining the ability to pay obligations when they become due.
 - **Cash Optimization** – establishing systems and procedures that help minimize investment in non-earning cash resources while providing adequate liquidity.
 - **Financing** – obtaining both short- and long-term borrowed funds promptly at an acceptable cost.
 - **Financial Risk Management** – monitoring and assisting in the control of the OHA's exposure to interest rates, foreign exchange, and other financial risks.

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- **Coordination** – ensuring that cash management goals are communicated and integrated with the strategic objectives and policy decisions of other areas of OHA that have an impact on cash flows.

5.2 Authorization Summary for Cash Disbursements/Transfers

First Approval	Secondary Approval	Authorized Amount
Financial Analyst	Controller	Under \$100,000
Controller	CFO	Under \$500,000
CFO	CEO	Under \$1,000,000
CEO	Board Chair	\$1,000,000+

The CFO will ensure there is proper documentation for all transactions and the procedures that exist for the effective transmission of funds.

Section 6. Investment Management Policy

6.1 Investment Management Policy for Native Hawaiian Trust Fund

Purpose: The Investment Policy governs the investment of assets held in the Office of Hawaiian Affairs Native Hawaiian Trust Fund (the “Endowment Fund” or “Fund”) which comprises of Financial Assets and Hawai‘i Commercial Real Estate. The primary long-term financial objective is to maintain the purchasing power of the Endowment after spending and inflation. The objective of preserving purchasing power emphasizes the need to take a long-term perspective in formulating spending and investment policies.

The NHTF Investment Management Policy can be accessed here: (attach link)

Section 7. Debt Management Policy

7.1 Debt Management Policy

Purpose: to articulate the OHA’s philosophy and provide a strategic framework for the use of debt as a funding source. The appropriate use of debt can enable OHA to advance its mission to serve the Native Hawaiian population while ensuring sound financial health over the long term. The Debt Policy should be synchronized with OHA’s Spend Policy and Endowment

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Fund Investment Policy. The most common form of debt in the endowment would be to use leverage for commercial real estate projects and/or to lever up the financial assets' portfolio using financial derivatives products. The most common scenario for mission debt involves OHA borrowing to build, renovate, or purchase a facility for program use.

The Debt Management Policy can be accessed here: (attach link)

Section 8. Relationship Management Policy

8.1 Relationship Management Policy

This outlines the policy as it pertains to the efficient and effective management of OHA's financial institution relationships.

General Guidelines:

1. The Resource Management Office will serve as the first point of contact for all financial institutions. OHA units and their staff should not deal directly with any financial institution regarding OHA accounts.
2. The suitability of utilizing a financial institution's services is to be assessed by the Office of Resource Management. The selection criteria will include but are not limited to knowledge of the state of Hawaii's government business practices, quality of customer service, pricing, financial strength, and ability to meet future needs.
3. The CFO shall maintain efficient operations of OHA's relationships to achieve the following objectives:
 - Access to credit and non-credit services
 - Management of costs and quality
 - Monitoring risks
 - Developing a partnership approach
4. The Resource Management Office is responsible for developing a methodology for ongoing evaluation and performance measurement of service providers.
5. Departments or divisions within OHA will not be allowed to utilize OHA's financial account information without prior approval from the CFO.

THE OFFICE OF HAWAIIAN AFFAIRS**Treasury Management Policy****Section 9. Reporting Requirements**

The CFO will ensure that regular reports are prepared and considered on the implementation of the OHA Treasury management policies; the effects of decisions taken, and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from the regulatory, economic, market or other factors affecting its treasury management activities; and on the performance management function.

DRAFT - FOR DISCUSSION PURPOSES ONLY

THE OFFICE OF HAWAIIAN AFFAIRS**Treasury Management Policy****Appendix. Definitions**

Cash - Money in any form: currency (coins and bills), personal/individual check, wire transfer, ACH (direct deposit), other electronic funds transfers, postal money order, express money order, bank draft, certified check, etc.

Automated Clearing House (ACH) - An ACH transfer is an electronic item that is processed through the Automatic Clearing House established as a clearing and settlement facility for financial institutions. ACH transfers take 2 to 4 business days to reach their destination and can be recalled or returned for a variety of reasons.

Electronic funds transfer (EFT) - Generic term for any movement of funds by non-paper means; can be an Automated Clearing House (ACH) or a wire transfer.

Wire transfer - Funds sent through the Federal Reserve Wire Network from one financial institution to another. They can only be recalled with the permission of the recipient. Wire transfers typically are used when large amounts are needed along with the ability to confirm receipt, and when international transfers are required.