

**Committee on Resource Management**

Trustee 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 28, 2022

**TIME:** 10:00 a.m.

**PLACE:** Virtual Meeting viewable at <https://www.oha.org/livestream> OR  
Listen by phone: (213) 338-8477, Webinar ID: 885 9323 4321

**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](http://www.oha.org/livestream) or listened to by phone at: (213) 338-8477, Webinar ID: 885 9323 4321. 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. June 14, 2022

**IV. Unfinished Business – None**

**V. New Business**

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

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

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

**VI. Announcements**

**VII. Adjournment**

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](mailto: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](http://www.oha.org/rm).



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

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](mailto: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: The label *ACTION ITEM RM #22-13* will not be used as an Action Item Record Number in 2022.

**\* 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](mailto: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.
- (2) Persons wishing to provide **oral testimony online** during the virtual meeting must first register at:  
[https://us06web.zoom.us/webinar/register/WN\\_lvR5Y5luRH-3ycX4E9cmug](https://us06web.zoom.us/webinar/register/WN_lvR5Y5luRH-3ycX4E9cmug)

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

06/21/2022

\_\_\_\_\_  
Date

June 28, 2022 - Continued

**Committee on Resource Management**Trustee 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  
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Listen by phone: (213) 338-8477, Webinar ID: 885 9323 4321

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**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. June 14, 2022****IV. Unfinished Business – None****V. New Business**A. ACTION ITEM RM #22-14: Approve the Awarding of Community Grants - Housing,  
from Solicitation #22-01.01, published March 29, 2022B. ACTION ITEM RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant,  
from Solicitation #22-12, published June 7, 2022C. Workshop re: Final Drafts of Endowment Investment, Spending, Debt Management and  
Cash Management Policies**VI. Announcements****VII. Adjournment**

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

**June 14, 2022 10:00 a.m.**

**ATTENDANCE:**

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

**ADMINISTRATION STAFF:**

Sylvia Hussey, CEO / Ka Pouhana / Administrator  
Casey Brown, COO / Ka Pou Nui  
Arlene Aguinaldo, IT  
Everett Ohta, Corporation Counsel  
Karlen Oneha, GRANTS  
Kevin Chak, IT  
Miki Cachola Lene, GRANTS  
Nietzsche Ozawa, Corporation Counsel  
Ramona Hinck, CFO  
Ryan Lee, Interim Investment Manager

**BOT STAFF:**

Crayn Akina  
Melissa Wennihan

**I. CALL TO ORDER**

**Chair Waihe'e** calls the Committee on Resource Management meeting for Tuesday, June 14, 2022 to order at **10:01 a.m.**

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

MEMBERS			AT CALL TO ORDER (10:01 a.m.)	TIME ARRIVED
CHAIR	JOHN	WAIHE'E, IV	PRESENT	
VICE CHAIR	LUANA	ALAPA	PRESENT	
TRUSTEE	LEINA'ALA	AHU ISA	PRESENT	
TRUSTEE	KALEIHIKINA	AKAKA	PRESENT	
TRUSTEE	KELI'I	AKINA	PRESENT	
TRUSTEE	BRENDON KALEI'AINA	LEE	PRESENT	
TRUSTEE	CARMEN HULU	LINDSEY	PRESENT	
TRUSTEE	MILILANI	TRASK	PRESENT	
TRUSTEE	DAN	AHUNA	PRESENT	ARRIVED AT 10:36 A.M.

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



## **II. PUBLIC TESTIMONY on Items Listed on the Agenda\***

None

*Chair Waihe'e calls a recess from **10:05 a.m. to 10:15 a.m.** to address technical issues in the Maui Ola Boardroom.*

## **III. APPROVAL OF MINUTES**

### **A. May 31, 2022**

**Trustee Akaka** moves to approve the minutes of May 31, 2022.

**Trustee Ahu Isa** seconds the motion.

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

**Trustee Ahu Isa:** I have something to add to the minutes.

**Chair Waihe'e** recognizes Trustee Ahu Isa.

**Trustee Ahu Isa:** I just wanted to answer the question, this is when Mr. Williams came from the ERS and I asked him about exemption. So, I did go back and look it up, about their Board being exempt and it's on page nine or 10 of the minutes.

I have here HRS §92-6; in no instance shall the Board make a decision or delivery for the decision in Executive Session or matters not... anyway, it goes on about Judicial branch, quasi-judicial branch and investigative branches, functions.

This part shall not apply: 1) to the judicial branch; so, judges, 2) adjudicatory functions, 3) Hawai'i Labor Relations Board. It goes down to the Board of Trustees, Employees' Retirement System of the State of Hawai'i.

Here we are, trustees of the Native Hawaiian Indigenous fund and yet, we are not exempt from the law. That's what I discussed with Senator Les Ihara, that's all I wanted to say. I answered my own question. Thank you, Chair.

**§92-6 Judicial branch, quasi-judicial boards and investigatory functions; applicability.** (a) This part shall not apply:

- (1) To the judicial branch.
- (2) To adjudicatory functions exercised by a board and governed by sections 91-8 and 91-9, or authorized by other sections of the Hawaii Revised Statutes. In the application of this subsection, boards exercising adjudicatory functions include, but are not limited to, the following:
  - (A) Hawaii labor relations board, chapters 89 and 377;
  - (B) Labor and industrial relations appeals board, chapter 371;
  - (C) Hawaii paroling authority, chapter 353;
  - (D) Civil service commission, chapter 26;
  - (E) Board of trustees, employees' retirement system of the State of Hawaii, chapter 88;
  - (F) Crime victim compensation commission, chapter 351; and
  - (G) State ethics commission, chapter 84.

(b) Notwithstanding provisions in this section to the contrary, this part shall apply to require open deliberation of the adjudicatory functions of the land use commission. [L 1975, c 166, pt of §1; am L 1976, c 92, §8; am L 1985, c 251, §11; am L 1998, c 240, §6]

**Chair Waihe'e:** Thank you, Trustee Ahu Isa.

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

There is no further discussion nor are there changes.

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

							10:15 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA		2	X			
DAN	AHUNA						Arrived at 10:36 a.m.
KALEIHIKINA	AKAKA	1		X			
KELI'I	AKINA					ABSTAIN	
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY			X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				7	0	1	1

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

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

#### **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**

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

**Pouhana Hussey:** Thank you, Chair Waihe'e. I'm going to invite CFO Mona Hinck, as well as Grant Supervisor Miki Cachola-Lene, and Karlen Oneha, our Systems Administrator to turn their cameras on and be available for any trustee questions that you may have.

So, Trustees, this is one of the first solicitations that closed and were processed. You may recall that 'Ahahui, are our event grants, they max at \$10,000 for mission-aligned events.

This year we changed the process so that there are four cycles of awarding instead of two cycles for six-month periods, this is *open cycle*. And so, if you're thinking that the list is much smaller it's because it has a smaller cycle. In some ways that's good because we don't have mass amounts to process, you just have small amounts to process.

There were 11 applications in this cycle. Two external grant reviewers reviewed all 11 applications; there were recommendations for awarding.

As they went through and looked at budget, of course, all the asks are at \$10,000, but the recommended budget based on disallowed costs and other unsupported costs in there are then evaluated and the grant program recommendations are there.

**Pouhana Hussey:** You will also notice that, in the Grant application, was an application for Moanalua Gardens Foundation and the Prince Lot Hula Festival.

Administration has made a recommendation not to approve that awarding for 'Ahahui, because the Board has already approved \$30,000 in sponsorships for the Prince Lot Festival that will continue to be virtual this November.

Of course, Trustees, if you choose to award, that is your choice to make as well. The recommendation from Administration is not to award because you have already awarded \$30,000 in sponsorships.

Otherwise, Chair Waihe'e, Administration stands ready to answer any questions from Trustees.

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

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

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

**Trustee Lindsey:** *So, where's the list of the 'Ahahui grants?*

**Pouhana Hussey:** It's in the Action Item, Trustee. The Attachment A of the Action item has all 11 applications, and the Action Item recommendation has the 10 recommended for approval. The same information was provided to Trustees last week in the *grants* memo, so you could take a look at the Executives, as well as the Board Members to identify any conflicts.

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

**Trustee Trask:** I just had this one question I wanted to ask you, Sylvia. We've gone through a change, prior to this. We were just awarding these twice a year and, as you had mentioned there was a lot of pressure on the staff. Now it's less because we're awarding fewer grants, four times a year.

So, it makes sense to me that staff has more time to work with fewer numbers in each quarter.

*Have we gotten any kind of feedback, when we made this change from twice a year to four, did we get any kind of feedback, Sylvia, about impact on Community?*

*Did it make it difficult for anyone?*

Because we're looking at our schedule, where we're awarding, but I don't know if we also look to see what funders award, like - MacArthur, Ford, Kellogg.

In my other work we try to look at when the funders have their dates and we try to prepare for that, but it was a question because we went from two to four; better for us, and I'm thinking even with those applicants. *Did we have any negative impact from anyone?*

**Pouhana Hussey:** So, Chair Waihe'e in responding to Trustee Trask's question I'll start and then I'll ask our System Administrator Karlen Oneha, who oversees the process the whole way, to comment.

One of the reasons we wanted to switch to four times a year, is because we observe that planning of some of our community organizations and events weren't quite there. So, by just cutting off only two times a year, only this period of time, made it difficult for them to be successful in the awarding.

Often, community events come up when they come up, and the need becomes what the need is, and so that's among the reasons we went to four cycles.

We also went to four cycles to have them be a little bit more planful, but we also put in a mechanism that if they are awarded something pretty, far out, they got their application in, but we're not going to release the funds until 45 days before the event to ensure that the funds go to the event that actually will occur. So, I'm going to turn the time over to Karlen, for you to provide some observations as well.

**Chair Waihe'e** calls a recess from **10:24 a.m. to 10:30 a.m.** to address technical issues in the Maui Ola Boardroom.

**Chair Waihe'e** recognizes Pouhana Hussey.

**Pouhana Hussey:** I was going to ask Karlen to share the experiences of the applications for the cycles, in response to Trustee Trask's question, go ahead Karlen.

**System Administrator Oneha:** Aloha Trustees.

Regarding Trustee Trask's question about feedback - some of the feedback that we got regarding the four cycles - we did move from two cycles before, to four cycles, and the feedback has been positive. I'm interested to see this out a little longer to get more feedback, since this is the first cycle.

One thing that I noticed that people like is that they have options to apply, either in the first round, second round, third round, or fourth round, and they don't necessarily need to wait till the next year to apply.

We also aren't super tight on when your event date ends. If it's an annual event, for example, everybody knows that certain events fall during certain times of the year, so they know when to apply.

Some don't have an event planned, so the four cycles allow them to be a little bit more flexible. So far, it seems positive, but I would like to see it through till all four cycles complete, and maybe even do it again, one more year to see if it really makes an impact.

I'm excited for it, because it's not so strict on *you absolutely must apply for this fiscal year, for your event landing during this time, to get this amount of funding, during this time.* So, it seems good.

Then I wanted to add one more thing. Yes, we are up to four cycles now, and it may seem like we do have less events, but in the past, when you were in two cycles or two rounds, we had at least 20 in each round. So, this is a good amount when you add it up and then divide it by four; this is a good amount. So, when I saw this amount coming in and the amount interested, I'm not too worried because this is about where you would be if we did have two rounds.

**Trustee Trask:** Thank you.

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

**Trustee Lee:** Thank you, Chair Waihe'e.

Sylvia, my question is - *is there a stipulation that if we do sponsor an event – that, that disqualifies that organization from applying for these grants?*

**Pouhana Hussey:** So, for this particular one, the 'Ahahui Event grant, because the Ad hoc Committee on Sponsorships and Grants are still under discussion, and we came to the Trustees with a preview of some tiering of sponsorships, we're working within the parameters that we have.

The current parameters are that the Board has approved sponsorships for certain events, larger events, and then we have our 'Ahahui, and what we're trying to do in the future policy is just to work with what we have. So, we're calling the attention to the Trustees that if this should happen - you're over-awarding one specific organization.

**Pouhana Hussey:** What happened last year is that Moanalua Gardens Foundation was awarded \$10,000 for an 'Ahahui. Then later, the sponsorships were awarded at \$15,000, and so the Board approved an additional \$5,000 - meaning that the total award for Moanalua Gardens Foundation was \$15,000; which matched the other awards that were occurring in that fiscal year. So, we're just trying to align that. There has been no policy decision as to not having awards, other than the Community grants and that application.

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

There are no further questions.

**Trustee Ahuna moves to 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
<b>10</b>	<b>\$72,170</b>

**Trustee Lindsey seconds the motion.**

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

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

**Trustee Lee:** Thank you, Mr. Chair. I'd like to move to bifurcate out Aloha Week Hawai'i dba Aloha Festivals, for \$10,000.

The reason being, out of an abundance of caution, although I know legally, we don't have to - my mother is financially compensated for the parade, but this part is legally binding. It doesn't happen every year, but there are some years that my mother asks me to be the official starter for the parade and I get compensated for that. I don't know if that's going to happen this year or not, but because sometimes I do. **I move that we bifurcate Aloha Week Festivals out of the main motion.**

**Trustee Lindsey seconds the motion.**

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

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

**Trustee Trask:** I just have one question. I understand what Brendon is doing.

My question is - *after we bifurcate and vote for the group, will that then be followed with another motion so that we could take the other one, singly?*

Just in case we have a problem. I just wanted to check on that, if that's where we're going. I support what Brendon's doing, I think it's a good idea.

*Visual heads nod and thumbs are up to confirm that, that will be the procedure.*

**Chair Waihe'e:** Yes, thank you.

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

There is no further discussion.



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

<b>MOTION TO BIFUCATE</b>							<b>Motion: 10:37 a.m. Vote: 10:38 a.m.</b>
TRUSTEE		<b>1</b>	<b>2</b>	<b>'AE (YES)</b>	<b>A'OLE (NO)</b>	<b>KANALUA (ABSTAIN)</b>	<b>EXCUSED</b>
LEINA'ALA	<b>AHU ISA</b>			<b>X</b>			
DAN	<b>AHUNA</b>			<b>X</b>			
KALEIHIKINA	<b>AKAKA</b>			<b>X</b>			
KELI'I	<b>AKINA</b>			<b>X</b>			
VICE-CHAIR LUANA	<b>ALAPA</b>			<b>X</b>			
BRENDON KALEI'ĀINA	<b>LEE</b>	<b>1</b>		<b>X</b>			
CARMEN HULU	<b>LINDSEY</b>		<b>2</b>	<b>X</b>			
MILILANI	<b>TRASK</b>			<b>X</b>			
CHAIR JOHN	<b>WAIHE'E</b>			<b>X</b>			
<b>TOTAL VOTE COUNT</b>				<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

### MAIN MOTION (9), AS BIFURCATED

Approve the following Fiscal Year 2022 'Ahahui Grant, Cycle 1 disbursements totaling \$62,170 from Core Operating Budget (Object Code 56530):

Organization Name	Award Amount Recommendation
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
<b>9</b>	<b>\$62,170</b>

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

MAIN MOTION (9), AS BIFURCATED							Main Motion (9), As Bifurcated Vote: 10:39 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY		2	X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
<b>TOTAL VOTE COUNT</b>				<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

**ALOHA WEEK HAWAII dba ALOHA FESTIVALS (1), AS BIFURCATED**

**Approve the following Fiscal Year 2022 'Ahahui Grant, Cycle 1 disbursement totaling \$10,000 from Core Operating Budget (Object Code 56530):**

Organization Name	Award Amount Recommendation
Aloha Week Hawaii dba Aloha Festivals	\$10,000
<b>1</b>	<b>\$10,000</b>

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

ALOHA WEEK HAWAII dba ALOHA FESTIVALS (1), AS BIFURCATED							ALOHA WEEK HAWAII dba ALOHA FESTIVALS (1), AS BIFURCATED Vote: 10:40 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA	1		X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE					ABSTAIN	
CARMEN HULU	LINDSEY		2	X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
<b>TOTAL VOTE COUNT</b>				<b>8</b>	<b>0</b>	<b>1</b>	<b>0</b>

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

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

## **V. NEW BUSINESS**

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

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

**Pouhana Hussey:** Thank you, Chair Waihe'e. Trustees, this is for the Community Education Grants and similar to the 'Ahahui Grants, we created two cycles for the larger grants.

The dollar amounts are larger, but we still felt that there needed to be an additional chance, if you will, for our Community members to apply.

Just practically speaking, we work with the annual budget that's been approved by Trustees, we make an operational allocation of about 80% of the budget to account for the applications that come in. The same process is applied; applications come in, external reviewers review, they're ranked, the grants program will review the scores, as well as have conversations. If you have any questions regarding the external reviewer process - the post conference, after all the scores are in.

What we want to call out in the Action Item is specifically that 60% requirement on the front end of servicing Native Hawaiians. In some of our Community meetings, some of the feedback from previous applicants, was *oh that's too high, I don't qualify anymore*.

The Grants program staff is here to assure Trustees, as well as applicants, that if you were a grantee in previous years, that 'look back' period is part of your service look back in applying for that. Our grants program can give you specifics about the extensiveness that they go to help the applicants to prove, if you will, that 60% service piece, and the philosophy there is these are larger dollars.

These should go to Native Hawaiians, and as much as we love people in our Community, the point of OHA money should go to Native Hawaiians. We put that on the front end of the grant, in what is termed, phase one, because we want to ensure that on the front end, instead of waiting for the back end, where all the energy is expanded to review.

If you weren't going to serve Native Hawaiians in a significant amount, then pohō, you shouldn't have even gone through the next phase. So, it does seem like a gate, but it's a very intentional gate to ensure that OHA dollars go to our Native Hawaiian serving organizations and to our communities.

**Pouhana Hussey:** So, with that, in summary, we had four applications in this first cycle, there were five applications in the phase one. One on their own chose to abandon their application, and so four came through. Then based on external reviews, as well as Grant program reviews and recommendation, Administration is recommending awarding three of the remaining four, and encouraging the fourth application to strengthen their application and come back in cycle two for awarding.

**Trustee Lindsey:** We couldn't hear you, Sylvia.

**Pouhana Hussey:** *Oh, you couldn't hear any of that?*

**Trustee Lindsey:** No.

**Pouhana Hussey:** Okay.

**Trustee Lindsey:** It wasn't because of you, Sylvia. It's an issue in the Boardroom.

**Trustee Lindsey:** Okay, I won't take it personally. I'll just say the Action Item is fairly, straightforward. It addressed some of the concerns that were shared with us at the Maui Board meeting and in the Community. The Grants program staff are here to answer any of the questions regarding the process or the awardee recommendations.

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

**Trustee Trask:** I just had wanted to ask you this Sylvia. One didn't make it. It was turned down. You gave some advice to return, in the next cycle; strengthen your application, the next time around.

- *Are these folks able to do that?*
- *Do they have those skills online?*
- *Do we need to recommend to them someone who might be able to help them do that?*

I say this because, when I work with my own Community nonprofits, they miss a criterion or two, but they really, don't know how to fix it, but we do.

Do we have, I mean, I don't know how you can be independently reviewing a grant and then go, *we're saying no, but if you fix this here*. They may not understand it, they may not have the skills, that's my only question.

*When things like this happen, how do we help them to follow the advice we're giving them, if they don't know how?*

**Pouhana Hussey:** So Chair Waihe'e, I'm going to ask Miki Lene, our Grant Supervisor, who oversees this particular solicitation to share the experiences they have regarding applicants, and particularly applicants who are not strong enough to make recommendations.

**Grants Supervisor Lene:** Mahalo, Sylvia. Mahalo, Trustee Trask for your question. Aloha Trustees.

Regarding capacity and help, the first thing we do is we point our applicants to our scoring matrix, and I believe you folks all have access to that. We really work with the reviewers to provide comments and mana'o for the applicants to consider. So, if you see the comments on the scoring matrix, the three reviewers provided a lot of good detail to help them strengthen their future applications.

We also encourage them to reach out to different entities that assist nonprofits with applying for grants or going through these types of processes.

We also have considered and recommended or tossed around the idea of perhaps bringing back a technical assistance entity that OHA is connected to, that will provide that type of assistance to our Community.

**Grants Supervisor Lene:** We have received feedback about that, both positive and negative. There are some implications; if there's conflict of interest, if the actual OHA program provides that type of service to our beneficiaries. But, if there's a separate entity that can provide assistance with grant writing, or strengthening skills in applying, then that is something that current Grants program would encourage that OHA consider. I hope that answers your question.

**Trustee Trask:** Thank you.

**Pouhana Hussey:** Chair Waihe'e, I would also add that the Grants program and Administration are considering bringing back to the Trustees a consideration for what we're currently terming Kāko'o Grants.

So, Kāko'o Grants, to be applied for to help pay for things like audits, back office services, and technical assistance in grant writing, and grant assistance. To help the applicants have stronger back offices, reporting functions, as well as grant applying for others - not just our grants, but applying for other grants that they can leverage our grants with. So, Administration will be bringing that back to the Board for approval before sending out any kind of solicitation, and of course it will have the budgetary impacts of that, in Fiscal Year 23.

**Chair Waihe'e** recognizes Trustee Ahu Isa.

**Trustee Ahu Isa:** Ka Pouhana, I think that one that didn't get the grant is from Kaua'i. *Haloalaunuiakea Early Learning Center, they scored 73, is that right?*

**Pouhana Hussey:** Correct.

**Trustee Ahu Isa:** *So, they can come back in the second cycle, when is that second cycle?*

**Pouhana Hussey:** The second cycle will open on September 1<sup>st</sup>. The solicitation will go back up September 1, and then the applications will be open in the Fall. So, this would be programming for a Spring of '23 if you're an Education Program.

**Trustee Ahu Isa:** Okay, I was just wondering about the school schedule. Mahalo.

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

**Trustee Trask:** I just wanted to follow up with what Sylvia had said. I really like this idea about looking at Kāko'o Grants and I'd like to just say, I support it and I'm hoping we'll see it come back on the agenda soon.

In the meantime, may I just ask the staff for this, because I'm Big Island. If you have any kind of technical assistance group here now, you know, if you have any people that are doing this now, send me the list so I'll have it. Because I keep getting the inquiry, and I don't have skills myself to help them, and different grants have different criteria.

**Trustee Trask:** I can help with things like Kellogg and MacArthur, but with others, I can't, but I really would like to revisit this. I think Sylvia's got something here and I just wanted to see if we have anybody around now, until we bring it online. Please send them to me. I'll just keep it here, when people call, I will help out and try to see if I can put something together. Good job on this one.

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

**Trustee Akaka:** Ka Pouhana, I wanted to ask what are: the top reasons. the common reasons why entities do not qualify according to the applicant eligibility. Looking at Attachment B. Section III. I wanted to know if there are different entities that have the same reasons, why they don't qualify.

**Pouhana Hussey:** I'm going to ask Miki based on their experiences, to share some of the reasons folks don't qualify.

**Grants Supervisor Lene:** E kala mai, I couldn't hear Trustee Akaka really, well. *So, just to clarify, are we talking about the phase one eligibility qualifications or the actual applications?*

**Trustee Akaka:** Applicant eligibility.

**Grants Supervisor Lene:** Applicant eligibility, okay sure. So, as Ka Pouhana mentioned, the first phase of the process is the eligibility phase. There are different documents that need to be uploaded,

So, sometimes an applicant doesn't have a current certificate of vendor certification, for example. Or their IRS letter of determination; they uploaded the wrong document, or they don't have a current document that proves they are a 501(c)(3) nonprofit. So, there are many different reasons.

Some don't meet the 60% Native Hawaiian requirement, or they aren't able to certify certain requirements. We require them to certify that they'll have all of their permits and licenses by the time they're awarded, or we also ask them to certify that they will provide a COVID plan, if they are awarded. So, all of those boxes need to be checked and all of the required documents, need to be uploaded and if not, then they don't pass that eligibility phase.

**Trustee Akaka:** I wanted to see if there are different entities that have these similar challenges, how they do not qualify, and see how we can improve on our process.

**Grants Supervisor Lene:** There are similarities, yes. Within the LOI phase, we go back and forth with them. We guide them through the process and let them know how they can meet the eligibility; we provide them that information. We go back and forth with them until they meet eligibility there.

There were quite a few interested applicants that had challenges with meeting the 60% requirement. So, that is one thing that we will revisit. To see how we can still ensure that we have applicants that the majority of the participants that they serve are Native Hawaiian, which is 60%.

We have to find a balance, I think. Right now, we received feedback that it's difficult for people to prove that they meet that requirement. So, I think we must revisit that and look for ways to help them meet that requirement, which takes background, data collection and time.



**Grants Supervisor Lene:** So, there's that, but there's also the technical aspect of looking at your data and ensuring that you're providing the right information, the information that we're requesting. Really, it's just to provide us the percentage of Native Hawaiians served, based on your actual numbers of participants. So, if an organization can provide that information, they're considered. That question is considered eligible for them.

**Trustee Akaka:** Mahalo. When we were on Maui, I think there were at least two entities that shared that it was hard for them to provide that information - that they meet that 60%.

**Grants Supervisor Lene:** Right, as Sylvia mentioned earlier, we would like to try and work with them. We asked them to provide documentation, so that we can look at it and see their actual numbers to try and help them. We realize that the feedback has been a little more negative than positive for that question, so that is why we, we would like to revisit that question.

**Trustee Akaka:** Mahalo for all of your work for our people.

**Grants Supervisor Lene:** Thank you, mahalo.

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

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

**Chair Waihe'e** recognizes Pouhana Hussey.

**Pouhana Hussey:** Chair Waihe'e, if I could add to Miki's response to Trustee Akaka. One of the observations also is that perhaps we need a category for, at the US Department of Education, they call it a novice category. These are brand, new grantees who basically have good hearts, but all of the structure that's needed to administer a Grant is not there.

So, novice competitions have their own category. The dollar amounts are usually smaller, but they are designed to help them build capacity, to go after larger grants. So, that's another consideration and observation that the Grants program has made, that we might consider, and then bring that kind of grant structure to the Trustees for consideration.

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

**Trustee Ahuna:** Thank you, Chair. I just wanted to add a quick comment to that. For me, it's about the overall mission and intentionality of the grant. If we're building kupuna houses, I don't mind if it's less than 60% of them being Native Hawaiian - as long as we can mission-build houses for kupuna. I just wanted to make sure I add that comment, thank you.

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

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

There is no further discussion.

Trustee Akaka moves to 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
<b>Total Cycle 1 Recommendation</b>	<b>\$541,000</b>

Trustee Lindsey seconds the motion.

Chair Waihe‘e asks if there is any discussion.

There is no discussion.

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

							Motion: 11:00 a.m. Vote: 11:01 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA			X			
KALEIHIKINA	AKAKA	1		X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY		2	X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
<b>TOTAL VOTE COUNT</b>				<b>9</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

## V. NEW BUSINESS

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

**Chair Waihe'e** announces that the Workshop will be deferred due to the technical issues in the Boardroom.

## 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

Trustee Lindsey moves to RESOLVE INTO Executive Session pursuant to HRS§92-5(a)(4).

Trustee Alapa seconds the motion.

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

There is no discussion.

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

							Motion: 11:02 a.m. Vote: 11:02 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA			X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA		2	X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK			X			
CHAIR JOHN	WAIHE'E			X			
TOTAL VOTE COUNT				9	0	0	0

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

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

The committee resolved into Executive Session at 11:02 a.m. to discuss:

**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

The committee returned to Open Session at 11:25 a.m.

**VII. ANNOUNCEMENTS**

None

**VIII. ADJOURNMENT**

Trustee Lindsey moves to adjourn the RM meeting.

Trustee Ahuna seconds the motion.

Chair Waihe'e asks if there is any discussion.

There is zero discussion.

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

							11:27 a.m.
TRUSTEE		1	2	'AE (YES)	A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
LEINA'ALA	AHU ISA			X			
DAN	AHUNA		2	X			
KALEIHIKINA	AKAKA			X			
KELI'I	AKINA			X			
VICE-CHAIR LUANA	ALAPA			X			
BRENDON KALEI'ĀINA	LEE			X			
CARMEN HULU	LINDSEY	1		X			
MILILANI	TRASK						Departed at 11:22 a.m.
CHAIR JOHN	WAIHE'E			X			
<b>TOTAL VOTE COUNT</b>				<b>8</b>	<b>0</b>	<b>0</b>	<b>1</b>

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

Chair Waihe'e adjourns the RM meeting at 11:27 a.m.

Respectfully submitted,

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Melissa Wennihan  
Trustee Aide  
Committee on Resource Management

As approved by the Committee on Resource Management (RM) on June 28, 2022.

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

**Committee on Resource Management**Trustee 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 28, 2022**TIME:** 10:00 a.m.**PLACE:** Virtual Meeting viewable at <https://www.oha.org/livestream> OR  
Listen by phone: (213) 338-8477, Webinar ID: 885 9323 4321

**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](http://www.oha.org/livestream) or listened to by phone at: (213) 338-8477, Webinar ID: 885 9323 4321. 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. June 14, 2022

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

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

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

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

**VI. Announcements****VII. Adjournment**

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](mailto: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](http://www.oha.org/rm).



## ACTION ITEM

### COMMITTEE ON RESOURCE MANAGEMENT

June 28, 2022

RM #22-14

**Action Item Issue:** Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022

**Co-Prepared  
& Reviewed by:**

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

Jun 22, 2022

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

Date

**Reviewed by:**

A handwritten signature in black ink, appearing to read 'Casey K. Brown'.

Jun 22, 2022

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Casey K. Brown  
Ka Pou Nui, Chief Operating Officer

Date

**Co-Prepared  
& Reviewed by:**

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

Jun 22, 2022

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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 22, 2022

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

Date



**Action Item RM #22-14: Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022**

**I. Proposed Action**

Approve the following Fiscal Year 2022 , Community Grants –Housing disbursements totaling \$1,500,000 from Core Operating Budget (Object Code 56530) for:

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

**II. Issue**

Whether or not the Committee on Resource Management (RM), should approve, authorize the recommendation for awarding of the Community Grants – Housing.

**III. Budget Authorization**

Via Action Item RM #21-08A - OHA Biennium Budget for the Fiscal Biennium Periods

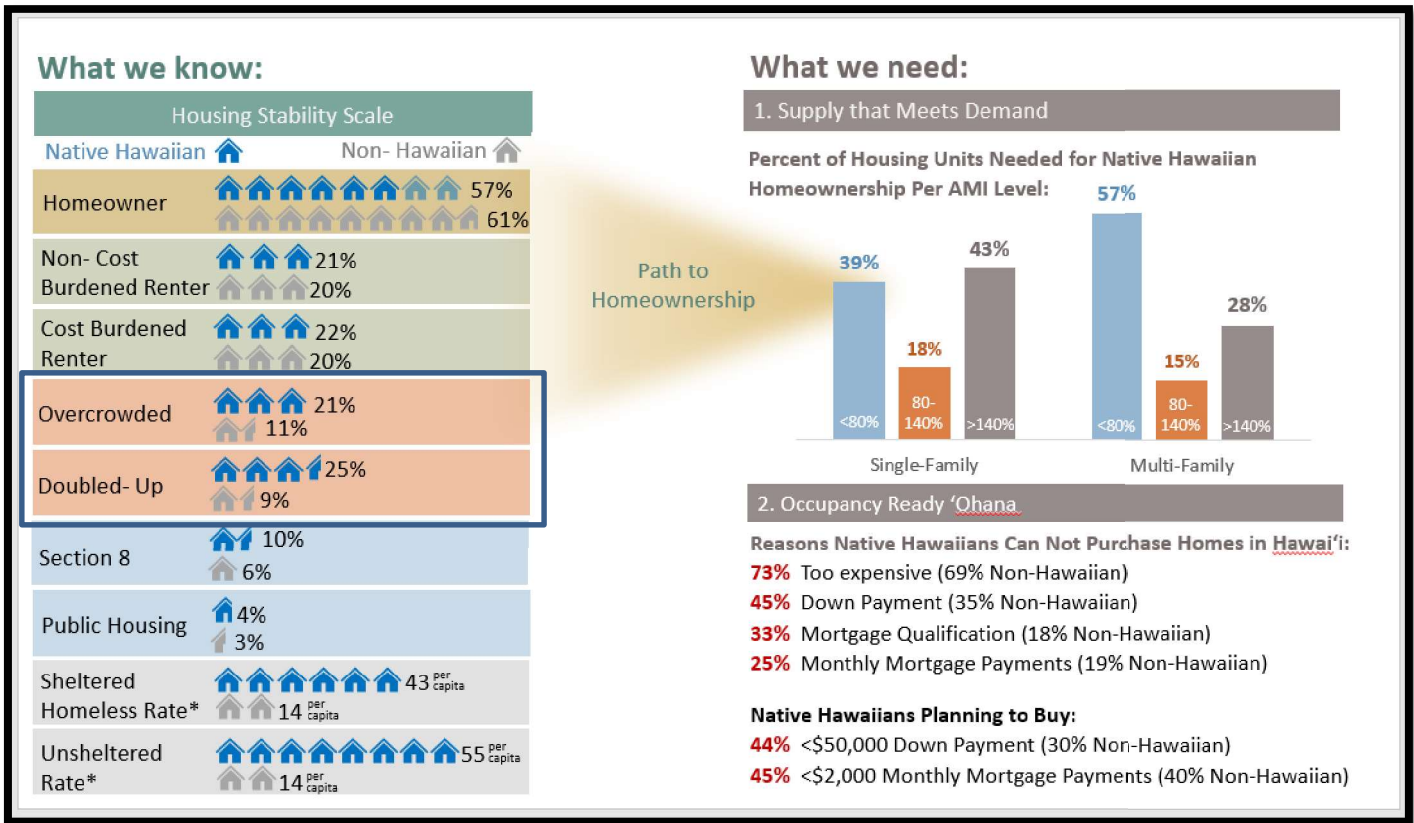
2021-2022 (FY 22) and 2022-2023 (FY 23), June 30, 2021, \$1,500,000 for the Biennium FY22 and FY 23 The approval authorized \$1,500,000 in Fiscal Year 2022 and \$1,500,000 in Fiscal Year 2023.

**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%
<b>Leverage Opportunities</b>						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%
<b>Total Community Grants:</b>	<b>\$3,700,000</b>	<b>\$5,094,079</b>	<b>\$7,300,000</b>	<b>\$7,300,000</b>	<b>\$14,600,000</b>	<b>100%</b>

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

#### IV. Setting Context<sup>1</sup>



**Figure 2. Housing Stability Scale**

Figure 2. Housing Stability Scale above indicates what we know about Native Hawaiians compared to non-Hawaiians on the housing stability scale; and what we need in terms of supply of housing and occupancy readiness for Native Hawaiian families. This grant solicitation focused on impacting Native Hawaiian households in the Overcrowded and Doubled – Up stability scale by assisting with occupancy readiness.

#### V. Purpose

- A. **Act 29 (21).** On May 28, 2021, Governor Ige signed into law Act 29 (21), HB204 SD2 CD1

Relating to the Budget of the Office of Hawaiian Affairs (Attachment B). Section 5. detailed \$500,000 in general funds and \$500,000 in trust funds for fiscal year 2021-2022 and the same sums for fiscal year 2022-2023 expended for Office of Hawaiian Affairs (“OHA”) beneficiaries for occupancy ready housing needs. Although Act 29 (21) outlined \$500,000 in trust funds, the budget approved by the Trustees (Figure 1. above), as

5 SECTION 5. Provided that of the funds appropriated for  
6 beneficiary advocacy (OHA175), the sum of \$500,000 in general  
7 funds and \$500,000 in trust funds for fiscal year 2021-2022 and  
8 the same sums for fiscal year 2022-2023 shall be expended for  
9 office of Hawaiian affairs beneficiaries for occupancy ready  
10 housing needs.

**Figure 3. Section 5. Excerpt from Act 29 (21)**

<sup>1</sup> Source: OHA, Office of Strategy Management

**Action Item RM #22-14: Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022**

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recommended by Administration authorized \$1,000,000 in trust funds each year to be added to the appropriated general funds, emphasizing OHA's commitment to the occupancy ready support and intent.

B. **Solicitation.** Solicitation #22-01.01 contained the following purpose description:

<b>Quality Housing Grants Purpose:</b> Strengthened Capability for 'Ohana to Meet Living Needs, Including Housing; Strengthened Effective Implementation of the Hawaiian Homes Commission Act	
Leveraging partnerships to ensure Native Hawaiians can obtain affordable rentals as well as homeownership while also engaging in opportunities to affect legislation that support Hawaiian Home Lands, overall housing costs, and housing supply that will greatly enhance the ability for Native Hawaiians who desire to remain in Hawai'i.	
Housing	<p>Grant considerations include community-based programming that address "occupancy ready" housing needs for our Native Hawaiian community and meet at least one of the following strategic directions and one associated outcome: the number of Native Hawaiians that can secure and retain stable rental housing; the number of Native Hawaiians that can obtain homeownership; affordable non-traditional housing options; and housing unit supply on Department of Hawaiian Home Land trust lands.</p> <p>"Occupancy ready" housing is defined as ready-to-move-in housing that can be used anytime by the buyer or renter, when the required payment(s) is(are) made, related mortgage/rental documents are completed, and a move in date has been established within the initial two-year grant term.</p> <p>Applicable licenses and/or permits required for the proposed project must be secured when the applicant is notified by the Grants Program that the application will be recommended for award. If an applicant is unable to provide the required licenses/permits, the Grants Program will not recommend the applicant to the Board of Trustees for award and notate the existing status (e.g., pending licenses and/or permits).</p>

All applications must include description of processes that seek to address the 'occupancy ready' requirement, or projects that specifically address the solicitation's purpose, including alignment with the OHA Strategic Plan Direction - Quality Housing.

**VI. Solicitation / Evaluation Process**

**A. Solicitation.** The Community Grants – Housing Grant Solicitation #22-01 was released on Wednesday, March 29, 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 #22-01.01).

**B. 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.

### **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](mailto: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.

- 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 **Figure 4. Section III. Phase 1 – Eligibility Excerpt, Page 10** 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.

Based on past experiences, Phase 1 is intended to end before even progressing to the application phase and investment of reviewer time and ensure applicants meet all of the basic requirements on the front 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.** Organization name, project name, amount requested, project alignment with strategic direction & outcome, number of Native Hawaiians to be served, island 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.** 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
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.

Four (4) applicants registered and began Phase I – Eligibility Letter of Interest process and by the deadline all 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.

2. **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.

### **C. 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.
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. Three (3) 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.

**D. Awarding Scenarios, Based on Administration Recommendation and Board Approval**

- A. Per Solicitation.** As noted in the solicitation, and subject to the availability of funds, a total of \$3,000,000 in OHA funds was provided for this solicitation; \$1,500,000 for fiscal year (FY) 2022 and \$1,500,000 for FY 2023. Award amounts were limited to \$250,000, with maximum award amount of \$500,000 for processing, servicing, and administrative costs; with related \$500,000 to \$1,000,000 for sub-granting to beneficiaries for occupancy-ready costs.

**Scenario 1: If there would be one awardee, the award would have been allocated as follows:**

\$900,000 (\$450,000 per year) for processing, servicing and administrative costs to create and maintain a list of occupancy ready beneficiaries; plus

\$2,100,000 (\$1,050,000 per year) for sub-granting to beneficiaries for occupancy-ready costs

**Scenario 2: If were two awardees, the awards would have been allocated as follows:**

*Awardee 1:*

\$450,000 (\$225,000 per year) for processing, servicing and administrative costs to create and maintain a list of occupancy ready beneficiaries; plus

\$1,050,000 (\$525,000 per year) for sub-granting to beneficiaries for occupancy-ready costs

*Awardee 2:*

\$450,000 (\$225,000 per year) for processing, servicing and administrative costs to create and maintain a list of occupancy ready beneficiaries; plus

\$1,050,000 (\$525,000 per year) for sub-granting to beneficiaries for occupancy-ready costs

The successful awardee(s) will need to aggregate and maintain a list of occupancy ready beneficiaries, including sharing information about statewide housing opportunities.

- B. Per Recommendation.** The recommended grant application proposed the building of nine (9) homes within the grant amount dedicated for sub-granting of \$1,050,000 which amounts to approximately \$117,000 per home, definitely contributing to housing occupancy for beneficiary families.



**Action Item RM #22-14: Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022**

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**VII. FB 2022-2023 Community Grants – Housing 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 Requested	Award Recommendation
1. Honolulu Habitat for Humanity	81 (83, 84, 76)	\$1,500,000	Yes, \$1,500,000
<b>Total Cycle Recommendation</b>		<b>\$1,500.000</b>	<b>Award</b>
2. Habitat for Humanity, Hawaii Island	64 (62, 67, 63)	\$3,000,000	Do Not Award
3. Hawaiian Community Assets	56 (82, 34, 51)	\$3,000,000	Do Not Award
4. Hawaiian Lending & Investments	55 (59, 54, 53)	\$3,000,000	Do Not Award

Fiscal Year FY22 and FY23 Total Budget: \$3,000,000  
Recommendation: (\$1,500,000)  
*Carryover to a new Cycle 2* \$1,500,000 (to open September 1, 2022)

**VIII. 2<sup>nd</sup> Cycle Operational Plans**

Section 5 of Act 29 (2021), Figure 6 below, outlines the legislative intent of the 2021-2022 and 2022-2023 resources. At the time of the solicitation, Administration hoped

5 SECTION 5. Provided that of the funds appropriated for  
6 beneficiary advocacy (OHA175), the sum of \$500,000 in general  
7 funds and \$500,000 in trust funds for fiscal year 2021-2022 and  
8 the same sums for fiscal year 2022-2023 shall be expended for  
9 office of Hawaiian affairs beneficiaries for occupancy ready  
10 housing needs.

there would be at least one or two entities that would qualify for this new solicitation, however, actual applications and applicants, external reviewer scores, beneficiary and advocate comments have informed Administration's rethinking of the value of a

**Figure 6. Section 5. Excerpt from Act 29 (21)**

second cycle for housing occupancy, retention and safety enhancement recommendations, detailed below. Administration recommends that operationally it effect a new Cycle 2 with the following added housing retention and safety enhancements to focus on, in addition to occupancy:

- Assisting families, including homestead families, in navigating foreclosure or lease cancellation proceedings, in an effort to retain homeownership; and



**Action Item RM #22-14: Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022**

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- Supporting families with kupuna aging in place, special needs family members and/or special needs of family members, for safety and functionality (e.g., wheelchair ramps, handrails, ADA accommodations, home dialysis).

Housing occupancy would continue to focus on down payment support (for example up to \$100,000), security deposit, first and last month rent on rentals; added components such as:

- Match build component 3:1 that allows licensed/permitted beneficiaries to deposit an initial amount of up to \$10,000 and OHA grant funds supplement associated costs (e.g, drafting, architecture, additional licenses, permitting fees, grading, clearing) to build multi-generational home, ‘ohana add on, kupuna unit) up to total of \$40,000 including deposit.
- In addition, Match build component 3:1 that allows licensed/permitted beneficiaries to deposit an initial amount of up to \$25,000 and OHA grant funds supplement associated costs (e.g, to build multi-generational home, ‘ohana add on, kupuna unit) up to total of \$100,000 including deposit.


Activity	Cycle 2
1. Availability of Solicitation and online access to Phase 1. Eligibility	Thursday, September 1, 2022
2. Phase 1 Eligibility deadline – 2:00 p.m. HST	Monday, October 3, 2022
3. Online access to Phase 2 Application	Upon approval of Eligibility
4. Application deadline – 2:00 p.m. HST	Friday, October 7, 2022
5. System Locked for Cycle	Friday, October 7, 2022
6. Application review period	October-November 2022
7. Matrix of scores completed	November 2022
8. Award recommendation & Board of Trustees’ approval	November 2022
9. Grant agreement review	December 2022
10. Estimated grant agreement start date	January 2023

**IX. Alternatives to Recommended Action**

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

**X. 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

Jun 22, 2022

Date

**XI. Recommended Trustee & Administration Actions**

- A. **Trustee Action.** Approve the following Fiscal Year 2022 , Community Grants – Housing disbursements totaling \$1,500,000 from Core Operating Budget (Object Code 56530) for:

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

- B. **Administration Action.** Administration recommends that operationally it effect a new Cycle 2 with the following added housing retention and safety enhancements to focus on, in addition to occupancy:

- Assisting families, including homestead families, in navigating foreclosure or lease cancellation proceedings, in an effort to retain homeownership; and
- Supporting families with kupuna aging in place, special needs family members and/or special needs of family members, for safety and functionality (e.g., wheelchair ramps, handrails, ADA accommodations, home dialysis).

Housing occupancy would continue to focus on down payment support (for example up to \$100,000), security deposit, first and last month rent on rentals; added components such as:

- Match build component 3:1 that allows licensed/permitted beneficiaries to deposit an initial amount of up to \$10,000 and OHA grant funds supplement associated costs (e.g, drafting, architecture, additional licenses, permitting fees, grading, clearing) to build multi-generational home, ‘ohana add on, kupuna unit) up to total of \$40,000 including deposit.

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- In addition, Match build component 3:1 that allows licensed/permitted beneficiaries to deposit an initial amount of up to \$25,000 and OHA grant funds supplement associated costs (e.g, to build multi-generational home, ‘ohana add on, kupuna unit) up to total of \$100,000 including deposit.

Activity	Cycle 2
11. Availability of Solicitation and online access to Phase 1. Eligibility	Thursday, September 1, 2022
12. Phase 1 Eligibility deadline – 2:00 p.m. HST	Monday, October 3, 2022
13. Online access to Phase 2 Application	Upon approval of Eligibility
14. Application deadline – 2:00 p.m. HST	Friday, October 7, 2022
15. System Locked for Cycle	Friday, October 7, 2022
16. Application review period	October-November 2022
17. Matrix of scores completed	November 2022
18. Award recommendation & Board of Trustees’ approval	November 2022
19. Grant agreement review	December 2022
20. Estimated grant agreement start date	January 2023

**XII. Attachments**

- A. Applicant Analysis
- B. Act 29 (21) HB204 SD2 CD1 Relating to the Budget of the Office of Hawaiian Affairs
- C. Grant Solicitation No. OHA 22-01.01, Community Grant – Housing, Posted March 29, 2022

**APPENDIX A.  
HOUSING GRANTS APPLICANT PROFILES**

<b>Organization</b>	<b>Honolulu Habitat for Humanity</b>	
<b>Project Title</b>	<b>Affordable Homeownership for Native Hawaiian Families</b>	
<b>Score: 81</b>	Est. NH Impacted: 36 (9 homes)	Project Location: O‘ahu
Amount Funded	\$1,500,000	
Strategic Direction	Quality Housing	
Outcome Alignment	5.2 Increased numbers/percent of Native Hawaiians who own housing that meets their ‘ohana financial and well-being needs 6.2 Increased housing unit supply on Hawaiian Home Lands	
Project Goal	Provide permanent, affordable, occupancy-ready housing to Native Hawaiians in the community including Hawaiian Homes lands. Provide families with affordable home ownership and working to eliminate housing cost-burden and promote economic self-sufficiency.	
Reviewer Comments	<ul style="list-style-type: none"> <li>• Application provides single project goal that is aligned with the purpose of the Housing RFP, including specific definition of “occupancy ready” as applies to Habitat for Humanity model.</li> <li>• Project goal clearly stated and addresses current community condition. demonstrates occupancy readiness and alignment with Strategic direction.</li> <li>• Good definition of “occupancy ready” for a clear understanding of how the outcomes and activities unfold.</li> </ul>	
External Reviewer Scores	Average 81 (83, 84, 76)	
Board of Directors	Shanti Gomes - Locations Hawaii Kaipo Kukahiko - HMSA Foundation Kristin Konishi - Bank of Hawaii Robert Kroeger - Central Pacific Bank David Asakura - Commercial Asset Advisors Kuuwehi Hiraishi - Hawaii Public Radio Chris Hong - English Hong Architecture Wendy Odo - Healthcare Association of Hawaii Tim von Hermann - Pan Pacific Partners	
Executive Staff	Jim Murphy - Chief Executive Officer TJ Joseph - Chief of Staff Bri Littlefield - Director of Philanthropy Jerome Narciso - Director of Finance	

Attachment A

**Action Item RM #22-14: Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022**

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<b>Organization</b>	<b>Habitat for Humanity Hawai'i Island</b>	
<b>Project Title</b>	<b>Empowering Native Hawaiian Homeownership</b>	
<b>Score: 64</b>	Est. NH Impacted: 50 (17 homes)	Project Location: Hawai'i Island
Amount Funded	\$3,000.000	
Strategic Direction	Quality Housing	
Outcome Alignment	5.2 Increased numbers/ percent of Native Hawaiians who own housing that meets their 'ohana financial and well-being needs 5.3 Increased safety, stability, social support networks, and cultural connection in Native Hawaiian communities 6.2 Increased housing unit supply on Hawaiian Home Lands 6.3 Decreased rate of Native Hawaiian 'ohana out of state migration	
Project Goal	Empowering Native Hawaiian Homeownership by directly addressing occupancy ready housing needs through developing new and affordable single-family housing. Increase housing unit supply available to Native Hawaiian 'ohana and reduce the number of ohana residing in overcrowded or doubled up conditions and decrease out of state migration.	
Reviewer Comments	<ul style="list-style-type: none"> <li>• Approach OK. Concerns regarding "family selection committee" to choose who gets homes and who doesn't. No objective criteria is described to guide the process.</li> <li>• The organization does not have the capacity at this time to successfully implement the grant. Proposal does not provide enough detail on timeframes and oversight of phases of construction from design, permit approval, locking in material cost to complete builds within budget.</li> <li>• Self-help model is empowering, budget reasonable. Proposal unclear as to whether or not the organization can build the proposed number of homes given staff structure and past experience.</li> </ul>	
External Reviewer Scores	Average 64 (62, 67, 63)	
Board of Directors	Richard Tardiff Gail Noeau Dr. Ann Marie Muramoto Hobbs Lowson Leiola Augustine Edwina Fujimoto Napua Kekauoha-Chartrand April Bates Linden Pohland Paul Normann	
Executive Staff	Patrick Hurney - Executive Director Chris Patulski - Finance Director	

Attachment A

**Action Item RM #22-14: Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022**

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<b>Organization</b>	<b>Hawaiian Community Assets</b>	
<b>Project Title</b>	<b>OHA Quality Housing</b>	
<b>Score: 56</b>	Est. NH Impacted: 150	Project Location: 'Oahu, Maui, Hawai'i Island, Kaua'i,
Amount Funded	\$3,000,000	
Strategic Direction	Quality Housing	
Outcome Alignment	5.1 Increased numbers/ percent of Native Hawaiians who rent housing that meets their 'ohana financial and well-being needs 5.2 Increased numbers/ percent of Native Hawaiians who own housing that meets their 'ohana financial and well-being needs	
Project Goal	Native Hawaiians will increase occupancy readiness through financial and housing educations services.	
Reviewer Comments	<ul style="list-style-type: none"> <li>• The application is poorly written, lacking necessary details to a cohesive overall process. However, organization has excellent and proven experience offering custom-tailored Technical Assistance to Hawaiian beneficiaries.</li> <li>• The grant application was not consistent or thorough. Large funding requested without clear implementation for successful outcomes.</li> <li>• Proposal clear on activities, however no discussion of flow from activity to stable housing by clients. Budget unclear and justifications equally unclear.</li> </ul>	
External Reviewer Scores	Average 56 (82, 34, 51)	
Board of Directors	Noelle Kai Desiree Ve'a Delene Osorio Dr. Adrienne Dillard Kui Meyer	
Executive Staff	Chelsie Evans - Executive Director Cassandra Ohelo - Operations Director	

Attachment A

**Action Item RM #22-14: Approve the Awarding of Community Grants - Housing from Solicitation #22-01.01, published March 29, 2022**

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<b>Organization</b>	<b>Hawaiian Lending &amp; Investments</b>	
<b>Project Title</b>	<b>Haloalaunuiakea Puna</b>	
<b>Score: 55</b>	Est. NH Impacted: 60	Project Location: Statewide (6 islands)
Amount Funded	\$3,000,000	
Strategic Direction	Quality Housing	
Outcome Alignment	5.1 Increased numbers/ percent of Native Hawaiians who rent housing that meets their 'ohana financial and well-being needs 5.2 Increased numbers/ percent of Native Hawaiians who own housing that meets their 'ohana financial and well-being needs 5.2 Increased safety, stability, social support networks, and cultural connection in Native Hawaiian communities 6.1 Increased affordable non-traditional housing options (ADUs/tiny houses, large multi-generational lots or homes) in communities of 'ohana choice 6.2 Increased housing unit supply on Hawaiian Home Lands 6.3 Decreased rate of Native Hawaiian 'ohana out of state migration	
Project Goal	To increase the number of housing units owned or rented by Native Hawaiians to decrease the current condition of overcrowded and doubled up families.	
Reviewer Comments	<ul style="list-style-type: none"> <li>The organization is young and does not have proven experience getting Native Hawaiians into housing. Organization does not have the capacity to provide Technical Assistance service and is budgeting much of that to be done by consultants.</li> <li>The application does not provide enough information on the sub-grant award and management process and selection of consultant for technical assistance.</li> <li>The Applicant is consistent through application however a more direct link between educational services, grants, and attaining housing stability could have been provided.</li> </ul>	
External Reviewer Scores	Average 55 (59, 54, 53)	
Board of Directors	Kara Chow Kipukai Kualii Rolina Faagai Lauae Kekahuna Maunakea Trask	
Executive Staff	Cristy Labanon - Executive Director Kara Chow - Deputy Director Robin Danner - Senior Analyst	



GOV. MSG. NO. 1129

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

May 28, 2021

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirty First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on May 28, 2021, the following bill was signed into law:

HB204 SD2 CD1

RELATING TO THE BUDGET OF THE OFFICE  
OF HAWAIIAN AFFAIRS  
**ACT 29(21)**

Sincerely,

A handwritten signature in black ink, reading "David Y. Ige".

DAVID Y. IGE  
Governor, State of Hawai'i



**MAY 20 2021**

**ORIGINAL**

Attachment B

on

HOUSE OF REPRESENTATIVES  
THIRTY-FIRST LEGISLATURE, 2021  
STATE OF HAWAII

# ACT 29

H.B. NO. 204  
S.D. 2  
C.D. 1

# A BILL FOR AN ACT

RELATING TO THE BUDGET OF THE OFFICE OF HAWAIIAN AFFAIRS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

**1** **PART I. GENERAL PROVISIONS**

2           SECTION 1.   SHORT TITLE.   This Act shall be known and may  
3 be cited as the Office of Hawaiian Affairs Appropriations Act of  
4 2021.

5       SECTION 2.  DEFINITIONS.  As used in this Act, unless the  
6 context otherwise requires:

7 "Means of financing" or "MOF" means the source from which  
8 funds are appropriated or authorized to be expended for the  
9 programs and projects specified in this Act. All appropriations  
10 are followed by letter symbols. These letter symbols, where  
11 used, shall mean the following:

12            A        General funds

13            T        Trust funds

14 "Position ceiling" means the maximum number of permanent  
15 and temporary full-time equivalent positions authorized for a  
16 particular program during a specified period or periods, as  
17 denoted by an asterisk (\*) for permanent full-time equivalent



H.B. NO. 204  
S.D. 2  
C.D. 1

1 positions and a pound sign (#) for temporary full-time  
2 equivalent positions.

3 "Program ID" means the unique identifier for the specific  
4 program and consists of OHA, the abbreviation for the office of  
5 Hawaiian affairs, followed by the organization number for the  
6 program.

7 **PART II. PROGRAM APPROPRIATIONS**

8 SECTION 3. APPROPRIATIONS. The following sums, or so much  
9 thereof as may be sufficient to accomplish the purposes and  
10 programs designated herein, are appropriated or authorized from  
11 the means of financing specified to the office of Hawaiian  
12 affairs for the fiscal biennium beginning July 1, 2021, and  
13 ending June 30, 2023. The total expenditures and the number of  
14 positions in each fiscal year of the biennium shall not exceed  
15 the sums and the numbers indicated for each fiscal year, except  
16 as provided elsewhere in this Act, or as provided by general  
17 law.



H.B. NO. 204  
S.D. 2  
C.D. 1

## PROGRAM APPROPRIATIONS

ITEM NO.	PROG. ID.	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2021-2022	M O F	FISCAL YEAR 2022-2023	M O F
Hawaiian Affairs							
1.	OHA150	- OFFICE OF THE TRUSTEES					
	OPERATING		OHA	0.47*		0.47*	
				0A		0A	
			OHA	4.53*		4.53*	
				275,687T		275,687T	
2.	OHA160	- ADMINISTRATION					
	OPERATING		OHA	5.03*		5.03*	
				0A		0A	
			OHA	31.97*		31.97*	
				2,861,727T		2,861,727T	
3.	OHA175	- BENEFICIARY ADVOCACY					
	OPERATING		OHA	1.47*		1.47*	
				2,254,400A		2,254,400A	
			OHA	18.53*		18.53*	
				3,292,290T		3,292,290T	



**1** **PART III. PROGRAM PROVISIONS**

2           SECTION 4. Provided that the general fund appropriations  
3 in part II of this Act shall be expended by the Office of  
4 Hawaiian Affairs.

5           SECTION 5. Provided that of the funds appropriated for  
6 beneficiary advocacy (OHA175), the sum of \$500,000 in general  
7 funds and \$500,000 in trust funds for fiscal year 2021-2022 and  
8 the same sums for fiscal year 2022-2023 shall be expended for  
9 office of Hawaiian affairs beneficiaries for occupancy ready  
10 housing needs.

SECTION 6. Provided that of the funds appropriated for beneficiary advocacy (OHA175), the sum of \$415,000 in general funds and \$415,000 in trust funds for fiscal year 2021-2022 and the same sums for fiscal year 2022-2023 shall be expended to provide for social services, including referral services and case management, to at-risk Office of Hawaiian Affairs beneficiaries to immediately address unexpected crises; provided further that program activities shall be designed with an overall objective to provide financial assistance to improve stability during emergency situations; and provided further that notwithstanding section 10-17(e), Hawaii Revised Statutes, any

1 funds expended for the purposes of this section shall be in  
2 accordance with chapter 103D or 103F, Hawaii Revised Statutes,  
3 or a competitive grants process, as appropriate.

4 SECTION 7. Provided that of the funds appropriated for  
5 beneficiary advocacy (OHA175), the sum of \$615,000 in general  
6 funds and \$615,000 in trust funds for fiscal year 2021-2022 and  
7 the same sums for fiscal year 2022-2023 shall be expended to  
8 provide for educational improvement programs for native Hawaiian  
9 students; provided further that program activities shall be  
10 designed to help native Hawaiian students succeed academically;  
11 and provided further that notwithstanding section 10-17(e),  
12 Hawaii Revised Statutes, any expenditures for the purposes of  
13 this section shall be in accordance with chapter 103D or 103F,  
14 Hawaii Revised Statutes, or a competitive grants process, as  
15 appropriate.

16 SECTION 8. Provided that of the funds appropriated for  
17 beneficiary advocacy (OHA175), the sum of \$524,400 in general  
18 funds and \$524,400 in trust funds for fiscal year 2021-2022 and  
19 the same sums for fiscal year 2022-2023 shall be expended to  
20 provide for legal services and legal representation to Office of  
21 Hawaiian Affairs beneficiaries for:



1 (1) The assertion and defense of quiet title actions;  
2 (2) Assistance with ahupuaa and kuleana tenant rights,  
3 including rights of access and rights to water;  
4 (3) Land title assistance, including review of title  
5 and genealogy;  
6 (4) Preservation of traditional and customary  
7 practices;  
8 (5) Protection of culturally significant places;  
9 (6) Preservation of native Hawaiian land trust  
10 entitlements; and  
11 provided further that notwithstanding section 10-17(e), Hawaii  
12 Revised Statutes, any funds expended for the purposes of this  
13 section shall be made in accordance with chapter 103D or 103F,  
14 Hawaii Revised Statutes, as appropriate.

15 **PART IV. RELEASE OF PRIOR FUNDS**

16 SECTION 9. Act 37, Session Laws of Hawaii 2019, is amended  
17 by amending section 8 to read as follows:

18 "SECTION 8. [~~(a) Provided that of the trust funds~~  
19 ~~appropriated in part II of this Act, the sum of \$500,000 for~~  
20 ~~fiscal year 2019-2020 shall be expended for the costs for the~~



~~auditor to conduct or contract for a financial and management  
audit of the Office of Hawaiian Affairs.~~

~~The auditor shall submit a report of the findings and  
recommendations of the audit to the legislature, governor, and  
the chairperson of the board of trustees of the office of  
Hawaiian affairs no later than twenty days prior to the  
convening of the regular session of 2020.~~

~~(b)]~~ Provided that the general funds appropriated for  
fiscal year 2020-2021 pursuant to part II of this Act shall not  
be released to the Office of Hawaiian Affairs until after the  
[~~audit report required by subsection (a)]~~ CLA - OHA & LLCs  
Contract and Disbursement Review - Report, dated December 4,  
2019, is received by the legislature."

SECTION 10. The general funds appropriated for fiscal year  
2020-2021 pursuant to part II of Act 37, Session Laws of Hawaii  
2019, shall not lapse at the end of the fiscal year for which  
the appropriation is made; provided that all moneys from the  
appropriation that are unencumbered as of June 30, 2022, shall  
lapse as of that date.

SECTION 11. Provided that of the general funds  
appropriated for beneficiary advocacy (OHA175), the sum of



1 \$200,000 for fiscal year 2021-2022 shall be expended to conduct  
2 or contract for a follow-up contract and disbursement review of  
3 the CLA - OHA & LLCs Contract and Disbursement Review - Report,  
4 dated December 4, 2019.

5 **PART V. MISCELLANEOUS PROVISIONS AND EFFECTIVE DATE**

6 SECTION 12. Provided that whenever necessary, the board of  
7 trustees of the Office of Hawaiian Affairs or the board's  
8 designee may transfer sufficient funds and positions between  
9 programs for operating purposes; provided further that these  
10 transfers shall be consistent with legislative intent; and  
11 provided further that the Office of Hawaiian Affairs shall  
12 submit a report to the legislature of all uses of this authority  
13 for the previous twelve month period from December 1 to November  
14 30, no later than twenty days prior to the convening of the  
15 regular sessions of 2022 and 2023.

16 SECTION 13. If any provision of this Act, or the  
17 application thereto to any person or circumstance, is held  
18 invalid, the invalidity does not affect other provisions or  
19 applications of the Act that can be given effect without the  
20 invalid provision or application, and to this end the provisions  
21 of this Act are severable. If any portion of a specific





H.B. NO. 204  
S.D. 2  
C.D. 1

1 appropriation is held to be invalid for any reason, the  
2 remaining portion shall be expended to fulfill the objective of  
3 that appropriation to the extent possible.

4 SECTION 14. If manifest clerical, typographical, or other  
5 mechanical errors are found in this Act, the board of trustees  
6 of the Office of Hawaiian Affairs may correct these errors. All  
7 changes made pursuant to this section shall be reported to the  
8 legislature at its next session.

9 SECTION 15. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 16. This Act shall take effect on July 1, 2021;  
12 provided that sections 9 and 10 of this Act shall take effect  
13 retroactive to June 30, 2021.

APPROVED this 28 day of MAY, 2021



GOVERNOR OF THE STATE OF HAWAII



HB No. 204, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki  
Speaker  
House of Representatives




Brian L. Takeshita  
Chief Clerk  
House of Representatives

H.B. No. 204, S.D. 2, C.D. 1

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: April 27, 2021  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2021.

  
President of the Senate

  
Clerk of the Senate



# Grant Solicitation No. OHA 22-01.01

## Community Grant – Housing **AMENDED**

**March 29, 2022**

All applications must be submitted online at [www.oha.org/grants](http://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](mailto:grantsinfo@oha.org)

For technical assistance with the online application, please email:

[grantsadmin@oha.org](mailto:grantsadmin@oha.org)

<p>It is the responsibility of applicants to check the OHA Grants webpage at <a href="https://www.oha.org/grants">https://www.oha.org/grants</a> for solicitation amendments, attachments or, other information pertaining to the solicitation.</p>
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## **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](http://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](mailto:grantsinfo@oha.org)

## SETTING CONTEXT<sup>1</sup>

Figure 1. Housing Stability Scale below indicates what we know about Native Hawaiians compared to non-Hawaiians on the housing stability scale; and what we need in terms of supply of housing and occupancy readiness for Native Hawaiian families. This grant solicitation is focused on impacting Native Hawaiian households in the Overcrowded and Doubled – Up stability scale by assisting with occupancy readiness.

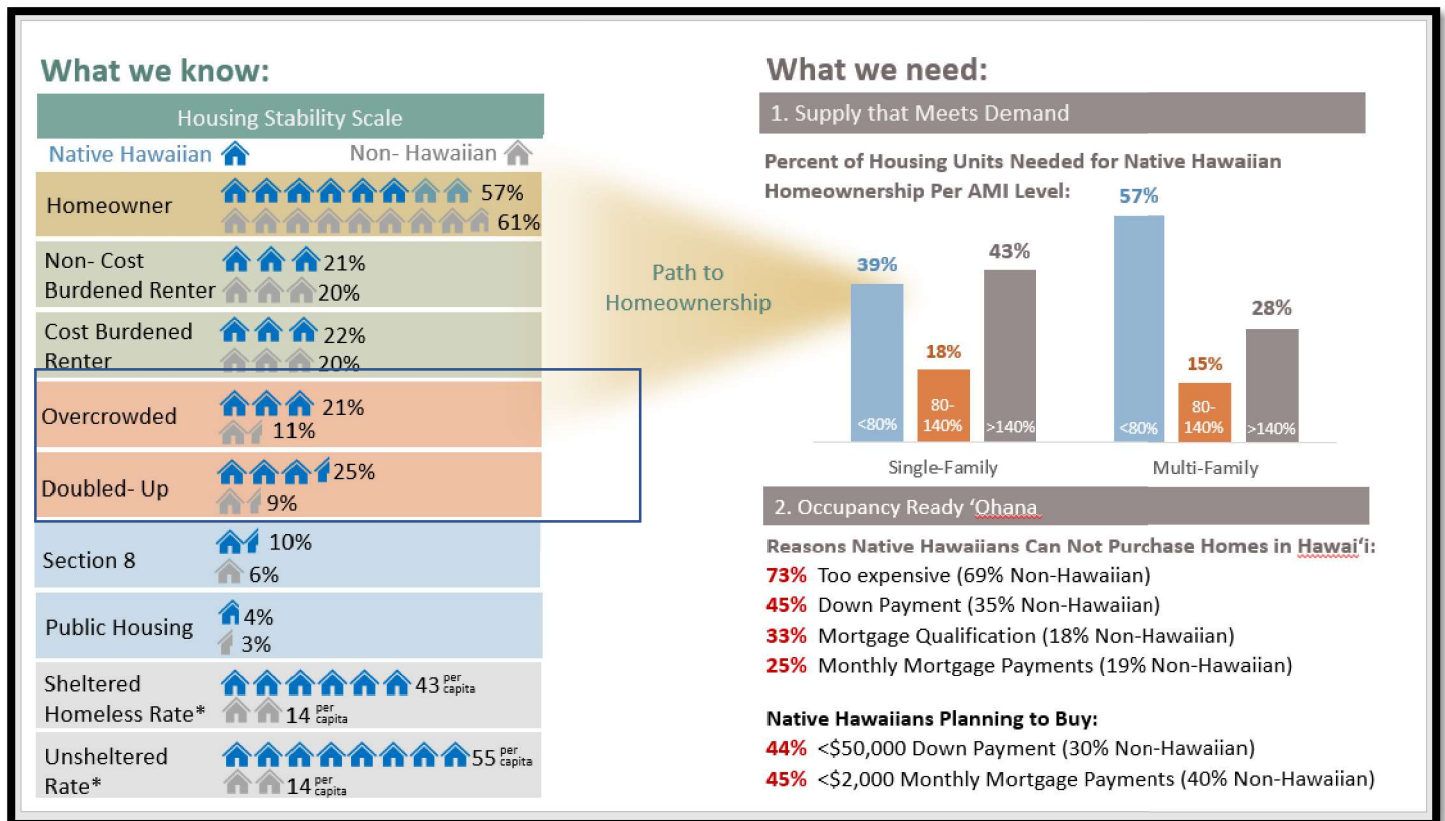


Figure 1. – Housing Stability Scale

<sup>1</sup> Source: OHA, Office of Strategy Management

## **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.

<p><b>Quality Housing Grants Purpose:</b> Strengthened Capability for ‘Ohana to Meet Living Needs, Including Housing; Strengthened Effective Implementation of the Hawaiian Homes Commission Act</p> <p>Leveraging partnerships to ensure Native Hawaiians can obtain affordable rentals as well as homeownership while also engaging in opportunities to affect legislation that support Hawaiian Home Lands, overall housing costs, and housing supply that will greatly enhance the ability for Native Hawaiians who desire to remain in Hawai‘i.</p>	
Housing	<p>Grant considerations include community-based programming that address “occupancy ready” housing needs for our Native Hawaiian community and meet at least one of the following strategic directions and one associated outcome: the number of Native Hawaiians that can secure and retain stable rental housing; the number of Native Hawaiians that can obtain homeownership; affordable non-traditional housing options; and housing unit supply on Department of Hawaiian Home Land trust lands.</p> <p>“Occupancy ready” housing is defined as ready-to-move-in housing that can be used anytime by the buyer or renter, when the required payment(s) is(are)made, related mortgage/rental documents are completed, and a move in date has been established within the initial two year grant term.</p> <p>Applicable licenses and/or permits required for the proposed project must be secured when the applicant is notified by the Grants Program that the application will be recommended for award. If an applicant is unable to provide the required licenses/permits, the Grants Program will not recommend the applicant to the Board of Trustees for award and notate the existing status (e.g., pending licenses and/or permits).</p>

All applications must include description of processes that seek to address the ‘occupancy ready’ requirement, or projects that specifically address the solicitation’s purpose, including alignment with the OHA Strategic Plan Direction - Quality Housing, as specified in subsections D and E.

### A. Solicitation Timetable

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



Activity	Key Dates
1. Availability of Solicitation and online access to Phase 1. Eligibility	Tuesday, March 29, 2022
2. Phase 1 Eligibility deadline – 2:00 p.m. HST <del>Amendment – Housing #22-01.01</del>	<del>Monday, April 25, 2022</del> Monday, May 2, 2022
3. Online access to Phase 2 Application	Upon approval of Eligibility
4. Application deadline – 2:00 p.m. HST <del>Amendment – Housing #22-01.01</del>	<del>Friday, April 29, 2022</del> Friday, May 6, 2022
5. Application review period	May-June 2022
6. Matrix of scores completed	June 2022
7. Award recommendation & Board of Trustees' approval	June-July 2022
8. Grant agreement review	July – August 2022
9. Estimated grant agreement start date	September 2022

## 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 'Occupancy Ready' Housing Requirement

We are seeking Community Grant program(s) that assist beneficiaries in being "occupancy ready" in alignment with at least one of the following strategic directions and one associated outcome: the number of Native Hawaiians that can secure and retain stable rental housing; the number of Native Hawaiians that can obtain homeownership; affordable non-traditional housing options; and housing unit supply on Department of Hawaiian Home Land trust lands.

Successful application(s) will demonstrate the understanding of how to assess current state of occupancy readiness; what is needed to improve and deliver programming toward improvement of occupancy readiness; and maintenance of a list of occupancy ready beneficiaries for sharing of housing supply opportunities (e.g., new public or private community project developments).

“Occupancy ready” housing is defined as ready-to-move-in housing that can be used anytime by the buyer or renter, when the required payment(s) is made, related mortgage/rental documents are completed, and a move in date has been established.

**E. Project Alignment with Strategic Direction & Outcome**

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

1. **Strategy 5:** Advance policies, programs, and practices that strengthen Hawaiian resource management knowledge and skills to meet the housing needs of their ‘ohana.
  - a. Outcome 5.1. Increased numbers/ percent of Native Hawaiians who rent housing that meets their ‘ohana financial and well-being needs
  - b. Outcome 5.2. Increased numbers/ percent of Native Hawaiians who own housing that meets their ‘ohana financial and well-being needs
  - c. \*Outcome 5.3. Increased safety, stability, social support networks, and cultural connection in Native Hawaiian communities

**\*If choosing Strategy 5 Outcome 5.3, you must choose one additional associated Outcome 5.1 and/or 5.2.**

2. **Strategy 6:** Support implementation of the Hawaiian Homes Commission Act and other efforts to meet the housing needs of ‘ohana.
  - a. Outcome 6.1. Increased affordable non-traditional housing options (ADUs/tiny houses, large multi-generational lots or homes) in communities of ‘ohana choice
  - b. Outcome 6.2. Increased housing unit supply on Hawaiian Home Lands; and
  - c. \*\*Outcome 6.3. Decreased rate of Native Hawaiian ‘ohana out of state migration.

**\*\*If choosing Strategy 6 Outcome 6.3, you must choose one additional associated Outcome 6.1 and/or 6.2.**

## 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 and is anticipated to start no later than September 1, 2022.

### B. Grant Award Amounts

Subject to the availability of funds, a total of \$3,000,000 in OHA funds will be provided for this solicitation; \$1,500,000 for fiscal year (FY) 2022 and \$1,500,000 for FY 2023. Award amounts are limited to \$250,000, with maximum award amount of \$500,000 for processing, servicing, and administrative costs; with related \$500,000 to \$1,000,000 for sub-granting to beneficiaries for occupancy-ready costs.

### **Awarding Scenarios, Based on Administration Recommendation and Board Approval**

#### **Scenario 1: If one awardee, the award will be allocated as follows:**

\$900,000 (\$450,000 per year) for processing, servicing and administrative costs to create and maintain a list of occupancy ready beneficiaries; plus  
\$2,100,000 (\$1,050,000 per year) for sub-granting to beneficiaries for occupancy-ready costs

#### **Scenario 2: If two awardees, the awards will be allocated as follows:**

##### Awardee 1:

\$450,000 (\$225,000 per year) for processing, servicing and administrative costs to create and maintain a list of occupancy ready beneficiaries; plus  
\$1,050,000 (\$525,000 per year) for sub-granting to beneficiaries for occupancy-ready costs

##### Awardee 2:

\$450,000 (\$225,000 per year) for processing, servicing and administrative costs to create and maintain a list of occupancy ready beneficiaries; plus  
\$1,050,000 (\$525,000 per year) for sub-granting to beneficiaries for occupancy-ready costs

The successful awardee(s) will need to aggregate and maintain a list of occupancy ready beneficiaries, including sharing information about statewide housing opportunities.

**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 FY 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 has 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](mailto: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. Native Hawaiian & Affordability Requirements

The applicant shall certify that any housing constructed with these grant funds shall be for the benefit of Native Hawaiians only.

The applicant shall also certify that any housing constructed with these grant funds shall have a minimum affordability period of 30 years. Affordability shall be based on the most current U.S. Department of Housing and Urban Development (HUD) median family income (MFI) data for individuals/families considered low income or below.

### C. 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](http://www.oha.org/grants).

### D. 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.

### E. 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.

## F. 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: \$1,500,000. Maximum Amount: \$3,000,000.
- d. **Project Alignment with Strategic Direction & Outcome**  
This Community Grant is aligned with the OHA Strategic Direction - Quality Housing. The applicant shall select one or more of the following strategies and at least one associated outcome.
  - i. **Strategy 5:** Advance policies, programs, and practices that strengthen Hawaiian resource management knowledge and skills to meet the housing needs of their ‘ohana.

Outcome 5.1. Increased numbers/ percent of Native Hawaiians who rent housing that meets their ‘ohana financial and well-being needs

Outcome 5.2. Increased numbers/ percent of Native Hawaiians who own housing that meets their ‘ohana financial and well-being needs

\*Outcome 5.3. Increased safety, stability, social support networks, and cultural connection in Native Hawaiian communities

**\*If choosing Strategy 5 Outcome 5.3, you must choose one additional associated Outcome 5.1 and/or 5.2.**

- ii. **Strategy 6:** Support implementation of the Hawaiian Homes Commission Act and other efforts to meet the housing needs of ‘ohana.

Outcome 6.1. Increased affordable non-traditional housing options (ADUs/tiny houses, large multi-generational lots or homes) in communities of ‘ohana choice

Outcome 6.2. Increased housing unit supply on Hawaiian Home Lands; and

\*\*Outcome 6.3. Decreased rate of Native Hawaiian ‘ohana out of state migration.

**\*\*If choosing Strategy 6 Outcome 6.3, you must choose one additional associated Outcome 6.1 and/or 6.2.**

- 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. Project 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). 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 periodically 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. If the applicant is using a fiscal sponsor, the fiscal sponsor’s IRS Letter of Determination is required. 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.

## 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.

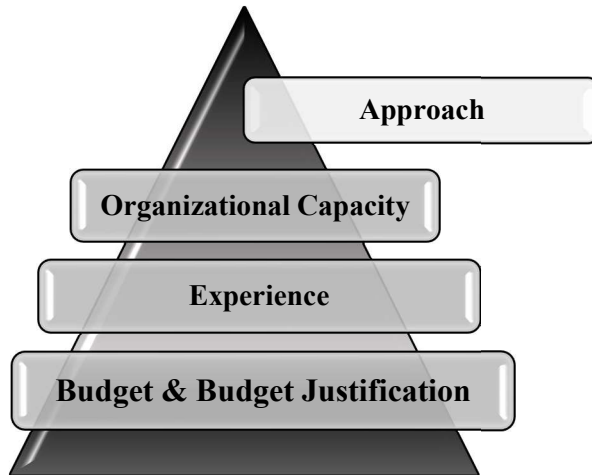
The application will be evaluated and scored using the criteria in this section. The highest score for this section is 100 points. It is important to understand this section and align your application with each part of the criteria. This section includes a set of three main criteria, its corresponding 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.

<b>APPLICATION CRITERIA &amp; POINTS</b>
<b>Criterion 1: Approach – Maximum: 64 Points</b>
<b>Criterion 2: Organizational Capacity – Maximum: 11 Points</b>
<b>Criterion 3: Experience – Maximum: 12 Points</b>
<b>Criterion 4: Budget &amp; Budget Justification – Maximum: 13 Points</b>

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**Criterion 1**
**Approach | Maximum Points: 64**


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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 'Occupancy Ready' Housing Requirement and 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)

<b>1. Long-term Community Goal (0-2 points)</b>
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| <ul style="list-style-type: none"> <li>▪ <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></li> </ul> |
|--|

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 housing for our elders,” or “Our kupuna lack access to affordable housing.” These statements do not describe a condition in the community, rather they describe a possible solution for addressing the condition of high cost of housing, lack of affordable housing units, or overcrowding in single family homes.

**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.

<b>3. Project Goal Alignment with ‘Occupancy Ready’ Requirement and Strategic Direction (0-6 points)</b>
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| <ul style="list-style-type: none"> <li>▪ <i>The application clearly states how the project goal directly addresses the ‘occupancy ready’ housing needs of the target Native Hawaiian participants = up to 3 points</i></li> <li>▪ <i>The application clearly states how the Project Goal is specifically aligned with at least one strategic direction &amp; one associated outcome of the solicitation. = up to 3 points</i></li> </ul> |
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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:

- Addresses **‘occupancy ready’ housing needs** of the target Native Hawaiian participants to be served, and
- Aligns with the Strategic Direction-**Quality Housing**. *See Section I.D. and I.E.*

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 ‘occupancy ready’ housing needs Strategic Direction-**Quality Housing** 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 ‘occupancy ready’ housing requirement of the solicitation
- Address the Quality Housing 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 1:** By the end of 24 months, 24 Native Hawaiian kupuna in Hilo will increase housing stability in affordable rental units, home purchase or safety and health renovations by 40%.

By the end of 24 months (*When=Timeline*) 24 Native Hawaiian kupuna in Hilo (*Who=Population*) will change/increase/decrease/improve housing stability in affordable rental units, home purchase or safety and health renovations (*What=Indicator*) by/to 40% (*How Much=Target*)

Notice that the target is directly related to the indicator and provides a measure of how much the amount of occupancy housing 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.

<b>5. Outcomes &amp; Indicators (0-10 points)</b>
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| <ul style="list-style-type: none"> <li>▪ <i>The application describes how the project addresses 'occupancy ready' housing needs = up to 4 points</i></li> <li>▪ <i>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</i></li> <li>▪ <i>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</i></li> </ul> |
|--|

An outcome(s) is the expected change(s) that happen 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 addresses 'occupancy ready' housing needs of the target Native Hawaiian population and at least one strategic direction and associated outcome per 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 5:** Advance policies, programs and practices that strengthen Hawaiian resource management knowledge and skills to meet the housing needs of their 'ohana.

- Outcome 5.1. Increased numbers/ percent of Native Hawaiians who rent housing that meets their ‘ohana financial and well-being needs
  - \*Outcome 5.2. Increased numbers/ percent of Native Hawaiians who own housing that meets their ‘ohana financial and well-being needs
  - \*Outcome 5.3. Increased safety, stability, social support networks, and cultural connection in Native Hawaiian communities
- \*If choosing Strategy 5 Outcome 5.3, you must choose one additional associated Outcome 5.1 and/or 5.2.**

Strategy 6: Support implementation of the Hawaiian Homes Commission Act and other efforts to meet the housing needs of ‘ohana.

- Outcome 6.1. Increased affordable non-traditional housing options (ADUs/ tiny houses, large multi-generational lots, or homes) in communities of ‘ohana choice
  - Outcome 6.2. Increased housing unit supply on Hawaiian Home Lands
  - \*\*Outcome 6.3. Decreased rate of Native Hawaiian ‘ohana out of state migration.
- \*\*If choosing Strategy 6 Outcome 6.3, you must choose one additional associated Outcome 6.1 and/or 6.2.**

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)**

- *The application describes each objective's resulting outputs (products and/or services) and their relevance to the project = up to 10 points*
- *The data collection and verification documents are clearly identified and aligned with the outputs = up to 2 points*

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) 24 Native Hawaiian kupuna (Population) will increase housing stability and/or home renovations (Indicator) by 40% (Target).	30*	*Required-Native Hawaiian participants newly served	Native Hawaiian kupuna agree to comply with housing requirements.
	24*	*Required-Native Hawaiians completed the project	Native Hawaiian kupuna move in to housing or have home renovated
	30	Intake and Agreement forms	Document registration & NH ancestry
	5	Hire licensed contractors for building/renovations	Licensed to build occupancy ready housing and renovations.
	4	Agreements, leases, rental and renovation workshop	Agreement training support
	4+	Outreach Plan-social media, flyers	Participant recruitment
	2	Pre & post surveys	Meets community priority concerns
	18	Occupancy ready units	Track affordable rental or home purchase
	6	Housing renovations	Track renovations and type (damage, safety, handicap accessible)

**Data Collection and Verification Documents:**

Intake and Agreement forms, sign-in sheets, participant surveys-pre & post, training handout, outreach plan, tracking sheets, social media posts, project flyers

**\*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/or 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 while a more comprehensive project may use a maximum of 3 objectives for each project year. And some will find themselves in the middle. 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.

<b>8. Community-Based Strategy (0-7 points)</b>
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| <ul style="list-style-type: none"> <li>▪ <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></li> <li>▪ <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></li> </ul> |
|---|

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.

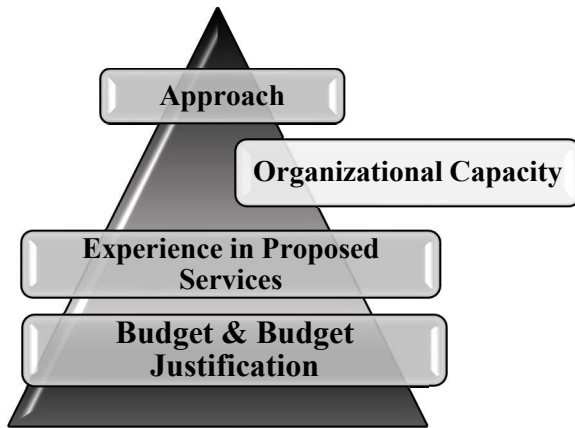
The application includes specific strategies that will be used to address these challenges. This element asks that you acknowledge those most likely to occur and provide a contingency or backup plan to address them.

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

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**Criterion 2**
**Organizational Capacity | Maximum Points: 11**


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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)

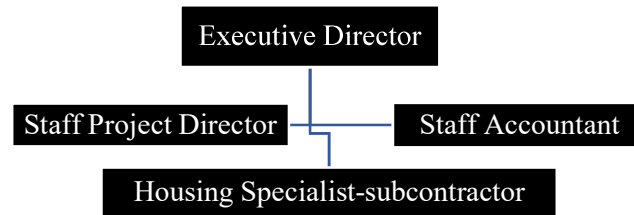
The applicant organization should have a connection to the community with the ability to implement the project with an efficient structure to oversee OHA funds, partners, and the delivery of project objectives. In reaching their conclusions, reviewers will consider the degree to which the following narrative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

<b>1. Organizational Chart &amp; Functions (0-8 point)</b>
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| <ul style="list-style-type: none"> <li>▪ <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></li> <li>▪ <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></li> </ul> |
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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.*

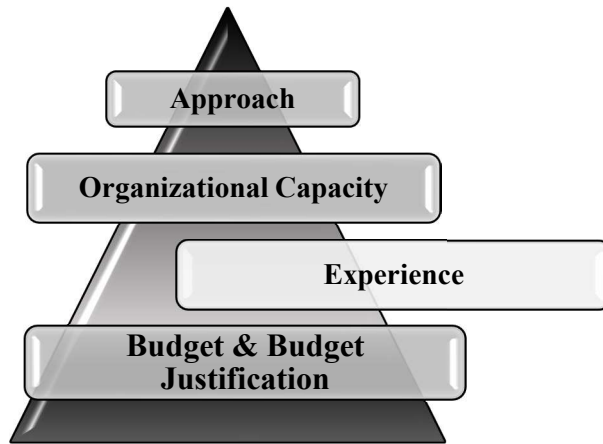
To address this element, describe the financial internal controls of the Organization including the policies which clearly define how disbursement of funds, purchasing, cash drawdowns, and related authorizations are handled.

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)

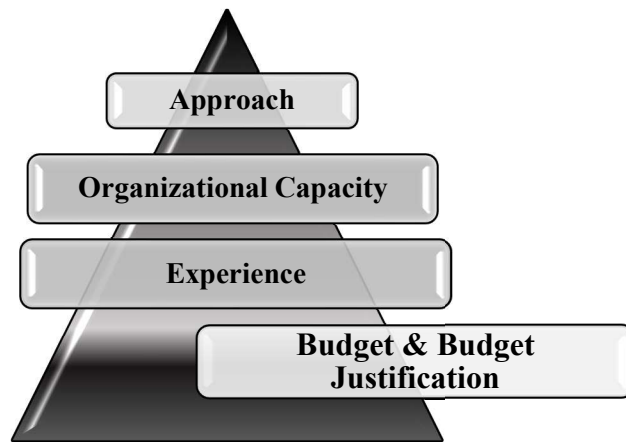
#### Experience (0-12 points)

- *The applicant shall clearly demonstrate and describe prior experience providing the proposed or directly related project services.*
  - *Identifies multiple years of exemplary proposed project experience; clearly articulated = 12 points*
  - *Identifies multiple years of proposed project experience; explained in detail = 10-11 points*
  - *Identifies multiple years of proposed project experience; explained in some detail = 6-9 points*
  - *Identifies multiple years of proposed project experience; minimal explanation = 2-5 points*
  - *Minimal or no years of proposed project experience; lacks detail = 0-1 points*

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)

- *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.*
- *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.*
- *If the application exceeds the operating cost restriction = Ineligible*

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. 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](mailto: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
<b>Total Points</b>	<b>2</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>10</b>	<b>12</b>	<b>10</b>
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
<b>Total Points</b>	<b>7</b>	<b>7</b>	<b>8</b>	<b>3</b>	<b>12</b>	<b>5</b>	<b>8</b>
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 (RM) 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 publication of information will be posted 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 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 VIII. 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**

<b>Organization:</b>			
	<i>Legal Entity Name (ex. H&amp;B Foundation, Inc. dba Nā Mele Hawai'i)</i>		
<b>Address:</b>			
	<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 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
Organization Name Org. Address City, State Zipcode	
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 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

**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

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



**ATTACHMENT E. 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 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
<b>TOTAL INCOME:</b>	\$ -			

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

## 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
<b>PERSONNEL - Salaries</b>					
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
	\$ -	\$ -	\$ -	\$ -	
<b>PERSONNEL - Other Costs</b>					
Fringe Benefits	\$ 2,000	\$ 500	\$ -	\$ -	Year 1 taxes - Kumu and Project Mgr \$1,200 Year 1 medical - Kumu and Project Mgr \$1,300
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Administrative</b>					
Account Services	\$ 2,500	\$ -	\$ -	\$ -	Accounting and Payroll services for Year 1
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Programmatic</b>					
Kumu Assistant	\$ 4,000	\$ -	\$ -	\$ -	Assist Kumu with workshops in Year 1 - 20 workshop x \$200/workshop
	\$ -	\$ -	\$ -	\$ -	
<b>DISTRIBUTIONS</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Lease/Rental</b>					
Copy Machine	\$ 1,000	\$ 1,000	\$ -	\$ -	Pro rata share of copy machine costs for copying of curriculum and handouts for workshops
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Purchase</b>					
Computer and accessories	\$ 1,500	\$ -	\$ -	\$ -	Laptop for project activities \$1,000 Laptop warranty \$150 Laptop bag \$50 Color Printer \$300
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Lease/Rental</b>					
Office Lease	\$ 10,000	\$ 20,000	\$ -	\$ -	Pro rata share of lease of office space for project administration & activities \$2,500/month x 12 mos
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Utilities</b>					
Telephone and Internet Services	\$ 1,000	\$ 2,000	\$ -	\$ -	Pro rata share of telephone and utilities
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Honorarium</b>					
Kupuna - Guest Speakers	\$ 1,000	\$ -	\$ -	\$ -	Kupuna guest speakers at workshops to share 'ike la'au lapa'au - \$100 x 2 speakers x 5 workshops
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Insurance</b>					
General Liability	\$ 1,500	\$ -	\$ -	\$ -	Pro rata share of required annual insurance premium
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Mileage</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Postage, Freight, Delivery</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Publication &amp; Printing</b>					

Curriculum packets	\$ 2,500	\$ 625	\$ 625	\$ -	One Curriculum packet for each participant \$75 x 50 participants in Year 1
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES- Repair &amp; Maintenance</b>					
Maintenance of Commercial Dehydrator Machine	\$ 1,500	\$ -	\$ -	\$ -	Annual maintenance of commercial dehydrator
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Staff Training</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Supplies</b>					
Office supplies	\$ 1,000	\$ -	\$ -	\$ -	Color/Black ink \$500 Paper, pens, other office supplies \$500
	\$ -	\$ -	\$ -	\$ -	
<b>PROGRAM ACTIVITIES</b>					
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
<b>TRAVEL AND TRANSPORTATION</b>					
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
<b>REQUESTED OHA FUNDS BUDGET:</b>	<b>\$ 80,000</b>				
<b>CASH MATCH FUNDS:</b>		<b>\$ 34,125</b>		<b>50%</b>	<b>% of Match</b>
<b>Partner Organization Match Funds:</b>		<b>\$ 5,625</b>			
<b>Other Funds:</b>				<b>\$ 2,500</b>	
<b>Total Project Cost:</b>		<b>\$</b>	<b>122,250</b>		

## 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](mailto: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
<b>PERSONNEL - Salaries</b>					
	\$ -		\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>PERSONNEL - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Administrative</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Programmatic</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>DISTRIBUTIONS</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Purchase</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Utilities</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Honorarium</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Insurance</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Mileage</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Postage, Freight, Delivery</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Publication &amp; Printing</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	

<b>OTHER EXPENSES- Repair &amp; Maintenance</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Staff Training</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Supplies</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>PROGRAM ACTIVITIES</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>TRAVEL AND TRANSPORTATION</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>REQUESTED OHA FUNDS BUDGET:</b>	\$ -				
<b>CASH MATCH FUNDS:</b>	\$ -			<b>#DIV/0!</b>	<b>% of Match</b>
<b>Partner Organization Match Funds:</b>	\$ -				
<b>Other Funds:</b>				\$ -	
<b>YEAR 1 Total Project Cost:</b>	\$ -				

## 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
<b>PERSONNEL - Salaries</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>PERSONNEL - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Administrative</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Programmatic</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>DISTRIBUTIONS</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Purchase</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Utilities</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Honorarium</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Insurance</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Mileage</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Postage, Freight, Delivery</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Publication &amp; Printing</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	



<b>OTHER EXPENSES- Repair &amp; Maintenance</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Staff Training</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Supplies</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>PROGRAM ACTIVITIES</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>TRAVEL AND TRANSPORTATION</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>REQUESTED OHA FUNDS BUDGET:</b>	\$ -				
<b>CASH MATCH FUNDS:</b>	\$ -			<b>#DIV/0!</b>	<b>% of Match</b>
<b>Partner Organization Match Funds:</b>	\$ -				
<b>Other Funds:</b>				\$ -	
<b>YEAR 2 Total Project Cost:</b>	\$ -				

## 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 Management**Trustee 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 28, 2022**TIME:** 10:00 a.m.**PLACE:** Virtual Meeting viewable at <https://www.oha.org/livestream> OR  
Listen by phone: (213) 338-8477, Webinar ID: 885 9323 4321

**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](http://www.oha.org/livestream) or listened to by phone at: (213) 338-8477, Webinar ID: 885 9323 4321. 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. June 14, 2022

**IV. Unfinished Business – None****V. New Business**A. ACTION ITEM RM #22-14: Approve the Awarding of Community Grants - Housing,  
from Solicitation #22-01.01, published March 29, 2022B. ACTION ITEM RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant,  
from Solicitation #22-12, published June 7, 2022C. Workshop re: Final Drafts of Endowment Investment, Spending, Debt Management and  
Cash Management Policies**VI. Announcements****VII. Adjournment**

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](mailto: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](http://www.oha.org/rm).



## ACTION ITEM

### COMMITTEE ON RESOURCE MANAGEMENT

June 28, 2022

RM #22-15

**Action Item Issue:** Approve the Awarding of Emergency Financial Assistance Grant from Solicitation #22-12, published June 7, 2022

**Co-Prepared  
& Reviewed by:**

A handwritten signature in dark ink, appearing to read "Ramona G. Hinck".

Jun 23, 2022

---

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

Date

**Reviewed by:**

A handwritten signature in dark ink, appearing to read "Casey K. Brown".

Jun 23, 2022

---

Casey K. Brown  
Ka Pou Nui, Chief Operating Officer

Date

**Co-Prepared  
& Reviewed by:**

A handwritten signature in dark ink, appearing to read "Sylvia M. Hussey".

Jun 23, 2022

---

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

Date

**Reviewed by:**

A handwritten signature in dark ink, appearing to read "John D. Waihee IV".

June 23, 2022

---

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

Date

**Action Item RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant from Solicitation #22-12, published June 7, 2022**

**I. Proposed Action**

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

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

**II. Issue**

Whether or not the Committee on Resource Management (RM), should approve, authorize the recommendation for awarding of the grants in aid program & proviso grants for emergency financial assistance.

**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, the approval authorized \$830,000 in Fiscal Year 2022 and \$830,000 in Fiscal Year 2023. However, the solicitation was done specifically for the \$415,000 general funds portion; as the remaining \$415,000 for each year is intended to be administered internally by OHA itself.

**Table 7: Core Grants Budget - by Expenditure Type**

GRANTS	ACTUAL FY20	PROJECTED FY21	PRELIMINARY		FY22/FY23 2-Year Total	%
			FY 22	FY 23		
56510-GRANTS IN AID PROGRAM & PROVISIO GRANTS	1,726,338	1,044,253	830,000	830,000	1,660,000	5%
56530-GRANTS IN AID - COMMUNITY GRANTS	3,681,670	6,482,356	7,300,000	7,300,000	14,600,000	48%
56540-GRANTS IN AID LEVEL II GRANTS	4,500,000	6,777,983	6,500,000	6,500,000	13,000,000	43%
56560-GRANTS IN AID - SPONSORSHIPS	90,381	140,000	410,921	410,921	821,842	3%
565XX-GRANTS IN AID – DISASTER AID			132,579	132,579	265,158	1%
<b>Subtotal - Grants:</b>	<b>\$9,998,390</b>	<b>\$14,444,592</b>	<b>\$15,173,500</b>	<b>\$15,173,500</b>	<b>\$30,347,000</b>	<b>100%</b>
58700-INVESTMENT (CAPITALIZATION) - WIND DOWN ACTIVITIES FOR LLCs	125,138					
<b>Total - Grants</b>	<b>\$10,123,528</b>	<b>\$14,444,592</b>	<b>\$15,173,500</b>	<b>\$15,173,500</b>	<b>\$30,347,000</b>	

\* After Budget Realignment #3 pending Board approval as of 6/2/2021

**Figure 1. Table 7 from AI #21-08A**

**IV. Purpose – Act 29 (2021) – General Funds**

11 SECTION 6. Provided that of the funds appropriated for  
12 beneficiary advocacy (OHA175), the sum of \$415,000 in general  
13 funds and \$415,000 in trust funds for fiscal year 2021-2022 and  
14 the same sums for fiscal year 2022-2023 shall be expended to  
15 provide for social services, including referral services and  
16 case management, to at-risk Office of Hawaiian Affairs  
17 beneficiaries to immediately address unexpected crises; provided  
18 further that program activities shall be designed with an  
19 overall objective to provide financial assistance to improve  
20 stability during emergency situations; and provided further that  
21 notwithstanding section 10-17(e), Hawaii Revised Statutes, any

On May 28, 2021, Governor Ige signed into law Act 29 (21), HB204 SD2 CD1

Relating to the Budget of the Office of Hawaiian Affairs (Attachment B). Section 6. detailed \$415,000 in general funds and \$415,000 in trust funds for fiscal year 2021-2022 and the same sums for fiscal year 2022-2023 expended for Office of Hawaiian Affairs (“OHA”) beneficiaries for social services, including referral services and case management, to at-risk Office of Hawaiian Affairs beneficiaries to immediately

**Figure 2. Section 6. Excerpt from Act 29 (21)**

address unexpected crises; provided further that program activities shall be designed with overall objective to provide financial assistance to improve stability during emergency situations, and a competitive grants process is to be used.

1 funds expended for the purposes of this section shall be in  
2 accordance with chapter 103D or 103F, Hawaii Revised Statutes,  
3 or a competitive grants process, as appropriate.

**Figure 3. Section 6. Excerpt from Act 29 (21) re Competitive Grant Process**

**V. Setting Context for the Accelerated Solicitation**

**A. Hawaii Community Lending, Ka Wailele Program.** Via Action Item BAE-RM #21-02, March 2021, the Board approved the re-awarding of the emergency financial assistant (EFA) contract to Hawaii Community Lending (HCL). HCL has since distributed the funds via a rebranded program name of Ka Wailele. Beginning Feb. 1, 2022, based on observations, experience and feedback from community, OHA expanded the assistance available to Native Hawaiians through Ka Wailele. In addition to mortgage, rental and utility support, Ka Wailele provides relief for car repairs, funeral expenses, and out-of-pocket medical expenses. Maximum awards were increased from \$1,500 to \$2,000.

<https://www.oha.org/emergencyaid>

Grants Program continues to monitor HCL and Ka Wailele, HCL performs satisfactorily and we had wanted to amend their contract for them to continue. However, they indicated to the Grants Program that HCL is unable to take on expanded servicing of Ka Wailele because of their organizational focus on housing; they will complete their commitments to the originally awarded contract; and OHA grants will monitor and work with them to close out their contract.

**B. Solicitation #22-12 Emergency Financial Assistance (EFA) Solicitation.** Because of the above situation, and consistent with the provisos in Act 29 for the \$415K funding in each year (a total of \$830K), Administration posted an emergency financial assistance (EFA) solicitation June 7, 2022, the application was built over the weekend, available on Monday, June 13, 2022 and the deadline was Friday, June 17, 2022. A broad e-mail notification went out through the Grants Portal. An accelerated evaluation process, with external reviewers, was conducted to bring to the Trustees an awarding recommendation for FY22-FY23 before 6/30/2022.

**C. EFA Grant Complements In House EFA Functionality.** Administration still plans on administering the EFA grant funds in-house with Trust funds (vs. general fund provisions) and plans to implement the functionality in late summer, pending appropriate system functionality, documentation, training and extensive ‘stress’ testing of the system. Therefore, a grantee continuing to make the funds available during this time (i.e., HCL, new grantee), complements OHA’s own in house efforts and minimizes disruptions to flow of EFA support funding to the community.

## **VI. Solicitation / Evaluation Process**

**A. Solicitation Purpose.** The purpose of the EFA grants to beneficiaries is to strengthen ‘ohana resource stability.

**D. Project Alignment with Strategic Direction & Outcome**

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

**Strategy 7:** Advance policies, programs and practices that strengthen ‘ohana abilities to pursue multiple pathways toward economic stability.

**a. Outcome 7.3.** Increase number of Native Hawaiian ‘ohana who are resource stable (financial, subsistence, other).

**Figure 4. Strategic Alignment**

Activity	Key Dates
1. Availability of Solicitation	Tuesday, June 7, 2022
2. Online access to Application	Monday, June 13, 2022
3. Application deadline – 2:00 p.m. HST	Friday, June 17, 2022
4. Application review period	Latter half of June
5. Matrix of scores completed	Latter half of June
6. Award recommendation & Board of Trustees’ approval	No later than June 30, 2022
7. Grant agreement review	July-August
8. Estimated grant agreement start date	No earlier than August 1, 2022

**Figure 5. Grant Timeline**

**B. Solicitation Timetable.** The following figure outlines the key dates for the solicitation, noting the accelerated timeline:



**C. Application Process.** Due to the need for an accelerated process, Phases 1 and 2 were combined and maintained HRS 10-17 statutory requirements as well as the certification of provisions and match funding.

1. ***Applicant & Project Information.*** Organization name, project name, amount requested, project alignment with strategic direction & outcome, number of Native Hawaiians to be served, island location(s), project contacts, governing board and executive team, authorized signatory – legal agreements, and application authorization form.
2. ***Certifications.*** 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
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.

Two (2) applicants submitted the grant application by the deadline. Applicants were required to respond to twenty-seven (27) components in the application. Each component was allocated five (5) points for a total maximum score of 135 points.

**D. 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.
    - iv. ***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.
2. Award Recommendation. Administration set the minimum score for awarding at 108 points (80% of 135 total points). The award recommendation herein is based on the highest score in the final matrix. Only one (1) award is being recommended for this grant category.



**VII. FB 2022-2023 Emergency Financial Assistance Award Recommendation**

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

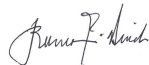
<b>Organization/Island</b>	<b>Average Score (External Reviewers)</b>	<b>Award Requested</b>	<b>Award Recommendation</b>
1. Alu Like, Inc.	117 (128, 126, 97)	\$830,000	Award
2. Hawaiian Lending & Investments	93 (79, 108, 91)	\$830,000	N/A – only one award made for this grant category

**VIII. Alternatives to Recommended Action**

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

**IX. Certification**

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



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Ramona G. Hinck  
Chief Financial Officer

Jun 23, 2022

---

Date

**Action Item RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant from Solicitation #22-12, published June 7, 2022**

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**X. Recommended Actions**

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

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

**XI. Attachments**

- A. Applicant Analysis
- B. Act 29 (21) HB204 SD2 CD1 Relating to the Budget of the Office of Hawaiian Affairs
- C. Grant Solicitation No. OHA 22-12, Emergency Financial Assistance, Posted June 7, 2022

**Action Item RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant from Solicitation #22-12, published June 7, 2022**

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**APPENDIX A.  
EMERGENCY FINANCIAL ASSISTANCE GRANT APPLICANT PROFILES**

<b>Organization</b>	<b>Alu Like, Inc.</b>	
<b>Project Title</b>	<b>Kulia Like</b>	
Average Score: 117	Est. NH Impacted: 3,000 <sup>1</sup>	Project Location: Statewide
Amount Requested	\$830,000	
Strategic Direction	Economic Stability	
Outcome Alignment	7.3 Increase number of Native Hawaiian ‘ohana who are resource stable (financial, subsistence, other)	
Project Goal	Improve the lives of a minimum of 3,000 Native Hawaiian individuals, families and/or communities	
Reviewer Comments	<ul style="list-style-type: none"><li>• The application is thorough and well-prepared. The evaluator is confident in the applicant’s ability to successfully implement the proposed project.</li><li>• Excellent application. Well qualified and experienced applicant. Strongly recommend Alu Like be awarded this program contract.</li><li>• The applicant has significant experience and has demonstrated the ability to provide these services.</li></ul>	
External Reviewers Scores	117 (128, 126, 97)	
Board of Directors	Walter Smith Kekamaikaikamaikalani Helm Paige Kapiolani Barber Dr. Christian “Kimo” Alameda, PhD Col. Robert Hill, Ret.	
Executive Staff	Mervina Cash-Kaeo, President/CEO Corinee Murashige, Controller Rosalyn Perez, Personnel Officer Jimmy Cheng, Information Services Officer	

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<sup>1</sup> Note: Via the Kulia Like program, the applicant intends to provide wraparound services to 3,000 Native Hawaiians, which may include access to EFA. If we count only the EFA, it’s estimated at 300 per the Performance Management Table.

**Action Item RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant from Solicitation #22-12, published June 7, 2022**

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<b>Organization</b>	<b>Hawaiian Lending &amp; Investments</b>	
<b>Project Title</b>	<b>Emergency Financial Assistance</b>	
Average Score: 93	Est. NH Impacted: 290	Project Location: Statewide
Amount Requested	\$830,000	
Strategic Direction	Economic Stability	
Outcome Alignment	1.3 Increase number of Native Hawaiian 'ohana who are resource stable (financial, subsistence, other)	
Project Goal	Over a 24-month service period, HLI proposes the development, management, and operation the EFA Program with a disbursement goal of approximately 146 emergency subgrant awards, estimated at an average \$4,000 each award.	
Reviewer Comments	<ul style="list-style-type: none"> <li>• It looks like the applicant is still in a building process. They have a good amount of experience in their leadership but their team is small.</li> <li>• The applicant offers little assurance to the evaluator that the organization is able to provide equal access to services across all counties.</li> </ul>	
External Reviewers Scores	93 (79, 108, 91)	
Board of Directors	Kara Chow, Board Chair Kipukai Kualii, Vice Board Chair Rolina Faagai, Board Secretary Lauae Kekahuna, Board Member Mauna Kea Trask, Board Member	
Executive Staff	Cristy Labanon, Executive Director Daisha Kuhaulua, Program Manager	



GOV. MSG. NO. 1129

EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

May 28, 2021

The Honorable Ronald D. Kouchi,  
President  
and Members of the Senate  
Thirty First State Legislature  
State Capitol, Room 409  
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,  
Speaker and Members of the  
House of Representatives  
Thirty First State Legislature  
State Capitol, Room 431  
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on May 28, 2021, the following bill was signed into law:

HB204 SD2 CD1

RELATING TO THE BUDGET OF THE OFFICE  
OF HAWAIIAN AFFAIRS  
**ACT 29(21)**

Sincerely,

A handwritten signature in black ink, appearing to read "David Y. Ige".

DAVID Y. IGE  
Governor, State of Hawai'i

MAY 20 2021

on

ORIGINAL

Attachment B

ACT 29

H.B. NO. 204  
S.D. 2  
C.D. 1

HOUSE OF REPRESENTATIVES  
THIRTY-FIRST LEGISLATURE, 2021  
STATE OF HAWAII

## A BILL FOR AN ACT

RELATING TO THE BUDGET OF THE OFFICE OF HAWAIIAN AFFAIRS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1                                   **PART I. GENERAL PROVISIONS**

2           SECTION 1. SHORT TITLE. This Act shall be known and may  
3 be cited as the Office of Hawaiian Affairs Appropriations Act of  
4 2021.

5           SECTION 2. DEFINITIONS. As used in this Act, unless the  
6 context otherwise requires:

7           "Means of financing" or "MOF" means the source from which  
8 funds are appropriated or authorized to be expended for the  
9 programs and projects specified in this Act. All appropriations  
10 are followed by letter symbols. These letter symbols, where  
11 used, shall mean the following:

12           A     General funds

13           T     Trust funds

14           "Position ceiling" means the maximum number of permanent  
15 and temporary full-time equivalent positions authorized for a  
16 particular program during a specified period or periods, as  
17 denoted by an asterisk (\*) for permanent full-time equivalent



H.B. NO. 204  
S.D. 2  
C.D. 1

1 positions and a pound sign (#) for temporary full-time  
2 equivalent positions.

3 "Program ID" means the unique identifier for the specific  
4 program and consists of OHA, the abbreviation for the office of  
5 Hawaiian affairs, followed by the organization number for the  
6 program.

7 **PART II. PROGRAM APPROPRIATIONS**

8 SECTION 3. APPROPRIATIONS. The following sums, or so much  
9 thereof as may be sufficient to accomplish the purposes and  
10 programs designated herein, are appropriated or authorized from  
11 the means of financing specified to the office of Hawaiian  
12 affairs for the fiscal biennium beginning July 1, 2021, and  
13 ending June 30, 2023. The total expenditures and the number of  
14 positions in each fiscal year of the biennium shall not exceed  
15 the sums and the numbers indicated for each fiscal year, except  
16 as provided elsewhere in this Act, or as provided by general  
17 law.



H.B. NO. 204  
S.D. 2  
C.D. 1

## PROGRAM APPROPRIATIONS

ITEM NO.	PROG. ID.	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2021-2022	M O F	FISCAL YEAR 2022-2023	M O F
Hawaiian Affairs							
1.	OHA150	- OFFICE OF THE TRUSTEES					
	OPERATING		OHA	0.47*		0.47*	
				0A		0A	
			OHA	4.53*		4.53*	
				275,687T		275,687T	
2.	OHA160	- ADMINISTRATION					
	OPERATING		OHA	5.03*		5.03*	
				0A		0A	
			OHA	31.97*		31.97*	
				2,861,727T		2,861,727T	
3.	OHA175	- BENEFICIARY ADVOCACY					
	OPERATING		OHA	1.47*		1.47*	
				2,254,400A		2,254,400A	
			OHA	18.53*		18.53*	
				3,292,290T		3,292,290T	





**1** **PART III. PROGRAM PROVISIONS**

2           SECTION 4. Provided that the general fund appropriations  
3 in part II of this Act shall be expended by the Office of  
4 Hawaiian Affairs.

5           SECTION 5. Provided that of the funds appropriated for  
6   beneficiary advocacy (OHA175), the sum of \$500,000 in general  
7   funds and \$500,000 in trust funds for fiscal year 2021-2022 and  
8   the same sums for fiscal year 2022-2023 shall be expended for  
9   office of Hawaiian affairs beneficiaries for occupancy ready  
10   housing needs.

SECTION 6. Provided that of the funds appropriated for beneficiary advocacy (OHA175), the sum of \$415,000 in general funds and \$415,000 in trust funds for fiscal year 2021-2022 and the same sums for fiscal year 2022-2023 shall be expended to provide for social services, including referral services and case management, to at-risk Office of Hawaiian Affairs beneficiaries to immediately address unexpected crises; provided further that program activities shall be designed with an overall objective to provide financial assistance to improve stability during emergency situations; and provided further that notwithstanding section 10-17(e), Hawaii Revised Statutes, any

1 funds expended for the purposes of this section shall be in  
2 accordance with chapter 103D or 103F, Hawaii Revised Statutes,  
3 or a competitive grants process, as appropriate.

4 SECTION 7. Provided that of the funds appropriated for  
5 beneficiary advocacy (OHA175), the sum of \$615,000 in general  
6 funds and \$615,000 in trust funds for fiscal year 2021-2022 and  
7 the same sums for fiscal year 2022-2023 shall be expended to  
8 provide for educational improvement programs for native Hawaiian  
9 students; provided further that program activities shall be  
10 designed to help native Hawaiian students succeed academically;  
11 and provided further that notwithstanding section 10-17(e),  
12 Hawaii Revised Statutes, any expenditures for the purposes of  
13 this section shall be in accordance with chapter 103D or 103F,  
14 Hawaii Revised Statutes, or a competitive grants process, as  
15 appropriate.

16 SECTION 8. Provided that of the funds appropriated for  
17 beneficiary advocacy (OHA175), the sum of \$524,400 in general  
18 funds and \$524,400 in trust funds for fiscal year 2021-2022 and  
19 the same sums for fiscal year 2022-2023 shall be expended to  
20 provide for legal services and legal representation to Office of  
21 Hawaiian Affairs beneficiaries for:



1 (1) The assertion and defense of quiet title actions;  
2 (2) Assistance with ahupuaa and kuleana tenant rights,  
3 including rights of access and rights to water;  
4 (3) Land title assistance, including review of title  
5 and genealogy;  
6 (4) Preservation of traditional and customary  
7 practices;  
8 (5) Protection of culturally significant places;  
9 (6) Preservation of native Hawaiian land trust  
10 entitlements; and  
11 provided further that notwithstanding section 10-17(e), Hawaii  
12 Revised Statutes, any funds expended for the purposes of this  
13 section shall be made in accordance with chapter 103D or 103F,  
14 Hawaii Revised Statutes, as appropriate.

15 **PART IV. RELEASE OF PRIOR FUNDS**

16 SECTION 9. Act 37, Session Laws of Hawaii 2019, is amended  
17 by amending section 8 to read as follows:

18 "SECTION 8. [~~(a) Provided that of the trust funds~~  
19 ~~appropriated in part II of this Act, the sum of \$500,000 for~~  
20 ~~fiscal year 2019-2020 shall be expended for the costs for the~~



~~auditor to conduct or contract for a financial and management  
audit of the Office of Hawaiian Affairs.~~

~~The auditor shall submit a report of the findings and  
recommendations of the audit to the legislature, governor, and  
the chairperson of the board of trustees of the office of  
Hawaiian affairs no later than twenty days prior to the  
convening of the regular session of 2020.~~

~~(b)]~~ Provided that the general funds appropriated for  
fiscal year 2020-2021 pursuant to part II of this Act shall not  
be released to the Office of Hawaiian Affairs until after the  
[~~audit report required by subsection (a)~~] CLA - OHA & LLCs  
Contract and Disbursement Review - Report, dated December 4,  
2019, is received by the legislature."

SECTION 10. The general funds appropriated for fiscal year  
2020-2021 pursuant to part II of Act 37, Session Laws of Hawaii  
2019, shall not lapse at the end of the fiscal year for which  
the appropriation is made; provided that all moneys from the  
appropriation that are unencumbered as of June 30, 2022, shall  
lapse as of that date.

SECTION 11. Provided that of the general funds  
appropriated for beneficiary advocacy (OHA175), the sum of



1 \$200,000 for fiscal year 2021-2022 shall be expended to conduct  
2 or contract for a follow-up contract and disbursement review of  
3 the CLA - OHA & LLCs Contract and Disbursement Review - Report,  
4 dated December 4, 2019.

5 **PART V. MISCELLANEOUS PROVISIONS AND EFFECTIVE DATE**

6 SECTION 12. Provided that whenever necessary, the board of  
7 trustees of the Office of Hawaiian Affairs or the board's  
8 designee may transfer sufficient funds and positions between  
9 programs for operating purposes; provided further that these  
10 transfers shall be consistent with legislative intent; and  
11 provided further that the Office of Hawaiian Affairs shall  
12 submit a report to the legislature of all uses of this authority  
13 for the previous twelve month period from December 1 to November  
14 30, no later than twenty days prior to the convening of the  
15 regular sessions of 2022 and 2023.

16 SECTION 13. If any provision of this Act, or the  
17 application thereto to any person or circumstance, is held  
18 invalid, the invalidity does not affect other provisions or  
19 applications of the Act that can be given effect without the  
20 invalid provision or application, and to this end the provisions  
21 of this Act are severable. If any portion of a specific



H.B. NO. 204  
S.D. 2  
C.D. 1

1 appropriation is held to be invalid for any reason, the  
2 remaining portion shall be expended to fulfill the objective of  
3 that appropriation to the extent possible.

4 SECTION 14. If manifest clerical, typographical, or other  
5 mechanical errors are found in this Act, the board of trustees  
6 of the Office of Hawaiian Affairs may correct these errors. All  
7 changes made pursuant to this section shall be reported to the  
8 legislature at its next session.

9 SECTION 15. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 16. This Act shall take effect on July 1, 2021;  
12 provided that sections 9 and 10 of this Act shall take effect  
13 retroactive to June 30, 2021.

APPROVED this 28 day of MAY, 2021



GOVERNOR OF THE STATE OF HAWAII



HB No. 204, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021  
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki  
Speaker  
House of Representatives




Brian L. Takeshita  
Chief Clerk  
House of Representatives

H.B. No. 204, S.D. 2, C.D. 1

**THE SENATE OF THE STATE OF HAWAI‘I**

Date: April 27, 2021  
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2021.

  
President of the Senate

  
Clerk of the Senate





## **Grant Solicitation No. OHA 22-12**

### **EMERGENCY FINANCIAL ASSISTANCE**

**June 7, 2022**

**All online applications must be submitted by Friday, June 17, 2022 at 2:00 p.m. (HST).**

**For assistance with this grant solicitation, please email:**

**[grantsinfo@oha.org](mailto:grantsinfo@oha.org)**

**For technical assistance with the online application, please email:**

**[grantsadmin@oha.org](mailto:grantsadmin@oha.org)**

<p>It is the responsibility of applicants to check the OHA Grants webpage at <a href="https://www.oha.org/grants">https://www.oha.org/grants</a> for solicitation amendments, attachments or, other information pertaining to the solicitation.</p>
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## **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 released 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 were 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](http://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](mailto:grantsinfo@oha.org)

## SOLICITATION ORGANIZATION

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

**Section 1 – Administrative Overview:** Provides an overview of the solicitation process.

**Section 2 – Service Specifications:** Provides a general description of the tasks to be performed, delineates grantee responsibilities, and defines deliverables.

**Section 3 – Application Instructions:** Provides general instructions to complete the application.

**Section 4 – Application Evaluation:** Provides eligibility requirements and how applications will be evaluated by OHA.

**Section 5 – Attachments:** Provides examples of the forms that must be completed for the grant eligibility requirements and application.

## Section 1 – Administrative Overview

### A. Solicitation Timetable

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

Activity	Key Dates
1. Availability of Solicitation	Tuesday, June 7, 2022
2. Online access to Application	Monday, June 13, 2022
3. Application deadline – 2:00 p.m. HST	Friday, June 17, 2022
4. Application review period	Latter half of June
5. Matrix of scores completed	Latter half of June
6. Award recommendation & Board of Trustees' approval	No later than June 30, 2022
7. Grant agreement review	July-August
8. Estimated grant agreement start date	No earlier than August 1, 2022

### 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 – Economic Stability. Applicants will be required to select one or more of the following strategies and at least one associated outcome.

**Strategy 7:** Advance policies, programs and practices that strengthen 'ohana abilities to pursue multiple pathways toward economic stability.

- a. Outcome 7.3. Increase number of Native Hawaiian 'ohana who are resource stable (financial, subsistence, other).

### E. Grant Award Period

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

**F. Grant Award Amounts**

Subject to the availability of funds, a total of \$830,000 in OHA funds will be provided for this solicitation; \$415,000 for fiscal year (FY) 2022 and \$415,000 for FY 2023.

**G. 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.

**H. 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.

**I. 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.

**J. 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.

**K. 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 FY 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:

- a. Met or exceeded or on track to meet or exceed all performance targets and outcomes.
- b. Met all grant agreement compliance requirements.
- c. Met all reporting deadlines on time and reports were complete.
- d. 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.
- e. Demonstrated that the project accomplished the impacts proposed and is projected to continue to have impacts in the Native Hawaiian community.

- f. Agreed to complete contracting renewal requirements.

**L. 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](http://www.oha.org/grants).

**M. 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.

**N. 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.

## Section 2 – Service Specifications

### A. Overview & Purpose

OHA will continue to partner with organizations that work toward its goals and look for new ways to leverage its assets so it can better meet the needs of the Native Hawaiian community.

OHA seeks to support organizations that offer programs that are designed to improve the lives of Native Hawaiian individuals, families, and/or communities by increasing access to needed resources, programs, and information in alignment with OHA’s Strategic Focus Areas.

The purpose of this solicitation is to contract for services to support OHA’s Strategic Priority of Economic Self-Sufficiency. The solicitation programs will assist Native Hawaiians to immediately address unexpected crises to improve stability during emergency situations; increase financial literacy; and receive referral services and case management services.

#### *1. Description of the Target Population to be Served*

The target population for these services are Native Hawaiians at least 18 years old who meet the eligibility requirements of the program. Grantees must maintain proper documentation to show that program participants meet the age, income and Native Hawaiian ancestry requirements.

#### *2. Description of the Geographic Coverage of Service*

The applicant shall have the capacity to implement a **statewide** service delivery system and shall ensure services to Native Hawaiian beneficiaries are conducted and provided in an integrated manner. Service areas are the counties of O’ahu, Hawai’i, Maui, and Kaua’i.

The applicant: 1) shall clearly identify the location where services will be located; 2) shall demonstrate capability to provide the required services in each county; and 3) shall submit individual Performance Measurement Tables for each county.

#### *3. Probable Funding Amounts, Budget Restrictions and Period of Availability*

Grants awarded as a result of this solicitation will be awarded for two (2) years. Second year funding is subject to availability of funding, satisfactory first year performance, required insurance coverage, and written confirmation of year two (2) cash match funding.

Subject to the availability of funds, a total of \$830,000 in OHA funds will be provided for this solicitation; \$415,000 for the anticipated start date of August 1, 2022 to July 31, 2023 and \$415,000 for August 1, 2023 to July 31, 2024.

The two (2) year budget for program operating costs for OHA funds *cannot exceed* \$249,000 (30% of OHA grants funds). The two (2) year *minimum* budget for OHA funds allocated for emergency financial assistance is \$581,000 (70% of OHA grant funds).

1. Maximum Budget for Program Operating Costs for OHA Funds:  
2-Year \$249,000
  - (Year 1 - \$124,500, Year 2 - \$124,500)
2. Minimum Budget for Emergency Financial Assistance for OHA Funds:  
2-Year \$581,000
  - (Year 1 - \$290,500, Year 2 - \$290,500)

## **B. Scope of Work**

### ***1. Description of Service Goals***

The primary program goal is to increase the economic self-sufficiency of Native Hawaiians by implementing services that attain/re-establish financial and household stabilization following an emergent crisis.

### ***2. Description of Services (Mandatory tasks and responsibilities)***

The program shall provide services that administer emergency financial assistance to aid Native Hawaiian individuals and families in reestablishing economic self-sufficiency and provide the same individuals and families financial literacy education and multiservice referrals that provide direct links to resources relating to employment, education, healthcare, housing and/or social services.

Program services shall include, but may not be limited to the following activities:

- i. Establish an Emergency Financial Assistance Fund to provide temporary financial assistance for individuals and families who are facing hardships due to loss of income, loss of employment by layoff, debilitating illness or injury, death, or other unanticipated circumstances. Emergency funding may be provided on a one-time per grant cycle basis (two years).

Unanticipated circumstances that may qualify for assistance shall include, but may not be limited to: impending eviction, impending termination of utility services, and other similar exigent time-sensitive situations.

Other circumstances that may qualify for assistance include car repair, funeral expenses, and/or out-of-pocket medical expenses.

The intent of the one-time emergency funds is to assist Native Hawaiians to achieve and/or reestablish economic stability and prevent a reoccurring cycle of debt. Payments shall be made directly to the vendor with required documentation.

- ii. Financial literacy advisement which includes a review of participants' income/expenses and spending practices.
- iii. Outreach to promote and encourage Native Hawaiians to access program



services.

- iv. Individual screening, intake and assessment to assure compliance with specific guidelines and policies relating to eligibility, level of financial assistance, Native Hawaiian Ancestry verification and other needed resources.

The intake and assessment shall include, but may not be limited to: Native Hawaiian Ancestry verification and basic assessment of need (e.g., rent need, car repair, out of pocket medical, funeral).

- v. Case management shall include, but may not be limited to information entered to system.<sup>1</sup>
- vi. Counseling, information, and referral shall be provided to link Native Hawaiians to other services and activities designed to increase the financial independence of individuals and families.
- vii. Record-keeping shall document all program activities and shall include, but may not be limited to all requests, referrals, financial counseling, referral follow-up, and verification of Native Hawaiian ancestry.
- viii. Program measurement and evaluation shall be documented to determine effectiveness and efficiency of services and activities.

### C. Performance Measurements

The applicant must be able to target, track, and report to OHA on minimum program performance measures. The applicant shall submit individual Performance Measurement Tables for each county. *See Attachment F.- Performance Measurement Table.*

Program outputs and outcomes reported to OHA must be a direct result of OHA's funding for this program and must include the following:

1. Outputs
  - a. Number of Native Hawaiians requesting emergency financial assistance.
  - b. Number of Native Hawaiians who completed screening, intake and assessment.
  - c. Number of Native Hawaiians provided financial literacy and resourcing information.
  - d. Number of Native Hawaiians referred to the appropriate provider(s).
2. Outcomes
  - a. Number of Native Hawaiians that received emergency financial assistance and resolved their issue. (Specific Items to be defined in contract award, i.e. number of Native Hawaiians that received emergency financial assistance for: mortgage

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<sup>1</sup> OHA may provide access to its own processing system, but the applicant should describe their financial tracking system

- payment, rent deposit, rent payment, utility payment, etc.)
- b. Weekly reports of total dollars of emergency financial assistance, by type, and by island. (Specific Items to be defined in contract award, i.e. dollars spent for: mortgage payment, rent deposit, rent payment, utility payment, car repair, funeral expenses, out-of-pocket medical expenses, etc.)
- c. Number of Native Hawaiians that received emergency financial assistance and resolved their issue.
- d. Total dollars of emergency financial assistance provided.

#### **D. Reporting Requirements for Program and Fiscal Data**

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

OHA shall, depending on the assessment of risk, conduct on-site visit(s) with comprehensive evaluation of several areas of performance. Monitoring activities shall include review of conformance with standard grant requirements, and may include interviews with staff and clients, review of agency files, accounting practices, case-record keeping, including invoice testing and internal control supports. Monitoring may include review of attendance sheets or other documents to substantiate participation, program files to ensure services are provided as reported, and observation of financial literacy counseling, workshops, or trainings.

Monitoring may also include an assessment of facilities for the proposed services to ensure that reasonable accommodations are provided to participants in compliance with the American with Disabilities Act (ADA) requirements, as applicable.

#### **E. Financials**

##### ***1. Compensation***

An initial advance payment of \$83,000, ten percent (10%) of total amount awarded, will be issued upon execution of the grant agreement, submission of an invoice requesting payment, and a 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 quarterly progress reports, expenditure reports, and certification of Native Hawaiian Ancestry.

Advances of beneficiary amounts based on weekly reporting of disbursements can be requested; eligible operating costs will be reimbursed on a quarterly basis.

OHA shall retain ten percent (10%) of the total amount awarded for a final payment.

## ***2. Method of Payment***

The method of payment shall be cost reimbursement. Cost reimbursement shall provide for payment of allowable incurred costs, to the extent provided in the grant agreement. Eligible operating costs will be reimbursed on a quarterly basis. Advances of emergency financial assistance amounts based on weekly reporting of disbursements can be requested. Detailed reconciliation of prior funds is required before an advance payment is approved and disbursed.

## ***3. 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:

- Construction or capital improvement projects;
- 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;
- Prized/Awards;
- Gratuities; and
- Indirect costs as its own line item (indirect/operational costs must be listed in their own respective categories).

## Section 3 – Application Instructions

### General Instructions for Completing Application

1. All applicants shall first create an account in the online application system. Required information will include: organization legal name, EIN/Tax identification number, and organization contact information. Application contacts shall be the primary points of contact for the application. Multiple users from an organization may access the organization account.
2. Upon submission and approval of the eligibility requirements, applicants will be granted access to the online grant application.
3. The eligibility requirements and the grant application are accessed through the Grants page of the OHA website at **<http://www.oha.org/grants>**.
4. Online grant applications must be submitted by the deadline of **June 17, 2022, 2:00 p.m.** Hawai'i Standard Time (HST).
5. 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 “NA”. Do not leave any items blank. Failure to answer any of the items will restrict your ability to submit.
6. 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.
7. Application questions have character limits. Character count includes all letters, numbers, symbols, blank spaces, and diacritical marks.
8. Applicants may submit only one application for this solicitation.
9. It is advised that the applicant review the online application for accuracy and completeness before submitting.

## Section 4 – Application Evaluation

The evaluation of applications received in response to this solicitation will be conducted comprehensively, fairly and impartially. An evaluation committee of designated reviewers shall review and evaluate applications. The committee will be comprised of OHA employees and/or community representatives with experience in and knowledge of program services.

The evaluation will be conducted in three phases as follows:

- Phase 1 – Eligibility and Application Requirements
- Phase 2 - Evaluation of Application
- Phase 3 - Recommendation for Award

### A. Phase 1 - Eligibility and Application Requirements & Submission Process

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.

The applicant shall also respond to the application questions as presented in the following categories: A. Background & Capacity, B. Experience, C. Project/Service Delivery, D) Evaluation, E. Financial.

**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. **Grant Amount** – The total award shall be \$830,000.

#### d. **Project Alignment with Strategic Direction & Outcome**

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

- i. **Strategy 7:** Advance policies, programs and practices that strengthen ‘ohana abilities to pursue multiple pathways toward economic stability.

Outcome 7.3. Increase number of Native Hawaiian ‘ohana who are resource stable (financial, subsistence, other).

- 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 provide services Statewide.

- 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. **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.
- c. **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.
- d. **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 B. Sample - IRS Letter of Determination.
- e. **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 C. Sample - HCE Certificate of Vendor Compliance.
- f. **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 D. 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 and shall not exceed 50% of your match funding. Any in-kind contributions shall be equivalent to an actual Cash Match. 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 E. Match Funding Confirmation Form.

Match requirements must be met for each year of the project, \$83,000 for Year 1 and \$83,000 for Year 2.

## **B. Phase 2- Evaluation of Application**

The application is worth a total of **135 points**. A response is required for each item unless indicated otherwise.

The points will be distributed as follows:

<u>Evaluation Categories</u>	<u>Possible Points</u>
Background & Capacity	25 Points
Experience	15 Points
Project/Service Delivery	65 Points
Evaluation	10 Points
Financial	20 Points

In evaluating the applications, the following scoring system shall be used:

5 Points -	Exemplary-All requirements are all well demonstrated
4 Points -	Good- Most requirements are well demonstrated
3 Points -	Fair- Most requirements are demonstrated to some extent
2 Points -	Poor- Most requirements are poorly demonstrated
1 Point -	Not Acceptable -Most requirements are not demonstrated
0 Points -	Not demonstrated



## EVALUATION CATEGORIES

### *A. Background & Capacity (25 Total Points)*

#### **1. Organization Description (5 points)**

Clearly describes the organization mission, governing structure and prior funding experience to give evaluators a sense of organizational capacity to effectively manage grant funds and implement program services. Includes organization mission statement and a list of prior OHA funding for the last four (4) years.

#### **2. Organization Capacity (5 points)**

Clearly describes the organization's capacity to implement program services in each county.

#### **3. Organization Chart (5 points)**

The applicant shall upload a copy of the current organizational chart. The chart shall include project specific information and show the placement of the proposed services within the overall agency and the lines of communication between program administration and staff. Demonstrates the applicant's proposed organization will be sufficient to effectively administer, manage, and provide the required services.

#### **4. Staff / Consultant Support (5 points)**

Identifies all personnel and/or consultants dedicated to this project. Includes titles and descriptions of duties and qualifications for positions and FTE being dedicated to this project. If consultants/contractors are used, provides a justification for the use of contracted services and provides detailed descriptions of the contracted duties and responsibilities. **Do not** upload any job descriptions or resumes with the application.

#### **5. Office Location / Office Hours (5 points)**

Provides the description and location of each office that will be available for this grant to provide services to participants. Provides the days and office hours that each office will be open for this grant to provide services to participants.

### *B. Experience (15 Total Points)*

Provides information on the applicant's previous experience with the types of activities that are proposed and the applicant's work with the Native Hawaiian community. Specifically addresses the following:

#### **1. Proposed Services (5 points)**

[Three (3) years minimum required]

Demonstrates and describes meaningful and prior experience providing the proposed services. States the number of years services have been provided. Lists projects/programs with dates of service. If a consultant/contractor is used, the applicant must also detail the consultant/contractor's prior experience providing the proposed services.

#### **2. Services to the Native Hawaiian Community (5 points)**

[Three (3) years minimum required]

Demonstrates meaningful and prior experience related to providing services to the Native Hawaiian community. States the number of years services have been provided. Lists projects/programs with dates of service.

3. **Fifty Percent (50%) or more Native Hawaiian Client/Participant Base (5 points)**  
Demonstrates that the applicant's current primary client/participant base is comprised of 50 percent or more Native Hawaiians. Provides information and data on how the applicant derived the percentage provided.

**C. Project/Service Delivery (65 Total Points)**

1. **Needs Assessment (5 points)**

Using data and evidence based knowledge, demonstrates the (a) geographic area the applicant proposes to serve contains significant numbers of the target Native Hawaiian population; and (b) the target Native Hawaiian population in the designated area has a need/demand for the proposed services

2. **Project Design (5 points)**

Describes the project in sufficient detail to provide a comprehensive and complete picture of its total project design. Sufficient details on the program, including, but not limited to, program tasks, activities, and other pertinent information are provided. Sufficient detail on how the outputs and outcomes to be tracked and documented in the participants' files and program records are provided.

3. **Scope of Services (5 points)**

Provides a detailed list of the proposed scope of services.

4. **Approach and Methodology (5 points)**

Demonstrates how the proposed approach and methodology is effective and efficient in addressing the needs of the Native Hawaiian community by showing a step-by-step progression of services provided to the participants. Provides a detailed start-up plan for any services not currently being provided, as well as implementation timelines for partnerships not currently developed. Explains how this program will benefit the target population and how the project objectives align with and addresses the goals of the solicitation.

5. **Coordination of Services – Response Time (5 points)**

Provides a detailed plan on how the applicant will respond to client requests for services to include, if applicable, response time to website inquiries, email inquiries, telephone inquiries and walk-ins. OHA is mandating that response time to inquiries be provided, at a minimum, within forty-eight (48) hours of beneficiary contact.

6. **Coordination of Services – County Plan (5 points)**

Provides a detailed description of how the applicant plans to provide services in each county and describes how beneficiaries will be able to access services, complete

intake forms and complete the intake process. The description shall include how the applicant will provide services to beneficiaries that may not be near office locations, i.e., how services will be provided to beneficiaries on Moloka‘i, Lāna‘i, Hāna, Kona, Kohala, Ka‘ū, Wai‘anae, Lā‘ie and other outlying areas.

**7. Multi-Service Referrals (5 points)**

Capability to competently provide multi-services referrals. Describes familiarity and networking ability to coordinate with wide array of community agencies/resources that can provide multi-services to Native Hawaiian participants and details how the referrals will be coordinated.

**8. Emergency Financial Assistance (5 points)**

Capability to support participants to obtain emergency financial assistance. Demonstrates the ability to work with participants to obtain emergency financial assistance and details how emergency financial assistance will be provided.

**9. Emergency Financial Assistance Coordination (5 points)**

Capability to coordinate emergency financial assistance payments. Demonstrates the ability to serve as an intermediary between participants and service providers/vendors to be paid. Demonstrates how emergency financial assistance will be coordinated between participants and vendors (landlords, utility companies, etc.).

**10. Financial Literacy Counseling (5 points)**

Capability to provide the financial literacy counseling. Demonstrates the ability to plan and provide financial literacy counseling that is relevant to and supports participants in understanding and improving their budgeting and expenditures. Details how financial literacy counseling shall be provided.

**11. Objective Work Plan (5 points)**

The Objective Work Plan is uploaded and details the project design and includes project objectives, activities, time frame, and staff responsible. The Objective Work Plan is comprehensive and demonstrates reasonableness and achievability of activities in proposed time frame. *See Attachment F. – Objective Work Plan.*

- *Project Objectives* – Identifies desired outcomes of services to accomplish Solicitation goals; should include relevant performance measures.
- *Activities* – Identifies specific activities and tasks to meet project objectives. This includes services to participants as well as activities related to project management.
- *Time Frame* – Identifies timeline, duration, and /or frequency for activities through the two-year grant period to assist OHA in monitoring project progress.
- *Staff Responsible* – Identifies the specific staff positions and/or consultants assigned to each activity.

**12. Outreach Strategies (5 points)**

Demonstrates outreach strategies to effectively recruit participants within the Native Hawaiian community and in each county.

**13. Collaboration (5 points)**

Demonstrates ability to collaborate with other organizations to assist in participant recruitment and/or service delivery. Demonstrates capability to coordinate with other agencies and resources in the community to ensure target population receives needed services. The applicant shall upload Letters of Commitment from each collaborating organization. The letters shall specify how the collaborating organization intends to support the applicant's grant with an actual commitment of time, money, personnel, facilities, or resources to support the applicant's proposed services.

***D. Evaluation (10 Total Points)***

**1. Quality Assurance Plan (5 points)**

Demonstrates effective quality assurance planning for the proposed services. The quality assurance plan is sufficient to assure consistent and high quality of administration and services and timely response when program problems arise. The quality assurance plan shall outline measures to ensure the continuity of service activities in the event of staff illness, medical emergencies, vacancies, or other situations resulting in program resources that are less than proposed in the application. The quality assurance plan shall detail how the continuity of service activities shall be provided for each county.

**2. Performance Measurement Table (5 points)**

The applicant shall complete and upload the OHA Performance Measurement Table and indicate target outputs and outcomes. The Performance Measurement Table target outputs and outcomes appear reasonable and achievable. Standard minimum measures required by this Solicitation are included in the Performance Measurement Table. The applicant must provide projected year-end targets. The applicant shall upload individual Performance Measurement Tables for each county. See Attachment G. – Performance Measurement Table.

***E. Financial (20 Total Points)***

**1. Budget (5 points)**

The applicant shall complete and upload the required OHA Budget Form to provide an itemized breakdown of project costs. The two-year budget for program operating costs for **OHA funds** *cannot exceed* \$249,000 (30% of OHA grants funds). The two-year minimum budget for **OHA funds** allocated for emergency financial assistance is \$581,000 (70% of OHA grant funds). *See Attachment H. – Budget Form & Sample.*

Maximum Budget for Program Operating Costs – 2-Year: \$249,000

- (Year 1 - \$124,500, Year 2 - \$124,500)

Minimum Budget for Emergency Financial Assistance – 2-Year: \$581,000

- (Year 1 - \$290,500, Year 2 - \$290,500)

The budget demonstrates that the applicant has a complete, accurate, and justified budget that aligns with and supports proposed service delivery activities and Solicitation requirements. Budget Forms are complete and accurate.

- Budget Forms detail calculations for budget items that demonstrate that costs are reasonable.
- Budget Forms provide adequate information to justify that costs are relevant to proposed service delivery.

*\*Budget Form Instructions* – Descriptions must detail calculations including estimation methods, quantities, and unit costs to demonstrate the reasonableness and accuracy of budgeted costs. Justifications should explain the appropriateness and relevance of project costs to the anticipated program activities and planned outcomes.

OHA reserves the right not to fund any budget expenses it deems inappropriate, unreasonable, or unallowable. *See Disallowed Costs, Section 2.II.E.1.*

The budget should include all project expenses, even those costs not being requested from OHA. Budget columns include the following:

- Budget Category- *See Budget Category Table*;
- OHA Funds- amount requested from OHA;
- OHA Cash Match-Cash Match Funds for OHA grant amount;
- Other Funds: amount to be funded by other sources; and
- Description and justification: *See Budget Category Table*.

## 2. Cash Match Funding Form (5 points)

**[If the applicant does not meet the cash match funding requirement, the applicant will be deemed ineligible and will not be considered for a grant award.]**

The applicant shall complete and upload the required OHA Cash Match Funding Form, which identifies all sources that will provide cash match funds for the grant two-year period. 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 I. – Cash Match Funding Form.*

The applicant shall verify that the applicant has at least \$166,000, twenty percent (20%) cash match of the OHA grant amount. Match requirements must be met for each year of the project, \$83,000 for Year 1 and \$83,000 for Year 2.

**The twenty percent (20%) match must be cash matching.** Cash match may include Federal, State, County, and/or private funds. If the match funding support is from your organization, you must identify the individual funding source(s). Cash match

must be from funding sources other than OHA funds.

Proof of Funding Commitment – If awarded, the awardee shall provide an award letter or proof of award for all confirmed cash match commitments. Pending sources of funding must be confirmed prior to the grant award recommendation to the OHA Board of Trustees. OHA Grants staff may follow-up as appropriate.

### 3. Financial Management Audit (5 points)

The applicant shall upload a Financial Management Audit Letter if the organization has an operating budget greater than \$500,000. (**Do not** submit the entire audit, just the audit letter.) If the organization's operating budget is less than \$500,000, the applicant shall upload a letter of explanation.

### 4. Accounting Management (5 points)

Demonstrates the accounting system and procedures to assure proper and sound fiscal administration of funding is effective and can adequately support the proposed program. The applicant shall identify whether their organization has dedicated accounting staff. If there is no dedicated staff, explain *who* manages your finances/accounting systems. Include position title. The applicant shall describe the financial systems and/or processes in place to manage grant funding from separate sources.

## Budget Category Table

<b>Personnel - Salaries</b>
<p><u>Description:</u> Costs of employee salaries and wages.</p> <p><u>Justification:</u> 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.</p>
<b>Personnel – Other Costs</b>
<p><u>Description:</u> Costs of employees (Federal and State requirements) which may include payroll taxes, assessments, and fringe benefits.</p> <p><u>Justification:</u> Provide a breakdown of the amounts and percentages (FICA, unemployment insurance, etc.).</p>
<b>Contractual Services</b>
<p><u>Description:</u> Costs of all contracts for professional services or consultant services necessary for the project that are not regularly part of the organization's staff. Include project specific and administrative services contracts and subcontractors as related to the project.</p> <p><u>Justification:</u> Explain and justify why these services are being contracted.</p>
<b>Equipment - Purchase</b>
<p><u>Description:</u> "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.</p> <p><u>Justification:</u> 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.</p>

<i>Note:</i> Equipment purchased with OHA grant funding must continue to be used to benefit the Hawaiian community after the term of the OHA grant.
<b>Equipment - Lease/Rental</b>
<p><u>Description:</u> Costs of equipment lease or rental as related to the proposed project services.</p> <p><u>Justification:</u> Provide computations, price quote, narrative description and a justification for each cost under this category.</p>
<b>Insurance</b>
<p><u>Description:</u> Costs of insurance required as related to provision of proposed services, which may include general liability and automobile.</p> <p><u>Justification:</u> For each type of insurance requested, provide a description of the coverage, cost, and necessity as applicable to provision of proposed services.</p>
<b>Facilities</b>
<p><u>Description:</u> Costs may include: lease/rental of office space or other project-related facility; utilities (water/sewer, electricity); or telephone/internet services.</p> <p><u>Justification:</u> Provide computations, price quote, narrative description and a justification for each cost under this category. Must also provide how the facilities cost was calculated. If it is a percentage of facility or utility usage, the percentage must be justified.</p>
<b>Mileage</b>
<p><u>Description:</u> Travel allowance based on staff use of private vehicles for project-related activities.</p> <p><u>Justification:</u> Provide computations, a narrative description and a justification for each cost under this category.</p>
<b>Postage, Freight &amp; Delivery</b>
<p><u>Description:</u> Costs of mailing, shipping, or delivery as related to project.</p> <p><u>Justification:</u> Provide computations, a narrative description and a justification for each cost under this category.</p>
<b>Publication &amp; Printing</b>
<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 narrative description and a justification for each cost under this category.</p>
<b>Supplies</b>
<p><u>Description:</u> Costs of materials and equipment other than that included under the Equipment category. Costs may include office supplies related to service delivery, educational materials, or program-specific supplies.</p> <p><u>Justification:</u> Specify general supplies and their costs. Show computations and provide other information that supports the amount requested.</p>
<b>Staff Travel</b>
<p><u>Description:</u> Costs of project-related travel by applicant employees that may include airfare, vehicle rental, mileage, or lodging. Travel is for In-State travel only.</p> <p><u>Justification:</u> 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,</p>

narrative description and a justification for each cost under this category.
<b>Participant Transportation</b>
<u>Description:</u> Costs of transportation for participants to project-related services, which may include vehicle rental, gas, mileage, parking fees, etc. <u>Justification:</u> Provide computations, a narrative description and a justification for each cost under this category.
<b>Other</b>
<u>Description:</u> Enter all other costs not included above. <u>Justification:</u> Provide computations, a narrative description and a justification for each cost under this category.



**C. Phase 3 - Recommendation for Award**

The evaluation committee shall meet to discuss scores, rankings, and comments and shall make a recommendation of award that may take into consideration additional factors including past performance as an OHA grantee.

The recommendation of award shall be presented to OHA's Board of Trustees Resource Management Committee for approval. An email notification of award or non-award will be sent to all applicants via the OHA Grants Portal.

## **Section 5 – Attachments**

- A. Application Authorization Form
- B. Sample – IRS Letter of Determination
- C. Sample – HCE Certificate of Vendor Compliance (CVC)
- D. Board Governance Certification Form
- E. Match Funding Confirmation Form
- F. Objective Work Plan
- G. Performance Measurement Table
- H. Budget Form & Sample




**ATTACHMENT A. APPLICATION AUTHORIZATION FORM**

<b>Organization:</b>			
	<i>Legal Entity Name (ex. H&amp;B Foundation, Inc. dba Nā Mele Hawai'i)</i>		
<b>Address:</b>			
	<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. Sample – IRS Letter of Determination

INTERNAL REVENUE SERVICE P. O. BOX 2508 CINCINNATI, OH 45201	DEPARTMENT OF THE TREASURY
Date: <b>DEC 18 2010</b>	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
Organization Name Org. Address City, State Zipcode	
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 C. 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

**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

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



**ATTACHMENT D. 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.**  
**MATCH FUNDING CONFIRMATION FORM**

FUNDING SOURCE - YEAR 1	PROJECTED AMOUNT	ACTUAL AMOUNT	AWARD PERIOD	NOTES
<b>TOTAL INCOME:</b>	\$ -	\$ -		

FUNDING SOURCE - YEAR 2	AMOUNT	CONFIRMED/PENDING	AWARD PERIOD	NOTES
<b>TOTAL INCOME:</b>	\$ -			

## ATTACHMENT F. OBJECTIVE WORK PLAN



**Project Name:** \_\_\_\_\_  
**Project Year:** \_\_\_\_\_

[illegible]



## Attachment G. Performance Measurement Table



## PERFORMANCE MEASUREMENT TABLE

**Organization:** \_\_\_\_\_

**All numbers should reflect actual expected unduplicated outputs and outcomes to be achieved by the applicant. A Performance Table is required for each county.**

<b>Outputs</b>	<b>2022</b>	<b>2023</b>
a. Number Native Hawaiians requesting emergency financial assistance		
b. Number of Native Hawaiians who completed screening, intake and assessment.		
c. Number of Native Hawaiians provided financial literacy and resourcing information		
d. Number of Native Hawaiians referred to the appropriate provider(s)		
<b>Outcomes</b>		
a. Number of Native Hawaiians that received emergency financial assistance and resolved their issue		
b. Weekly reports of total dollars of emergency financial assistance, by type, and by island		
c. Number of Native Hawaiians that received emergency financial assistance and resolved their issue. <sup>2</sup>		
d. Total dollars of emergency financial assistance provided. <sup>3</sup>		
<b>Qualitative Reporting Information</b>		
Participant Emergency Financial Assistance Disbursements		
Participant Intake Assessment Data and Close-Out Data		

<sup>2</sup> Specific categories to be defined in contract award, i.e. Number of Native Hawaiians that received emergency financial assistance for: mortgage payment, rent deposit, rent payment, utility payment, etc.

<sup>3</sup> Specific categories to be defined in contract award, i.e. Total emergency financial assistance dollars distributed for: mortgage payment, rent deposit, rent payment, utility payment, etc.

**ATTACHMENT H.**  
**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
<b>PERSONNEL - Salaries</b>					
	\$ -		\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>PERSONNEL - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Administrative</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Programmatic</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>DISTRIBUTIONS</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Purchase</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Utilities</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Honorarium</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Insurance</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Mileage</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Postage, Freight, Delivery</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Publication &amp; Printing</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES- Repair &amp; Maintenance</b>					

	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>OTHER EXPENSES - Staff Training</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>OTHER EXPENSES - Supplies</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>PROGRAM ACTIVITIES</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>TRAVEL AND TRANSPORTATION</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>REQUESTED OHA FUNDS BUDGET:</b>	\$	-							
<b>CASH MATCH FUNDS:</b>		\$	-				<b>#DIV/0!</b>	<b>% of Match</b>	
<b>Partner Organization Match Funds:</b>		\$	-						
<b>Other Funds:</b>						\$	-		
<b>YEAR 1 Total Project Cost:</b>		\$	-						

## BUDGET AND BUDGET JUSTIFICATION FORM

YEAR 2

BUDGET CATEGORY - Item	Requested OHA Funds Budget	Cash Match Funds	Partner Organization Match Funds (if any)	Other Funds (if any)	Description & Justification
<b>PERSONNEL - Salaries</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>PERSONNEL - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Administrative</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Programmatic</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>DISTRIBUTIONS</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Purchase</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Lease/Rental</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Utilities</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Honorarium</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Insurance</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Mileage</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Postage, Freight, Delivery</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Publication &amp; Printing</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES- Repair &amp; Maintenance</b>					

	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>OTHER EXPENSES - Staff Training</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>OTHER EXPENSES - Supplies</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>PROGRAM ACTIVITIES</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>TRAVEL AND TRANSPORTATION</b>									
	\$	-	\$	-	\$	-	\$	-	
	\$	-	\$	-	\$	-	\$	-	
<b>REQUESTED OHA FUNDS BUDGET:</b>	\$	-							
<b>CASH MATCH FUNDS:</b>		\$	-				<b>#DIV/0!</b>	<b>% of Match</b>	
<b>Partner Organization Match Funds:</b>		\$	-						
<b>Other Funds:</b>						\$	-		
<b>YEAR 2 Total Project Cost:</b>		\$	-						

## 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
<b>PERSONNEL - Salaries</b>					
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
	\$ -	\$ -	\$ -	\$ -	
<b>PERSONNEL - Other Costs</b>					
Fringe Benefits	\$ 2,000	\$ 500	\$ -	\$ -	Year 1 taxes - Kumu and Project Mgr \$1,200 Year 1 medical - Kumu and Project Mgr \$1,300
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Administrative</b>					
Account Services	\$ 2,500	\$ -	\$ -	\$ -	Accounting and Payroll services for Year 1
	\$ -	\$ -	\$ -	\$ -	
<b>CONTRACTUAL SERVICES - Programmatic</b>					
Kumu Assistant	\$ 4,000	\$ -	\$ -	\$ -	Assist Kumu with workshops in Year 1 - 20 workshop x \$200/workshop
	\$ -	\$ -	\$ -	\$ -	
<b>DISTRIBUTIONS</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Lease/Rental</b>					
Copy Machine	\$ 1,000	\$ 1,000	\$ -	\$ -	Pro rata share of copy machine costs for copying or curriculum and handouts for workshops
	\$ -	\$ -	\$ -	\$ -	
<b>EQUIPMENT - Purchase</b>					
Computer and accessories	\$ 1,500	\$ -	\$ -	\$ -	Laptop for project activities \$1,000 Laptop warranty \$150 Laptop bag \$50 Color Printer \$300
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Lease/Rental</b>					
Office Lease	\$ 10,000	\$ 20,000	\$ -	\$ -	Pro rata share of lease of office space for project administration & activities \$2,500/month x 12 mos
	\$ -	\$ -	\$ -	\$ -	
<b>FACILITIES - Utilities</b>					
Telephone and Internet Services	\$ 1,000	\$ 2,000	\$ -	\$ -	Pro rata share of telephone and utilities
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Honorarium</b>					
Kupuna - Guest Speakers	\$ 1,000	\$ -	\$ -	\$ -	Kupuna guest speakers at workshops to share 'ike la'au lapa'au - \$100 x 2 speakers x 5 workshops
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Insurance</b>					
General Liability	\$ 1,500	\$ -	\$ -	\$ -	Pro rata share of required annual insurance premium
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Mileage</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Other Costs</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Postage, Freight, Delivery</b>					
	\$ -	\$ -	\$ -	\$ -	

	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Publication &amp; Printing</b>					
Curriculum packets	\$ 2,500	\$ 625	\$ 625	\$ -	One Curriculum packet for each participant \$75 x 50 participants in Year 1
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES- Repair &amp; Maintenance</b>					
Maintenance of Commercial Dehydrator Machine	\$ 1,500	\$ -	\$ -	\$ -	Annual maintenance of commercial dehydrator
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Staff Training</b>					
	\$ -	\$ -	\$ -	\$ -	
	\$ -	\$ -	\$ -	\$ -	
<b>OTHER EXPENSES - Supplies</b>					
Office supplies	\$ 1,000	\$ -	\$ -	\$ -	Color/Black ink \$500 Paper, pens, other office supplies \$500
	\$ -	\$ -	\$ -	\$ -	
<b>PROGRAM ACTIVITIES</b>					
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
<b>TRAVEL AND TRANSPORTATION</b>					
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
<b>REQUESTED OHA FUNDS BUDGET:</b>	<b>\$ 80,000</b>				
<b>CASH MATCH FUNDS:</b>		<b>\$ 34,125</b>		<b>50%</b>	<b>% of Match</b>
<b>Partner Organization Match Funds:</b>		<b>\$ 5,625</b>			
<b>Other Funds:</b>				<b>\$ 2,500</b>	
<b>Total Project Cost:</b>		<b>\$</b>	<b>122,250</b>		

**Committee on Resource Management**Trustee 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 28, 2022**TIME:** 10:00 a.m.**PLACE:** Virtual Meeting viewable at <https://www.oha.org/livestream> OR  
Listen by phone: (213) 338-8477, Webinar ID: 885 9323 4321

**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](http://www.oha.org/livestream) or listened to by phone at: (213) 338-8477, Webinar ID: 885 9323 4321. 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. June 14, 2022

**IV. Unfinished Business – None****V. New Business**A. ACTION ITEM RM #22-14: Approve the Awarding of Community Grants - Housing,  
from Solicitation #22-01.01, published March 29, 2022B. ACTION ITEM RM #22-15: Approve the Awarding of Emergency Financial Assistance Grant,  
from Solicitation #22-12, published June 7, 2022

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

**VI. Announcements****VII. Adjournment**

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](mailto: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](http://www.oha.org/rm).





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OFFICE OF HAWAIIAN AFFAIRS

Interoffice Memorandum

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**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)

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**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

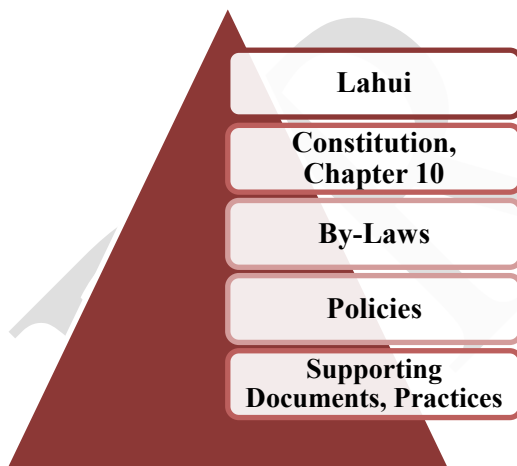
**Policy Administrator:** Chair, Committee on Resource Management

### 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).

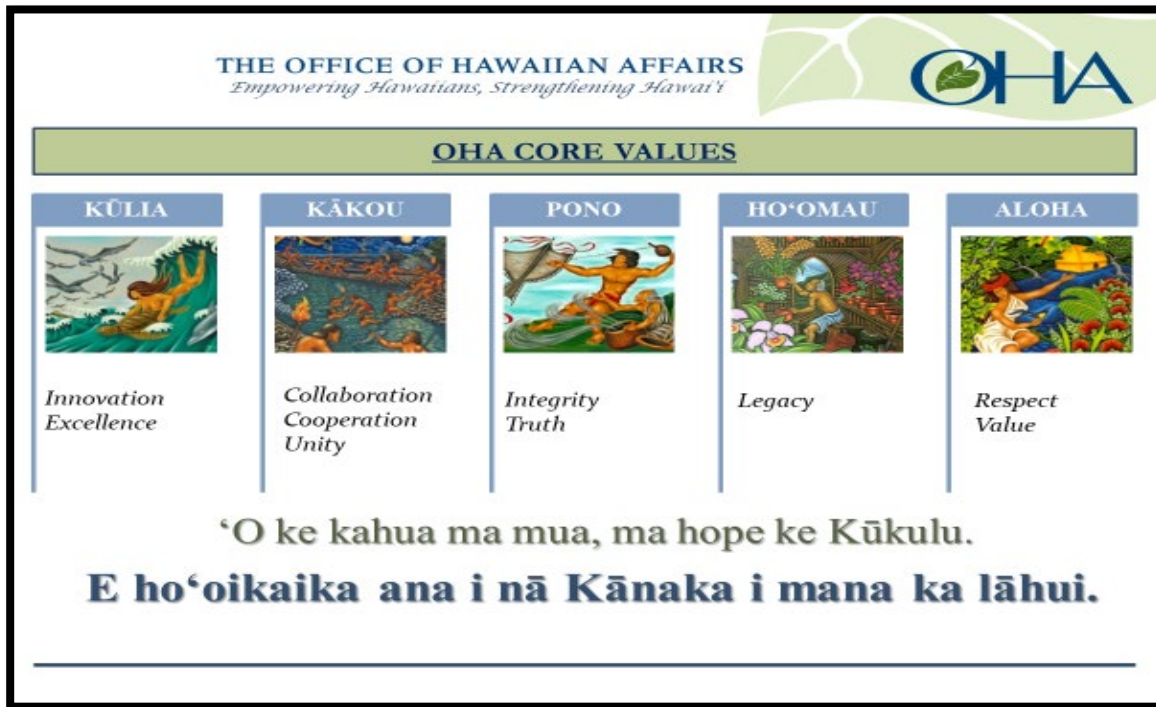


**Figure 1 – Board Governance Framework**

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.

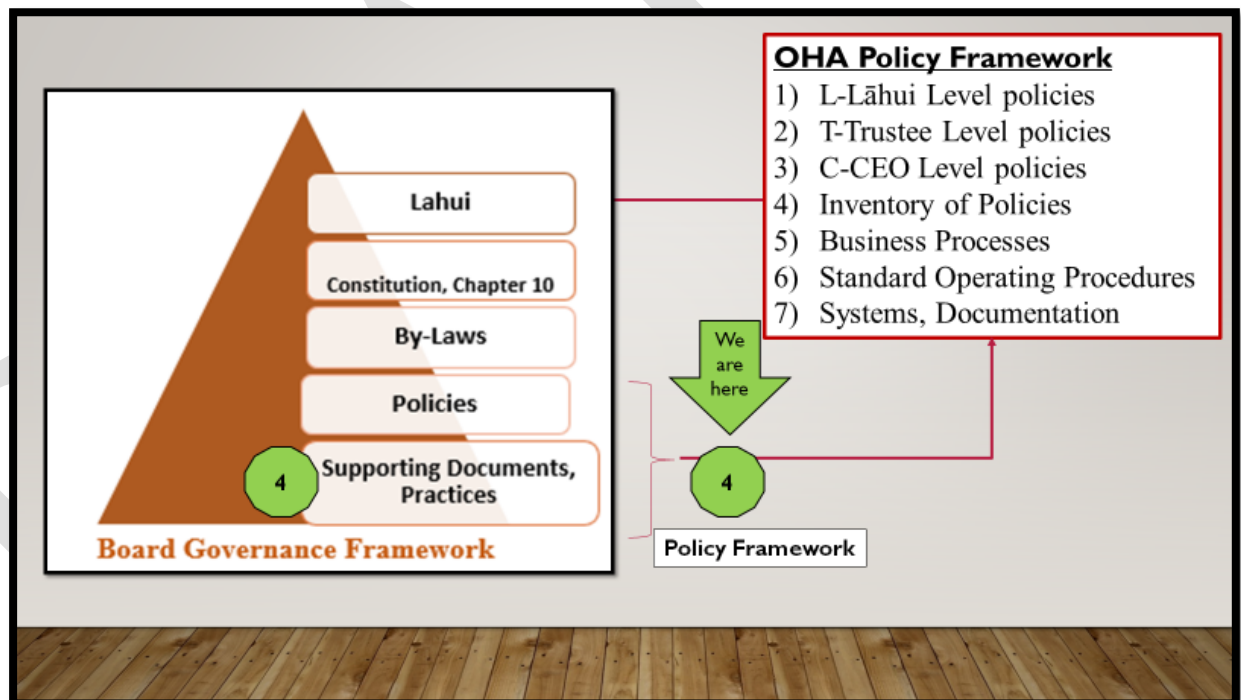
**B. Core Values.** As part of the Board Governance Framework, the adopted core values inform and frame the policy itself and its implementation.

## 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

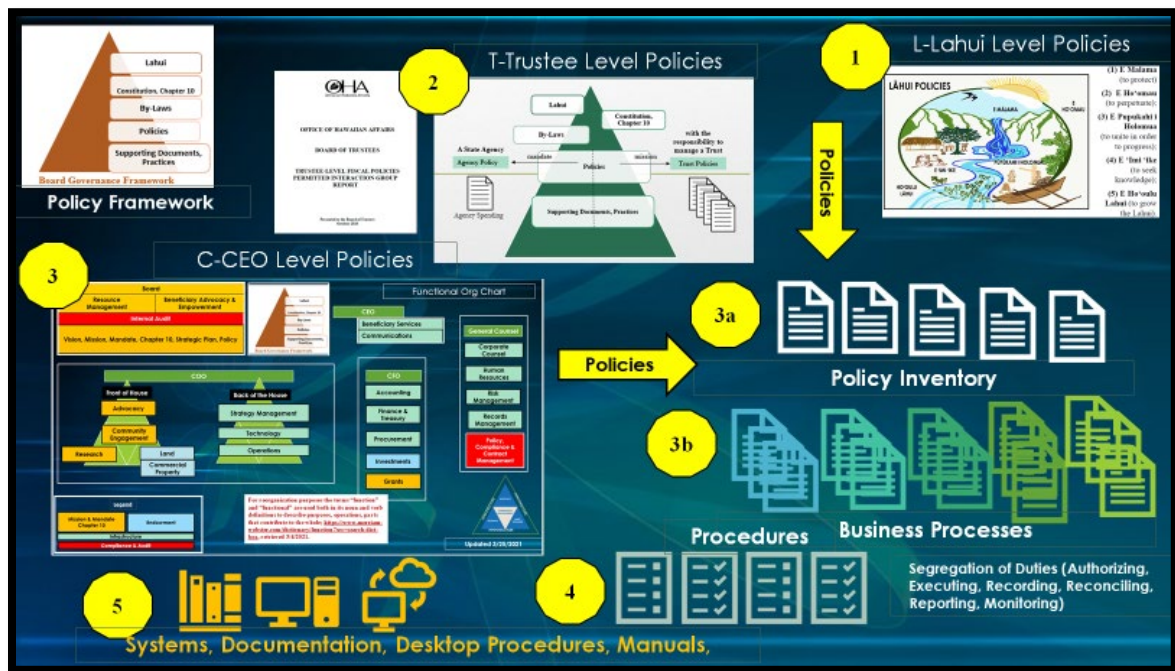
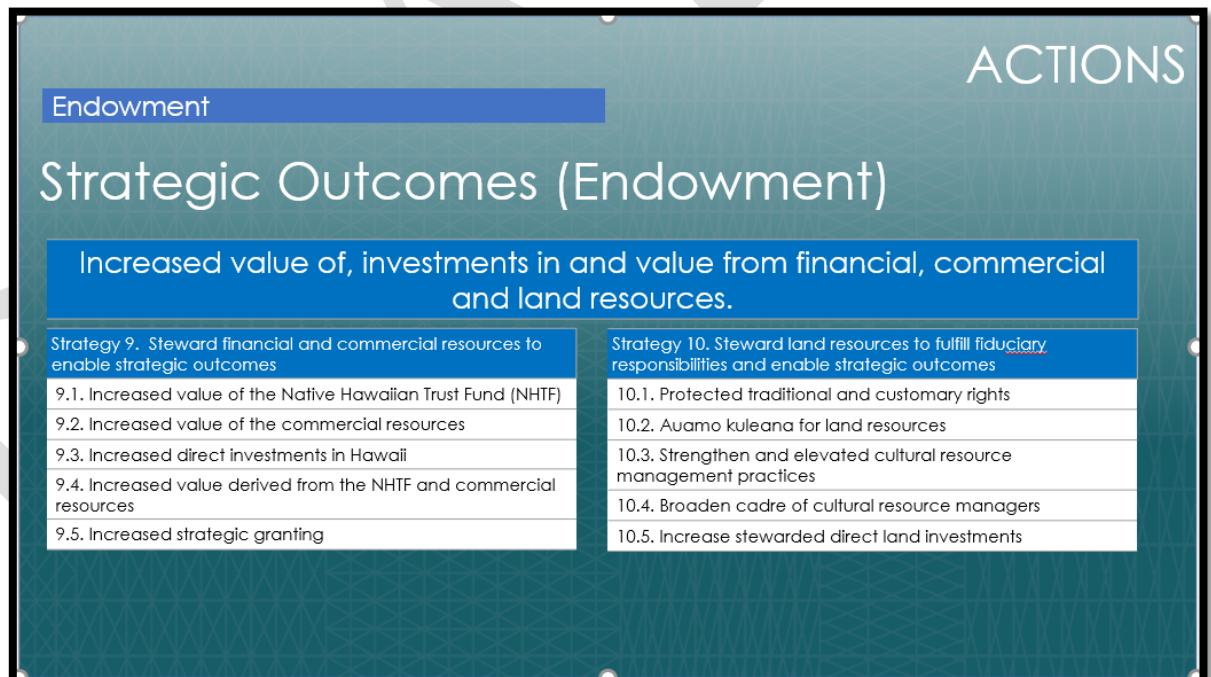


Figure 4 – Policy Framework (Depiction 2)

### III. MANA I MAULI OLA ALIGNMENT

Figure 5 –  
Strategic  
Outcomes  
(Endowment)





## Endowment Investment Policy

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### 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.<sup>1</sup>
- 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

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<sup>1</sup> [HRS §10-3](#); see also [HRS §10-1](#).

## Endowment Investment Policy

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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. DEFINITIONS<sup>2</sup>

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.

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<sup>2</sup> 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

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- 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.<sup>3</sup>

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<sup>3</sup> 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

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### 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 3<sup>rd</sup> 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 (1<sup>st</sup> Reading), July XX, 2022 (2<sup>nd</sup> 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

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### 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**

**Exhibit A**

**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

**Endowment Investment Policy**

**Exhibit A**

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.

**Endowment Investment Policy**

**Exhibit A**

**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.

**Endowment Investment Policy**

**Exhibit A**

- 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.

**Endowment Investment Policy**

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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.

Endowment Investment Policy

Exhibit A

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
<b>Capital Appreciation</b>				
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
<b>Total Capital Appreciation</b>	<b>80%</b>	<b>60%</b>	<b>70%</b>	Blend
<b>Diversifying Strategies</b>				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
<b>Total Diversifying</b>			<b>15%</b>	
<b>Capital Preservation</b>				
US Fixed Income	15%	8%	13%	Bloomberg US Aggregate
Cash	10%	0%	2%	3-Month T-Bills
<b>Total Capital Preservation</b>	<b>25%</b>	<b>8%</b>	<b>15%</b>	Blend
<b>Total Financial Assets</b>			<b>100%</b>	<b>Policy Portfolio</b>
<b>Hawai'i Direct Investments</b>				
<b>Hawai'i Direct Investments</b>	<b>No Target</b>		<b>100%</b>	<b>CPI +5%</b>

\* 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

**Endowment Investment Policy**

**Exhibit A**

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
<b>Capital Appreciation</b>				
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*
<b>Total Capital Appreciation</b>	<b>80%</b>	<b>60%</b>	<b>73%</b>	Blend
<b>Diversifying Strategies</b>				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
<b>Total Diversifying</b>			<b>15%</b>	
<b>Capital Preservation</b>				
US Fixed Income	15%	8%	10%	Bloomberg US Aggregate
Cash	5%	0%	2%	3-Month T-Bills
<b>Total Capital Preservation</b>	<b>20%</b>	<b>8%</b>	<b>12%</b>	Blend
<b>Total Financial Assets</b>			<b>100%</b>	<b>Policy Portfolio</b>
<b>Hawai'i Direct Investments</b>				
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.

**Endowment Investment Policy**

**Exhibit A**

**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.

**Endowment Investment Policy**

**Exhibit A**

**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



**Endowment Investment Policy**

**Exhibit A**

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

**Endowment Investment Policy**

**Exhibit A**

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
<b>Capital Appreciation</b>				
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
<b>Total Capital Appreciation</b>	<b>80%</b>	<b>60%</b>	<b>70%</b>	Blend
<b>Diversifying Strategies</b>				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
<b>Total Diversifying</b>			<b>15%</b>	
<b>Capital Preservation</b>				
US Fixed Income	15%	8%	13%	Bloomberg US Aggregate
Cash	10%	0%	2%	3-Month T-Bills
<b>Total Capital Preservation</b>	<b>25%</b>	<b>8%</b>	<b>15%</b>	Blend
<b>Total Financial Assets</b>			<b>100%</b>	<b>Policy Portfolio</b>
<b>Hawai'i Direct Investments</b>				
<b>Hawai'i Direct Investments</b>	<b>No Target</b>		<b>100%</b>	<b>CPI +5 %</b>

\* 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
<b>Capital Appreciation</b>				
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*
<b>Total Capital Appreciation</b>	<b>80%</b>	<b>60%</b>	<b>73%</b>	Blend
<b>Diversifying Strategies</b>				
Absolute Return	20%	10%	15%	HRFI Fund-of-Funds
<b>Total Diversifying</b>			<b>15%</b>	
<b>Capital Preservation</b>				
US Fixed Income	15%	8%	10%	Bloomberg US Aggregate
Cash	5%	0%	2%	3-Month T-Bills
<b>Total Capital Preservation</b>	<b>20%</b>	<b>8%</b>	<b>12%</b>	Blend
<b>Total Financial Assets</b>			<b>100%</b>	<b>Policy Portfolio</b>
<b>Hawai'i Direct Investments</b>				
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.

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Carmen Hulu Lindsey, Chairperson  
Board of Trustees

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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
<b>Growth</b>			
Traditional Global Equities	55%	22%	42%
Private Markets	25.6%	0%	19%
<b>Total Growth</b>	<b>80.6%</b>	<b>22%</b>	<b>61%</b>
<b>Income</b>			
Traditional Global Fixed Income	22%	11%	18%
<b>Total Income</b>	<b>22%</b>	<b>11%</b>	<b>18%</b>
<b>Volatility Management</b>			
<b>Hedge Funds</b>	<b>19.2%</b>	<b>6.4%</b>	<b>13%</b>
<b>Inflation Hedge</b>			
Traditional Global Real Assets	11%	0%	5%
<b>Total Inflation Hedge</b>	<b>11%</b>	<b>0%</b>	<b>5%</b>
<b>Liquidity</b>			
<b>Enhanced Liquidity</b>	<b>10%</b>	<b>0%</b>	<b>3%</b>
<b>Hawai'i Direct Investments</b>			
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.

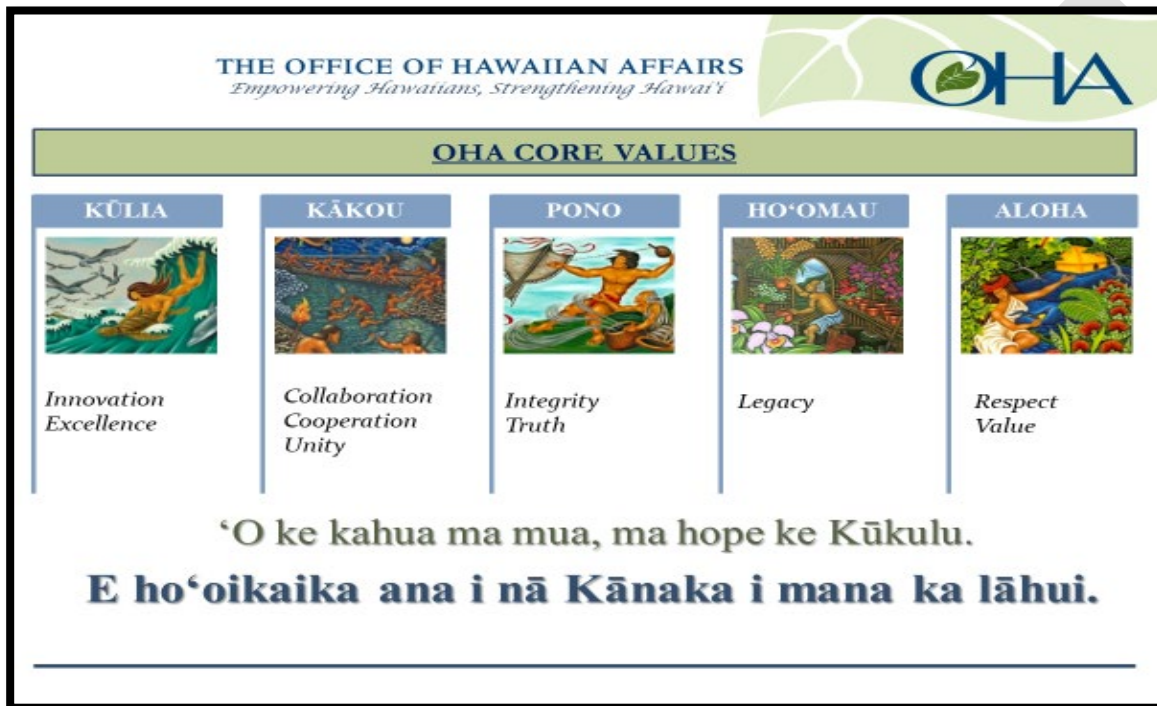
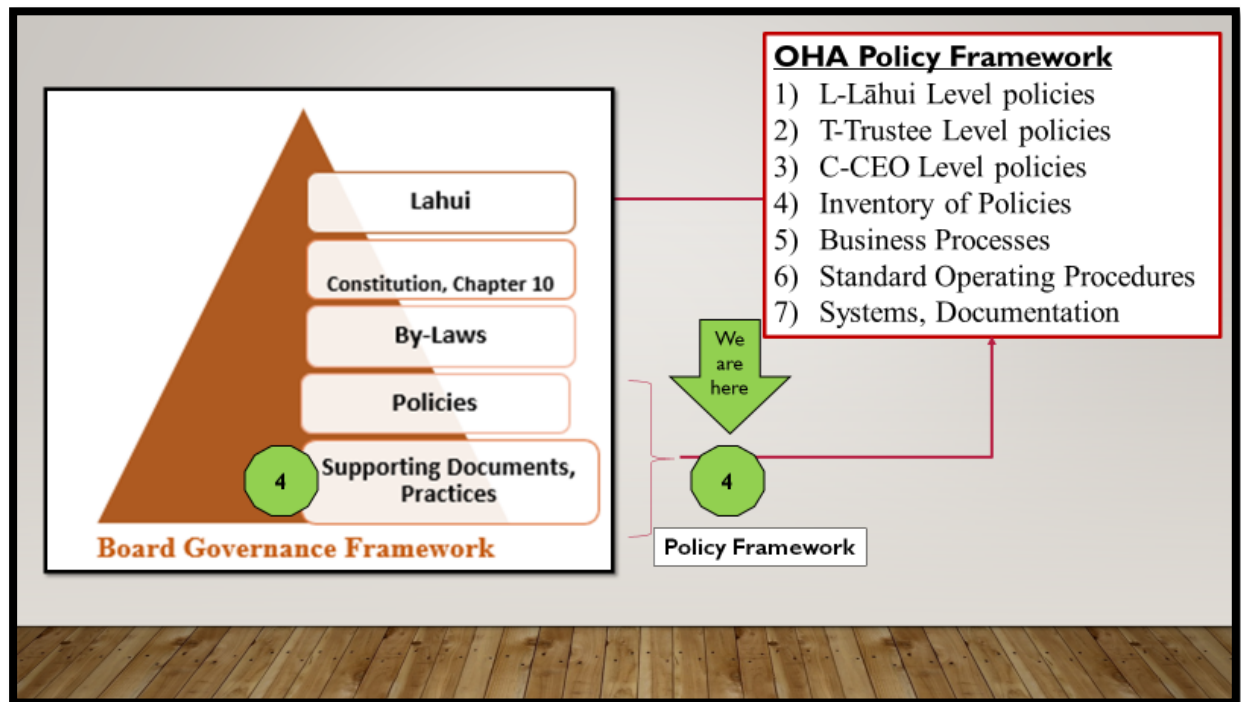


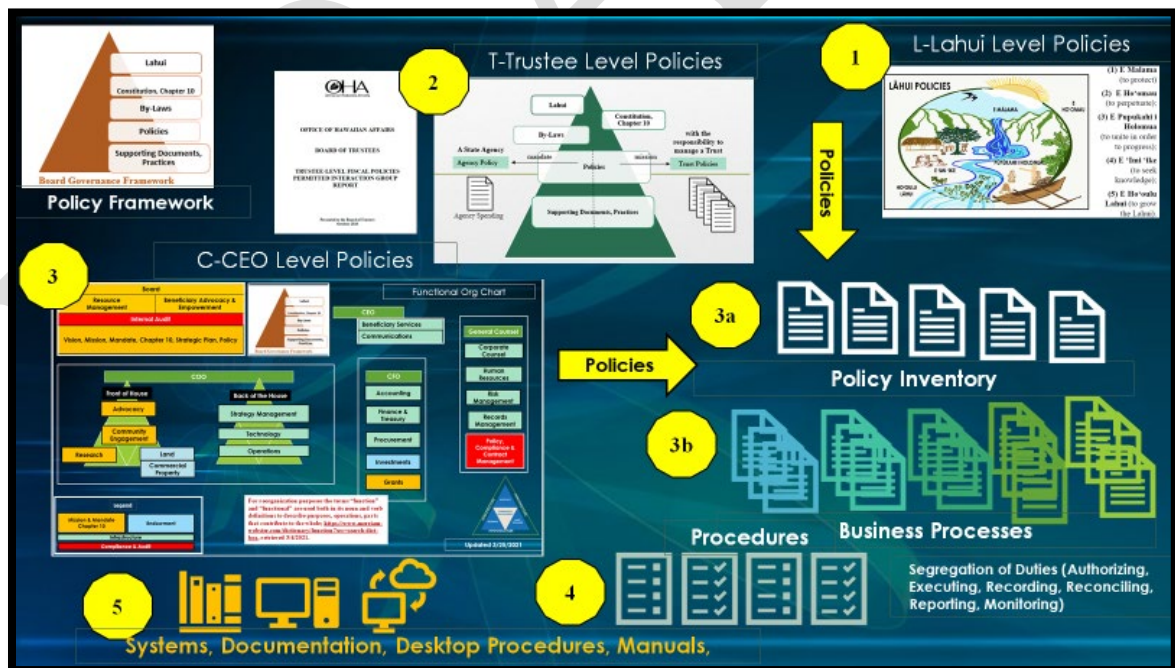
Figure 2 – OHA Core Values

## 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.

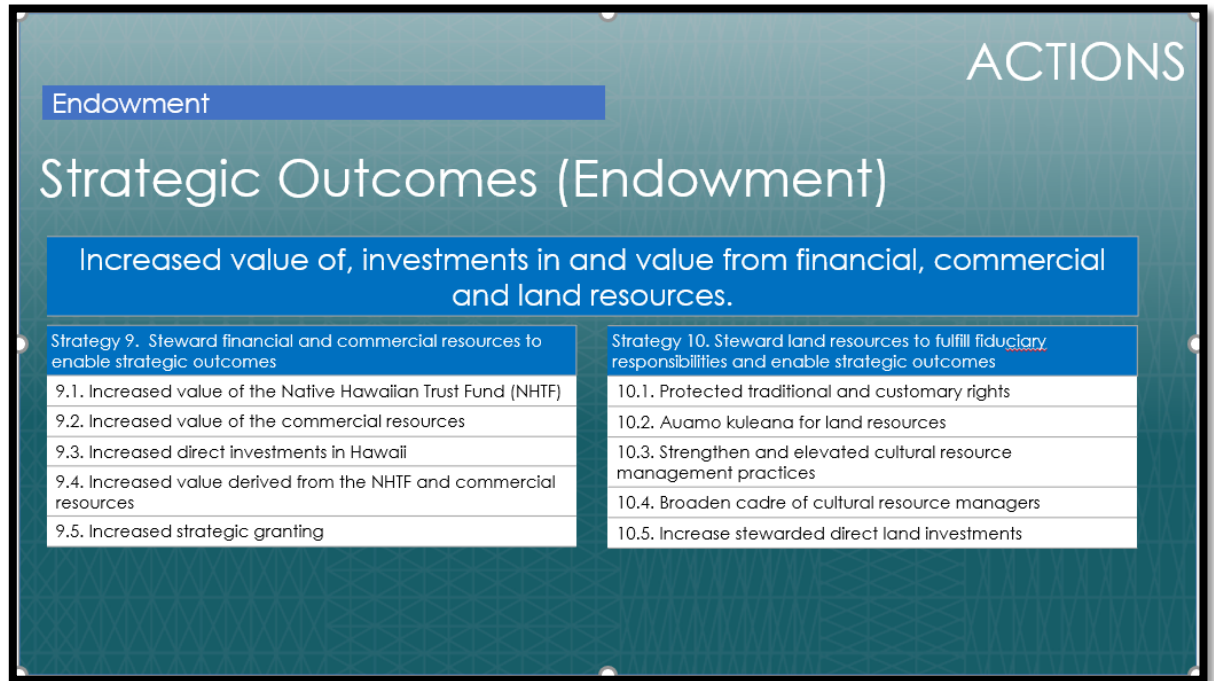


**Figure 4 – Policy Framework (Depiction 2)**

## III. MANA I MAULI OLA ALIGNMENT

## Endowment Spending Policy

**Figure 5 –  
Strategic  
Outcomes  
(Endowment)**





## Endowment Spending Policy

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### 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.<sup>1</sup>
- 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

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<sup>1</sup> [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. DEFINITIONS<sup>2</sup>

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.

<sup>2</sup> 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.<sup>3</sup>
- 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),

<sup>3</sup> 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**

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### **XI. HISTORICAL POLICY REVISIONS**

#### **A. Endowment Spending Policy**

Action Item 22-XX, June XX, 2022; Board of Trustees, July XX, 2022 (1<sup>st</sup> Reading), July XX, 2022 (2<sup>nd</sup> 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.

<b>Organizational Unit</b>	<b>Position</b>
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 31<sup>st</sup>, 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

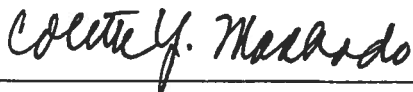
A. The Spending Policy will be reviewed at least every two years or as recommended by the Chair of the ARM Committee.

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 31<sup>st</sup>, 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.

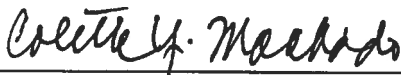
**IV. VOTING REQUIREMENTS.**

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.
- b. Projected Shortfalls
  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.
- d. All significant debt issues, including refunding or restructuring, must be approved by the Office of Hawaiian Affairs Board of Trustees after recommendation by the CEO.
- e. Management will ensure compliance with all debt covenants.
- f. Any exceptions to the policy must require a memo detailing the rationale for Board approval.



# OFFICE OF HAWAIIAN AFFAIRS

## DEBT MANAGEMENT POLICY

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- 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

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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:

- i. 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.
- ii. 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.
- iii. 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.
- iv. 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.
- v. 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.
- b. Projected Shortfalls
  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.
- d. All significant debt issues, including refunding or restructuring, must be approved by the Office of Hawaiian Affairs Board of Trustees after recommendation by the CEO.
- e. Management will ensure compliance with all debt covenants.
- f. Any exceptions to the policy must require a memo detailing the rationale for Board approval.

## **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. 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. 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:

- i. 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.
- ii. Debt should be taken against an asset only for a financial gain. Prior to 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.
- iii. A rigorous due diligence analysis should be conducted prior to issuance of debt, including impact of future budgets, sufficiency of revenues dedicated to debt service or operating costs of capital assets, and impact on ability to provide future services.

#### **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 to ensure the prudent use of debt and to 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, in order that OHA will not issue debt that it cannot repay or that causes it to incur undue financial risk.

### **III. 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.

### **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.

# THE OFFICE OF HAWAIIAN AFFAIRS

## 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.

# THE OFFICE OF HAWAIIAN AFFAIRS

## Treasury Management Policy

### 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.

## THE OFFICE OF HAWAIIAN AFFAIRS

### Treasury Management Policy

- **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

## THE OFFICE OF HAWAIIAN AFFAIRS

### Treasury Management Policy

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.