

COMMITTEE ON RESOURCE MANAGEMENT
Dan Ahuna, Chairperson
Robert K. Lindsey, Jr., Vice Chairperson
Leina'ala Ahu Isa, At-Large
Kalei Akaka, O'ahu
Keli'i Akina, At-Large
Brendon Kalei'aina Lee, At-Large
Carmen Hulu Lindsey, Maui
Colette Y. Machado, Moloka'i/Lāna'i
John Waihe'e IV, At-Large



**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS**

**MEETING OF THE COMMITTEE ON
RESOURCE MANAGEMENT**

DATE: Wednesday, November 6, 2019
TIME: 1:30 pm
PLACE: OHA Board Room, Nā Lama Kukui
560 N. Nimitz Hwy., Suite 200
Honolulu, HI 96817

AGENDA

- I. Call to Order
- II. Public Testimony*
- III. New Business
 - A. Approval of Minutes
 - 1. May 1, 2019
 - 2. May 22, 2019
 - 3. May 29, 2019
 - 4. June 18, 2019
 - 5. August 21, 2019
 - 6. September 25, 2019
 - 7. October 2, 2019
 - B. Presentation by JP Morgan Report on Quarter ending September 30, 2019
 - C. Review of CLA Status Report #5 – Kama Hopkins
- IV. Adjournment

If you require an auxiliary aid or accommodation due to a disability, please contact Raina Gushiken at telephone number 594-1772 or by email at: rainag@oha.org no later than three (3) business days prior to the date of the meeting.

*Notice: Persons wishing to provide testimony are requested to submit 13 copies of their testimony to the Chief Executive Officer at 560 N. Nimitz, Suite 200, Honolulu, HI, 96817 or fax to 594-1868, or email BOTmeetings@oha.org 48 hours prior to the scheduled meeting. Persons wishing to testify orally may do so at the meeting, provided that oral testimony shall be limited to five minutes.

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

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

Trustee Dan Ahuna
Chairperson, Committee on Resource Management

10/29/19

Date

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200**

**COMMITTEE ON RESOURCE MANAGEMENT
MINUTES**

**May 1, 2019
11:00 am**

ATTENDANCE:

Chairperson Dan Ahuna
Trustee Leina’ala Ahu Isa
Trustee Kalei Akaka
Trustee Keli’i Akina
Trustee Brendon Kaleiaina Lee
Trustee Carmen Hulu Lindsey
Trustee Colette Machado
Trustee John Waihe’e, IV

Claudine Calpito
Ron Porter
Paul Harleman
Priscilla Nakama

ADMINISTRATION STAFF:

Kamanaopono Crabbe, CEO
Sylvia Hussey, COO
Everett Ohta, CC
Raina Gushiken, CC
Miles Nishjima, LPD

EXCUSED:

Vice Chairperson Robert K. Lindsey, Jr.

BOT STAFF:

Kauikeaolani Wailehua
Lopaka Baptiste
Carol Hoomanawanui

GUESTS:

Robert G. Klein, Board Counsel

I. CALL TO ORDER

Chair Ahuna – Calls the Committee on Resource Management meeting for Wednesday, May 1, 2019 to order at **11:00 a.m.** He states that he received an excused absence memo from Trustee Robert Lindsey.

Chair Ahuna- Asks for a Roll Call vote. Below is the record of trustees **PRESENT:**

TRUSTEE			AT CALL TO ORDER (11:00 am)	Excused
CHAIR	DAN	AHUNA	X	
TRUSTEE	LEINA’ALA	AHU ISA	X	
TRUSTEE	KALEI	AKAKA	X	
TRUSTEE	KELI’I	AKINA	X	
TRUSTEE	BRENDON KALEIAINA	LEE	X	
TRUSTEE	CARMEN HULU	LINDSEY	X	
VICE CHAIR	ROBERT	LINDSEY		Excused
TRUSTEE	COLETTE	MACHADO	X	
TRUSTEE	JOHN	WAIHE’E	X	

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

II. PUBLIC TESTIMONY

Chair Ahuna - Asks if there's any public testimony. None. He announces that he'll be taking the agenda out of order and moving item number V. Executive Session after Item III. Approval of Minutes.

III. APPROVAL OF MINUTES

- A. March 13, 2019
- B. April 10, 2019

Chair Ahuna-Asks if he can get a motion to approve the March 13, 2019 and April 10, 2019 minutes. Trustee Akaka moves to approve the March 13, 2019 and April 10, 2019 minutes. Trustee Waihe'e seconds the motion.

Chair Ahuna - Asks is there any discussion. Hearing none. Asks for a roll call vote.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA	X		X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E		X	X				
					8				1

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

Chair Ahuna - Announces that the board will be going into executive session. Chair Ahuna asks for a roll call vote.

Trustee Waihe'e moves to go into executive session. Trustee Carmen Hulu Lindsey seconds the motion.

V. EXECUTIVE SESSION

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				

TRUSTEE	CARMEN HULU	LINDSEY		X	X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E	X		X				
					8				1

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

Chair Ahuna- Resolves the Board of Trustees into executive session at **11:04 a.m.**

Chair Ahuna - Goes back into open session at **1:21 p.m.**

IV. NEW BUSINESS

A. Action Item RM #19-05 – Approval of FY 19 Commercial Property Budget Realignment #1

Trustee Waihe'e, IV moves that the RM Committee approves and recommends approval to the Board of Trustees of the FY 19 Commercial Property Budget Realignment for:

1. Kaka'ako Makai revenue of \$2,234,275 (increase);
2. Na Lama Kukui revenue of \$691,996 (increase);
3. Na Lama Kukui expenses of \$150,040 (increase); and
4. Kaka'ako Makai reclassification of \$394,375 in expenses from the 'equipment' to 'program' line item classification.

Trustee Brendon Kaleiaina Lee seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY		X	X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E	X		X				
					8				1

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

B. Action Item RM #19-06 – Approval of \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui.

Trustee Carmen Hulu Lindsey moves to approve \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui; and to authorize and approve the transfer and use of funds available in OHA’s FY 19 Core Operating Budget from Program 1100-Board of Trustees, Object Code 57280 – Trustee Allowance to Program 3800- Grants, Object Code 56530 – Grants in Aid.
Trustee John Waihe‘e seconds the motion.

Chair Ahuna- Is there any discussion? Trustees discuss motion on the floor.

Trustee Brendon Kaleiaina Lee moves to **AMEND** the original motion to now read to approve \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui; subject to statutory disbursement requirements; and to authorize and approve the transfer and use of funds available in OHA’s FY 19 Core Operating Budget from Program 1100-Board of Trustees, Object Code 57280 – Trustee Allowance to Program 3800- Grants, Object Code 56530 – Grants in Aid.
Trustee John Waihe‘e seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA‘ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI‘I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE	X		X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE‘E		X	X				
					8				1

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

Trustee Carmen Hulu Lindsey moves to approve \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui; subject to statutory disbursement requirements; and to authorize and approve the transfer and use of funds available in OHA’s FY 19 Core Operating Budget from Program 1100-Board of Trustees, Object Code 57280 – Trustee Allowance to Program 3800- Grants, Object Code 56530 – Grants in Aid, as amended.
Trustee John Waihe‘e seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA‘ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA	X		X				
TRUSTEE	KELI‘I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO			X				

TRUSTEE	JOHN	WAIHE'E		X	X				
					8				1

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

VI. ADJOURNMENT

Chair Ahuna seeks a motion to adjourn the Resource Management meeting.

Trustee Carmen Hulu Lindsey moves to adjourn the RM meeting.

Trustee Lee seconds the motion.

TRUSTEE		1	2	Y	N	Kanalua	Abstain	Excused
CHAIR DAN	AHUNA			X				
TRUSTEE LEINA'ALA	AHU ISA			X				
TRUSTEE KALEI	AKAKA			X				
TRUSTEE KELI'I	AKINA			X				
TRUSTEE BRENDON KALEIAINA	LEE		X	X				
TRUSTEE CARMEN HULU	LINDSEY	X		X				
VICE CHAIR ROBERT	LINDSEY							Excused
TRUSTEE COLETTE	MACHADO			X				
TRUSTEE JOHN	WAIHE'E			X				
TOTAL VOTE COUNT				8				1

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

Chair Ahuna adjourns the meeting at 2:28 p.m.

Respectfully submitted,

Claudine Calpito
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management on _____.

Trustee Dan Ahuna
Chair
Committee on Resource Management

ATTACHMENT(s):

- Excuse Absence Memo-Trustee Robert K. Lindsey, Jr.
- Action Item RM #19-05 – Approval of FY 19 Commercial Property Budget Realignment #1
- Action Item RM #19-06 – Approval of \$35,000 for Emergency Disaster Relief for Kaua‘ula Maui

DRAFT

**STATE OF HAWAI‘I
OFFICE OF HAWAIIAN AFFAIRS
560 N. Nimitz Hwy, Suite 200
HONOLULU, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management
May 22, 2019
10:00 am**

ATTENDANCE:

Trustee Dan Ahuna, Chairperson
Trustee Robert Lindsey, Vice-Chair
Trustee Kalei Akaka
Trustee Keli‘i Akina
Trustee Carmen Hulu Lindsey

Trustee Colette Machado
Trustee John Waihe‘e

EXCUSED

Trustee Brendon Kalei‘aina Lee
Trustee Leina‘ala Ahu Isa

STAFF PRESENT:

Kamana‘opono Crabbe, CEO
Miles Nishijima
Ray Matsuura
Lehua Itokazu
Alyssa Kau
Ron Porter
Maria Calderon
Paul Harleman
Kauikeaolani Wailehua
Lei Ann Durant
Kama Hopkins
Priscilla Nakama
Nathan Takeuchi

Guest and Community:

Robert G. Klein, Esq.
Kurt Klein, Esq.
Rodney Lee – SPIRE Hawaii
Lucas Sayin – SPIRE Hawaii
Lani Nakazawa – SPIRE Hawaii

I. CALL TO ORDER

Chair Ahuna welcomes everyone to the Committee on Resource Management and states it is 10:00am.

	Present	Excused	Comments
TRUSTEE LEI AHU ISA		X	
TRUSTEE KALEI AKAKA	X		
TRUSTEE KELI 'I AKINA	X		
TRUSTEE BRENDON KALEI 'AINA LEE		X	
TRUSTEE HULU LINDSEY	X		
TRUSTEE ROBERT LINDSEY	X		
TRUSTEE COLETTE MACHADO	X		
TRUSTEE JOHN WAIHE'E			
CHAIRPERSON DAN AHUNA	X		
TOTAL	7	2	
At the Call to Order, there are seven (7) Trustees present.			

II. PUBLIC TESTIMONY

None.

III. NEW BUSINESS

A. RM#19-07: Action regarding Economic Development, Debt Management, Spending and Investment and Real Estate Policies

Chair Ahuna calls Kamana'opono Crabbe to the table to discuss Action regarding Economic Development, Debt Management, Spending and Investment and Real Estate Policies.

Kamana'opono Crabbe discusses the process, background and reasoning of how action item RM#19-07: Action regarding Economic Development, Debt Management, Spending and Investment and Real Estate Policies.

Kamana'opono Crabbe calls forward Rodney Lee of SPIRE Hawaii to discuss the polices stated in the action item.

Trustee Robert Lindsey, MOVED, SECOND by Trustee Machado

MOTIONS:

- A. Approve the Economic Development Policy, noting that Administration will return with the implementation procedures for Board action;
- B. Approve the Debt Management Policy, noting that Administration will return with the implementation procedures for Board action;
- C. Acknowledge the Spending Policy language and the existing Native Hawaiian Trust Fund (NHTF) Spending policy, as Amended, noting Administration will return with consolidated policy document for Board action; and
- D. Acknowledge the Investment and Real Estate Policy language and the existing NHTF Investment and Real Estate Vision, Mission, and Strategy policies, noting Administration will return with consolidated policy document(s) for Board action.

TRUSTEE	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA						X
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON LEE						X
TRUSTEE HULU LINDSEY						
TRUSTEE ROBERT LINDSEY	1		X			
TRUSTEE COLETTE MACHADO		2	X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON DAN AHUNA			X			
TOTAL VOTE COUNT			7			2

MOTION: UNANIMOUS PASSED DEFERRED FAILED

Motion passes with seven (7) YES votes.

IV. ADJOURNMENT

Chair Ahuna calls for motion to adjourn.

Trustee Machado moved.

Trustee Hulu Lindsey seconded.

Trustee Machado, MOVED, SECOND by Trustee Hulu Lindsey. Motion to adjourn.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA						X
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON LEE						X
TRUSTEE HULU LINDSEY		2	X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO	1		X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON DAN AHUNA			X			
TOTAL VOTE COUNT			7			
MOTION: <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
Motion passes with seven (7) YES votes.						

Chair Ahuna adjourned meeting at 11:03 am.

Respectfully Submitted,

Claudine Calpito, Trustee Aide
Committee on Resource Management

Dan Ahuna, Chairperson
Committee on Resource Management

Approved: RM Committee meeting _____

Attachment(s):

- 1) Excuse letter – Brendon Kalei’aina Lee
- 2) Excuse letter – Leina’ala Ahu Isa
- 3) Action Item RM#19-07 – Action regarding Economic Development, Debt Management, Spending and Investment and Real Estate Policies.

**STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200**

**COMMITTEE ON RESOURCE MANAGEMENT
MINUTES**

**May 29, 2019
11:00 am**

ATTENDANCE:

Chairperson Dan Ahuna
Trustee Leina'ala Ahu Isa
Trustee Kalei Akaka
Trustee Keli'i Akina
Trustee Brendon Kaleiaina Lee
Trustee Carmen Hulu Lindsey
Vice Chairperson Robert K. Lindsey, Jr.
Trustee Colette Machado
Trustee John Waihe'e, IV

Lehua Itokazu
Lei Ann Durant
Nathan Takeuchi

ADMINISTRATION STAFF:

Kamanaopono Crabbe, CEO
Sylvia Hussey, COO
Everett Ohta, CC
Raina Gushiken, CC
Miles Nishjima, LPD

BOT STAFF:

Kauikeaolani Wailehua
Kama Hopkins
Lopaka Baptiste
Carol Hoomanawanui
Claudine Calpito
Ron Porter
Paul Harleman
Alyssa Kau

GUESTS:

Robert G. Klein, Board Counsel
Kurt Klein, Assoc. Attorney
Rodney Lee - SPIRE
Germaine Meyers

I. CALL TO ORDER

Chair Ahuna calls the Committee on Resource Management meeting for Wednesday, May 29, 2019 to order at **11:20 a.m.**

Chair Ahuna - Asks for a roll call vote. Below is the record of trustees **PRESENT:**

TRUSTEE			AT CALL TO ORDER (11:20 am)	Excused
CHAIR	DAN	AHUNA	X	
TRUSTEE	LEINA'ALA	AHU ISA	X	
TRUSTEE	KALEI	AKAKA	X	
TRUSTEE	KELI'I	AKINA	X	
TRUSTEE	BRENDON KALEIAINA	LEE	X	
TRUSTEE	CARMEN HULU	LINDSEY	X	
VICE CHAIR	ROBERT	LINDSEY	X	
TRUSTEE	COLETTE	MACHADO	X	
TRUSTEE	JOHN	WAIHE'E	X	

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

II. PUBLIC TESTIMONY

Chair Ahuna - Asks if there's any public testimony. He calls on Germaine Meyers to speak.

Germaine Meyers: Speaks about Items III. A. Executive Session, IV. New Business A. Action Item RM #19-08: Approval of Resolutions of the Board of Trustees Office of Hawaiian Affairs Reorganization Documents, and LLC Manager Position Description relating to Hi'ilei Aloha LLC and Ho'okele Pono LLC.

III. EXECUTIVE SESSION

Chair Ahuna-Asks for a motion to go into executive session.

Chair Ahuna - Asks for a roll call vote.

TRUSTEES			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA							
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY		X	X				
TRUSTEE	COLETTE	MACHADO			X				
TRUSTEE	JOHN	WAIHE'E	X		X				
					9				

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

Chair Ahuna - Resolves the Board of Trustees into executive session at **11:28 a.m.**

Chair Ahuna – Announces the board meeting is back in open session at **12:53 p.m.**

IV. NEW BUSINESS

- A. Action Item RM #19-08 – Approval of Approval of Resolutions of the Board of Trustees Office of Hawaiian Affairs Reorganization Documents, and LLC Manager Position Description relating to Hi'ilei Aloha LLC and Ho'okele Pono LLC**

Trustee Lee moves that the RM Committee approve, adopt, and ratify the Resolutions of the Board of Trustees Office of Hawaiian Affairs Reorganization Documents and LLC Manager Position Description as sole member of two limited liability companies, Hi'ilei Aloha LLC and Ho'okele Pono LLC, with the following amendments to both Hi'ilei and Hiipaka's operating agreements in article 4 section 4.03a to now read:
 "acquire or lease any real or personal property from any Person, pursuant to the conflict of interest policy".
 Trustee Colette Machado seconds the motion.

Chair Ahuna- Asks if there's any discussion.

Trustee Akina- States that this is a very important Action Item and he looks forward to working with the board on it. Also, states that he will abstain for reasons of due diligence and that I have not been a part of the conversations that may have affected the context. He also states giving to the board members as a part of executive session a memorandum with his concerns, but he will abstain from the vote.

Trustee Lee - Point of clarification, Mr. Chair.

Chair Ahuna - Go ahead Trustee Lee.

Trustee Lee - States for the record that the Trustee just stated that he was not a part of conversations pertaining to this. All conversations that had to do with the agreements in front of this body took place today in executive session with that Trustee present.

Trustee Akina - Asks if he may respond.

Chair Ahuna - States Trustee Akina may respond.

Trustee Akina - States for the record that he believes that he may have not been a part of conversations that may affect the context. He states that he used the word context. To the best of his knowledge he's not sure that he's been a part of all conversations.

Trustee Lee - I stated that all conversations took place today.

Chair Ahuna - Yes, all members were present. Asks if there are any more questions.

Chair Ahuna - Asks for the vote.

Trustee Lee moves that the RM Committee approve, adopt, and ratify the Resolutions of the Board of Trustees Office of Hawaiian Affairs Reorganization Documents and LLC Manager Position Description as sole member of two limited liability companies, Hi'ilei Aloha LLC and Ho'okele Pono LLC, with the following amendments to both Hi'ilei and Hiipaka's operating agreements in article 4 section 4.03a to now read:
 "acquire or lease any real or personal property from any Person, pursuant to the conflict of interest policy".
 Trustee Colette Machado seconds the motion.

TRUSTEES			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA			X				
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA						X	
TRUSTEE	BRENDON KALEIAINA	LEE	X		X				
TRUSTEE	CARMEN HULU	LINDSEY						X	
VICE CHAIR	ROBERT	LINDSEY			X				
TRUSTEE	COLETTE	MACHADO		X	X				
TRUSTEE	JOHN	WAIHE'E							X
					6			2	1

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

B. Workshop: FY 2020-2021 Biennium Budget

Chair Ahuna - Asks CEO Crabbe to give us our biennium budget update.

CEO Crabbe - Informs the Trustees and public that this is OHA's first Biennium workshop. Only a few matters will be addressed today.

States that for today, discussion is to propose a balanced budget before you for FY 2020-2021 for the RM Committee's consideration and approval considering multiple challenges facing OHA. He states that in this presentation, we'll be looking back and then looking forward. We've worked with SPIRE to look at some financial investment projections. We're also proposing to agendaize the review of the budget and then we'll summarize today's presentation.

He goes over considerations they look at when trying to balance the budget. When looking at the budget they considered the following increased expenditures such as fringe rate, Kulia grants, FY 2020 unbudgeted upgrades such as HPD, additional security due to an event that occurred in January of 2019. We anticipate 2021 to have similar upgrades regarding security. Earlier comments made by beneficiaries as to legal expenses were considered. An outstanding legal case is Maunakea.

He also states some good news for the Trustees; there's some savings. Savings include bringing the strategic planning in - house. There will be some LLC budget reductions.

States a few practical matters. This past legislature directed the board to consider additional funding for an additional financial and management audit. Our Kaka'ako Makai policy comes to an end at the end of June with respect to 10% for grants and 30% for operational costs. Increase grant funding to 20% and the operations to 50%. This is from our non-core budget to supplement our current total operating budget.

Presented the roadmap in terms of the 2017 operational plan with the adoption of the board governance framework; a lot of the work has been taken on with respect to by-laws, looking at the executive policy manual, approval of the fiscal sustainability plan in 2016, and the recent passing of four critical policies which are economic development, debt, spending, withdrawal & investment, and real estate.

States significant IT upgrades that OHA is the only state agency moving toward Oracle Fusion. The first phase that houses our accounting, chart of accounts, oversight of contracts and reporting is being looked at to be completed by December 2019. The close out of this strategic plan is set to be completed by this summer.

COO Hussey – Discusses looking back and facing forward of OHA's budget.

VI. ADJOURNMENT

Chair Ahuna seeks a motion to adjourn the Resource Management meeting.

Trustee Akaka moves to adjourn the RM meeting.
Trustee Carmen Hulu Lindsey seconds the motion.

TRUSTEE		1	2	Y	N	COMMENTS
CHAIR DAN	AHUNA			X		
TRUSTEE LEINA'ALA	AHU ISA			X		
TRUSTEE KALEI	AKAKA		X	X		
TRUSTEE KELI'I	AKINA			X		
TRUSTEE BRENDON KALEIAINA	LEE			X		
TRUSTEE CARMEN HULU	LINDSEY	X		X		
VICE CHAIR ROBERT	LINDSEY			X		
TRUSTEE COLETTE	MACHADO					Departed @ 145 pm
TRUSTEE JOHN	WAIHE'E					Departed @ 1245 pm
TOTAL VOTE COUNT				7		

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

Chair Ahuna adjourns the meeting at **2:01 p.m.**

Respectfully submitted,

Claudine Calpito
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management on _____

Trustee Dan Ahuna
Chair
Committee on Resource Management

ATTACHMENT(s):

- Action Item RM #19-08 – Approval of Approval of Resolutions of the Board of Trustees Office of Hawaiian Affairs Reorganization Documents, and LLC Manager Position Description relating to Hi'ilei Aloha LLC and Ho'okele Pono LLC
- OHA Biennium Budget Workshop/Presentation

DRAFT

**STATE OF HAWAII
OFFICE OF HAWAIIAN AFFAIRS
560 N. Nimitz Hwy, Suite 200
HONOLULU, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management
June 18, 2019
10:01 am**

ATTENDANCE:

Trustee Dan Ahuna, Chairperson
Trustee Robert Lindsey, Vice-Chair
Trustee Leina'ala Ahu Isa
Trustee Kalei Akaka
Trustee Keli'i Akina
Trustee Brendon Kalei'aina Lee

Trustee Carmen Hulu Lindsey
Trustee Colette Machado
Trustee John Waihe'e

STAFF PRESENT:

Gloria Lee
Grace Chen
Jocelyn Doane
Lisa Victor
Miles Nishijima
Raina Gushiken
Ray Matsuura
Sterling Wong
Sylvia Hussey, COO
Lehua Itokazu
Alyssa Kau
Carol Ho'omanawanui
Lopaka Batiste
Ron Porter
Paul Harleman
Melissa Wennihan
Kauikeaolani Wailehua
Zuri Aki
Lei Ann Durant
Priscilla Nakama
Nathan Takeuchi

Guest and Community:

Kurt Klein, Board Counsel
Aldric Ulep –SOH, House Finance

I. CALL TO ORDER

Chair Ahuna – Calls the Committee on Resource Management to order at 10:01 am, noting for the record the following Trustees present:

TRUSTEE	Present	Excused	Comments
TRUSTEE LEI AHU ISA	X		
TRUSTEE KALEI AKAKA			Arrived 10:02 am
TRUSTEE KELI 'I AKINA	X		
TRUSTEE BRENDON KALEI 'AINA LEE			
TRUSTEE HULU LINDSEY	X		
TRUSTEE ROBERT LINDSEY	X		
TRUSTEE COLETTE MACHADO	X		
TRUSTEE JOHN WAIHE'E			Arrived 10:03 am
CHAIRPERSON DAN AHUNA	X		
TOTAL	6		
At the Call to Order, there are six (6) Trustees present.			

II. PUBLIC TESTIMONY

None.

III. NEW BUSINESS

A. Workshop: Part 2 of the FY 2020-2021 Biennium Budget

Chair Ahuna calls Sylvia Hussey to discuss the Workshop: Part 2 of the FY 2020-2021 Biennium Budget.

Sylvia Hussey explained and had further discussion on the FY2020-2021 Biennium Budget.

B. Action Item RM #19-09: OHA Biennium Budget for the Fiscal Biennium Periods 2019-2020 (FY 20) and 2020-2021 (FY 21)

Chair Ahuna asks calls up Sylvia Hussey to discuss action item RM#19-09.

Sylvia Hussey explained and had further discussion on the action item and implementation procedures in depth.

Chair Ahuna had further discussions, and then called for vote.

Trustee Lee, MOVED, SECOND by Trustee Hulu Lindsey

MOTION: I move to approve:

- a. The total Operating Budget for the Fiscal Biennium Periods 2019-2020 (FY 20) and 2020-2021 (FY 21) as outlined in Attachment #1 to include,
- b. The extension of the Kaka`ako Makai Revenue allocation policy provision of thirty (30) percent of net revenues (as defined in current policy, see page 11) for OHA’s Legacy Property management until further edits to the Kaka`ako Makai policy is presented, reviewed and decided upon by the Board of Trustees, but in no event later than September 30, 2019; and,
- c. The approval of 2% across-the-board pay increase of salaries and fringe (see page 17) for FY20 and FY 21 for OHA employees, excluding trustees, based on individual satisfactory performance evaluation.

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON KALEI 'AINA LEE	1		X			
TRUSTEE HULU LINDSEY		2	X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON DAN AHUNA			X			
TOTAL VOTE COUNT			9			

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

Motion passes with nine (9) YES votes.

IV. Adjournment

Chair Ahuna entertains a motion for to adjourn.

Chair Ahuna hearing no objections, adjourned meeting.

Meeting adjourned at 11:55 am.

Respectfully Submitted,

Claudine Calpito, Trustee Aide
Committee on Resource Management

Dan Ahuna, Chairperson
Committee on Resource Management

Approved: RM Committee meeting _____

ATTACHMENTS:

- 1) Action Item RM #19-09: OHA Biennium Budget for the Fiscal Biennium Periods 2019-2020 (FY20) and 2020-2021 (FY21)

**STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 N. NIMITZ HIGHWAY, SUITE 200**

**COMMITTEE ON RESOURCE MANAGEMENT
MINUTES**

**August 21, 2019
10:00 am**

ATTENDANCE:

Chairperson Dan Ahuna
Trustee Kalei Akaka
Trustee Keli'i Akina
Trustee Brendon Kaleiaina Lee
Trustee Carmen Hulu Lindsey
Trustee Colette Machado
Trustee John Waihe'e, IV

EXCUSED:

Vice Chairperson, Robert K. Lindsey, Jr.
Trustee Leina'ala Ahu Isa

BOT STAFF:

Kauikeaolani Wailehua
Lopaka Baptiste
Carol Hoomanawanui
Claudine Calpito
Ron Porter
Paul Harleman
Maria Calderon
Alyssa Kau
Lehua Itokazu
Lei Ann Durant
Zuri Aki

Melissa Wennihan
Priscilla Nakama

ADMINISTRATION STAFF:

Sylvia Hussey, ICEO
Raina Gushiken, CC
Miles Nishjima, LPD
Lee Miller, LPD
Farah Cabrera, LPM
Raymond Matsuura, INVT
Robert Crowell, NHRLF
Lareina Meinecke, CMLP
Sterling Wong, Media
Tiger Li, ISRM
Tracy Viela, NHRLF

GUESTS:

Robert G. Klein, Board Counsel
Kawika Burgess
Craig Chaiken, Segal Marco (via teleconference)

I. CALL TO ORDER

Chair Ahuna calls the Committee on Resource Management meeting for Wednesday, August 21, 2019 to order at **10:33 a.m.**

Chair Ahuna - Asks for a roll call vote. Below is the record of trustees **PRESENT:**

TRUSTEE			AT CALL TO ORDER (10:33 am)	Excused
CHAIR	DAN	AHUNA	X	
TRUSTEE	LEINA'ALA	AHU ISA		Excused
TRUSTEE	KALEI	AKAKA		Arrived @ 10:36 am
TRUSTEE	KELI'I	AKINA	X	
TRUSTEE	BRENDON KALEIAINA	LEE	X	
TRUSTEE	CARMEN HULU	LINDSEY	X	
VICE CHAIR	ROBERT	LINDSEY		Excused
TRUSTEE	COLETTE	MACHADO	X	
TRUSTEE	JOHN	WAIHE'E	X	

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

II. PUBLIC TESTIMONY

Chair Ahuna - Asks if there's any public testimony. Hearing none.

III. EXECUTIVE SESSION

Chair Ahuna-Asks for a roll call vote to resolve into executive session.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINAALA	AHU ISA							Excused
TRUSTEE	KALEI	AKAKA							Not present at vote
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY	X		X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO		X	X				
TRUSTEE	JOHN	WAIHE'E			X				
					6				3

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

Chair Ahuna - Resolves the Board of Trustees into executive session at **10:40 a.m.**

Chair Ahuna – Announces the RM meeting is back in open session at **11:38 p.m.**

IV. NEW BUSINESS

- A. Action Item RM #19-12 – Consider funding the Kalona Brand Company LLC private placement investment opportunity in an amount of \$2.7MM from the Hawaii Direct Investment portfolio**

Trustee Waihe'e moves to approve the private placement in Kalona Brand Company LLC in an amount not to exceed \$2.7MM, from the Hawaii Direct Investment (HDI) portfolio.

Trustee Colette Machado seconds the motion.

Chair Ahuna- Asks if there's any discussion.

Discussion takes place regarding this proposed investment venture for the OHA.

Chair Ahuna - Calls for the vote. Asks if there's further discussion.

Chair Ahuna – Calls on Trustee Akina.

Trustee Akina - States that he thinks he's going to vote no. Mainly because of timing issues and priorities of what he thinks OHA's priorities should be in developing Kaka'ako and using our Direct Investment monies.

Also are we able to weather the risk involved with making such an investment at this time. He commended Kawika Burgess for coming and making his presentation to the board of trustees.

Trustee Waihe'e – States he has a very strong concern about investing in a farming type of investment because he has had friends and family that have tried investments such as coffee and wine vineyards that weren't money makers.

Trustee Lee – Asks if we currently have any agricultural businesses?

Ray Matsuura – Replies he doesn't know.

Craig Chaiken - Please repeat the question.

Trustee Lee – Asks if we currently have any agricultural businesses?

Craig Chaiken – Replies he doesn't know. He would imagine there might be some exposure. The exposure is less than 1% of the portfolio.

Trustee Lee – States that the exposure is small.

Ray Matsuura – States that we don't really invest in commodities. We do invest in real assets which is consistent with HDI.

Chair Ahuna – States the reason why HDI was created was to invest in our people with what we do here at OHA and one of the ways to do this is to be mission aligned. Maximize on our investment. Many of us spoke of financial investment. There are social returns that our people are looking for too.

Trustee Machado – Commends OHA's administration on the due diligence, review and scrubbing down and hard work that was done. How can you not do this even if there's high risk management issues relating to agriculture in Hawaii, but we have 500 acres that's by Kuakaniloko and we're very concerned about what we can do on the property. So, diversifying our agriculture is critical if that works. If we do get this successfully approved whether we will be granted a seat on your board as one of the initial investors.

Trustee Lee – States that they made us an offer and we will need to make them an offer back. OHA would like first right of refusal for horizontal build out and a seat on your board. If this is approved today that doesn't mean we get it.

Trustee Waihe'e moves to approve the private placement in Kalona Brand Company LLC in an amount not to exceed \$2.7MM, from the Hawaii Direct Investment (HDI) portfolio.									
Trustee Colette Machado seconds the motion.									
TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA							Excused
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA				X			
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO		X	X				
TRUSTEE	JOHN	WAIHE'E	X		X				
					6	1			2

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

B. Action Item # RM 19-10 Approval of a second amendment to BOT #12-05 - Kaka'ako Makai Policy relating to the allocation of revenue from OHA's Kaka'ako Makai properties to the Land Legacy Program

Trustee Waihe'e moves to approve a Board of Trustees (BOT) policy second amendment to the Kaka'ako Makai Policy, Section 3.A.2, originally adopted on September 20, 2012, and amended on August 1, 2012, to state: Allocate 20% of gross revenue for grants and 50% of net revenue for OHA Legacy Land Program (net revenue equals gross revenue minus direct operating expenses, excluding Kaka'ako Makai planning and development – related costs) (*The 50% allocation of net revenues to LLP shall terminate at the end of FY 2021). Trustee Colette Machado seconds the motion.

Chair Ahuna – Any discussion?

ICEO Hussey- States that the discussion item came in July to give the Trustees a heads up regarding the Kaka'ako Makai Policy that sunseted at the end of FY 2019.

Trustee Lee – States in the last presentation there was an item #4 that had no designations. But, in the actual action item for this meeting there are known designations and I had an idea for that. The idea was to add on a designation for net revenue that would be a scale in for capital improvement fund. Designate that this fund does not exceed \$1MM dollars for reasons that we don't want \$10MM dollars sitting in an account doing nothing when we could have better use of the money but scaling it in. So, it'll look like 3% net revenue up to 50% or \$500,000 once this threshold is met, it would drop to 2% net revenue up to 60%, drop down to 1.5% net revenue up to 75% and then down to 1% up to \$1MM dollars. Once the cap of \$1MM dollars is met then that 1% net revenue will roll into fiscal reserve. The thought behind this was that if we couldn't do an emergency capital improvement with \$1MM dollars but \$1MM dollars is a 10% down on a significant amount of money which allows us with a better debt policy to enable us to leverage that account to borrow the money needed to complete capital improvements.

ICEO Hussey – Explains that the short- term is to extend the policy so we can pick up the budgetary impacts. Then the next meeting, which is Sept. 4, we can bring this back as well as other policies.

Trustee Machado – States she wants to get a few clarifications. In 2019 Kaka'ako Makai generated \$4.69 MM. You're asking us to allocate 20% gross revenues for grants and 50% of net revenue for OHA Legacy Land Program. Can you explain that in dollars and cents? Not by percentage.

Miles Nishijima - If we had \$4.6 MM in gross revenue in fiscal '19, 10% of that will be allocated to grants which is \$460,000. If we had property expenses of \$2 MM and our net revenues ended up being \$2.6 MM then we'd take 30% of the \$2.6 MM and make those funds available for fiscal '22.

Chair Ahuna – Any other discussion? Hearing none.

Chair Ahuna - Calls for the vote.

Trustee Waihe'e moves to approve a Board of Trustees (BOT) policy second amendment to the Kaka'ako Makai Policy, Section 3.A.2, originally adopted on September 20, 2012, and amended on August 1, 2012, to state: Allocate 20% of gross revenue for grants and 50% of net revenue for OHA Legacy Land Program (net revenue equals gross revenue minus direct operating expenses, excluding Kaka'ako Makai planning and development – related costs) (*The 50% allocation of net revenues to LLP shall terminate at the end of FY 2021).

Trustee Colette Machado seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA							Excused
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				
TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO		X	X				
TRUSTEE	JOHN	WAIHE'E	X		X				
					7				2

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

C. Action Item # RM 19-11 Approval of the Habitat for Humanity Maui Organization to Distribute the Previously Approved \$35,000 of Emergency Disaster Relief for Kaua'ula Maui

Trustee Carmen Hulu Lindsey moves to

1. Approve the selection of the Habitat for Humanity Maui Organization to distribute the previously approved \$35,000 of emergency disaster relief for Kaua'ula Maui; and
2. Authorize and approve the transfer and use of funds available in OHA's FY 20 Core Operating Budget and needs to be reallocated from Program 2100 – CEO, Object Code 57110 – Fee for Service to Program 3800 – Grants, Object Code 56530 – Grants in Aid.

Trustee Colette Machado seconds the motion.

Chair Ahuna - Asks if there's any discussion. Hearing none.

Chair Ahuna – Call for the vote.

Trustee Carmen Hulu Lindsey moves to

1. Approve the selection of the Habitat for Humanity Maui Organization to distribute the previously approved \$35,000 of emergency disaster relief for Kaua'ula Maui; and
2. Authorize and approve the transfer and use of funds available in OHA's FY 20 Core Operating Budget and needs to be reallocated from Program 2100 – CEO, Object Code 57110 – Fee for Service to Program 3800 – Grants, Object Code 56530 – Grants in Aid.

Trustee Colette Machado seconds the motion.

TRUSTEE			1	2	Y	N	Kanalua	Abstain	Excused
CHAIR	DAN	AHUNA			X				
TRUSTEE	LEINA'ALA	AHU ISA							Excused
TRUSTEE	KALEI	AKAKA			X				
TRUSTEE	KELI'I	AKINA			X				

TRUSTEE	BRENDON KALEIAINA	LEE			X				
TRUSTEE	CARMEN HULU	LINDSEY			X				
VICE CHAIR	ROBERT	LINDSEY							Excused
TRUSTEE	COLETTE	MACHADO		X	X				
TRUSTEE	JOHN	WAIHE'E	X		X				
					7				2

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

D. Presentation: Current state of Native Hawaiian Revolving Loan Fund

Chair Ahuna – Calls on Interim CEO Hussey

ICEO Hussey - Introduces the President and Vice President of the Native Hawaiian Revolving Loan Fund (NHRLF) Scott Kaulukukui and Nelson Moku. Discussion occurs regarding the following topics history, roll of Administration for Native Americans (ANA) and its impacts, transitions that NHRLF has faced over the years and impacts, the strengths and challenges of our board. Also, the challenges that we face in the future for our board.

Chair Ahuna – Calls for a recess at 1:14 pm.

Chair Ahuna – Reconvenes the RM committee meeting at 1:20 pm.

Chair Ahuna – States he'd like to call on Interim CEO Hussey for the next presentation.

ICEO Hussey – Calls on Miles Nishijima to make his presentation on item E on the agenda.

E. Presentation: Current state of Na Lama Kukui Plan

Discussion occurs regarding Na Lama Kukui.

F. Presentation: PIMCO's Tactical Opportunities Fund Strategy Review and Economic Outlook

Discussion on PIMCO's Tactical Opportunity fund.

Chair Ahuna – Calls on Interim CEO Hussey to present the next agenda item IV G.

G. Discussion: Fiscal Reserve Withdrawal Guidelines and Recommendations

ICEO Hussey- States that the document that the Trustees have is for discussion only. They'll have an insight as to when Administration brings back the realignment that some of the recommendations may be made regarding the uses and reservations of the fiscal reserve.

Chair Ahuna – Any announcements? Hearing none.

VI. ADJOURNMENT

Chair Ahuna – Calls for a roll call vote to adjourn the RM meeting.

TRUSTEE		1	2	Y	N	COMMENTS
CHAIR DAN	AHUNA			X		
TRUSTEE LEINA'ALA	AHU ISA					Excused
TRUSTEE KALEI	AKAKA	X		X		
TRUSTEE KELI'I	AKINA			X		
TRUSTEE BRENDON KALEIAINA	LEE			X		
TRUSTEE CARMEN HULU	LINDSEY		X	X		
VICE CHAIR ROBERT	LINDSEY					Excused
TRUSTEE COLETTE	MACHADO			X		
TRUSTEE JOHN	WAIHE'E			X		
TOTAL VOTE COUNT				7		2

Chair Ahuna adjourns the meeting at **1:56 p.m.**

Respectfully submitted,

Claudine Calpito
Trustee Aide
Committee on Resource Management

As approved by the Committee on Resource Management on _____

Trustee Dan Ahuna
Chair
Committee on Resource Management

ATTACHMENT(s):

- Action Item: RM #19.12, Consider funding the Kalona Brand Company, LLC private placement Investment Opportunity in an amount not to exceed \$2.7MM from the Hawaii Direct Investment portfolio
- Action Item: RM #19-10, Approval of a second amendment to BOT #12-05-Kaka'ako Makai Policy relating to the allocation of revenue from OHA's Kaka'ako Makai properties to the Land Legacy Program
- Action Item: RM #19-11, Approval of the Habitat for Humanity Maui Organization to Distribute the Previously Approved \$35,000 of Emergency Disaster Relief for Kaua'ula Maui
- Absence Memo – Trustee Robert K. Lindsey, Jr.
- Absence Memo – Trustee Leina'ala Ahu Isa

DRAFT

**STATE OF HAWAI‘I
OFFICE OF HAWAIIAN AFFAIRS
560 N. Nimitz Hwy, Suite 200
HONOLULU, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management
September 25, 2019
10:04 am**

ATTENDANCE:

Trustee Dan Ahuna, Chairperson
Trustee Robert Lindsey, Vice-Chair
Trustee Leina‘ala Ahu Isa
Trustee Kalei Akaka
Trustee Keli‘i Akina
Trustee Brendon Kalei‘aina Lee

Trustee Carmen Hulu Lindsey
Trustee Colette Machado
Trustee John Waihe‘e

STAFF PRESENT:

Gloria Lee
Grace Chen
Keola Lindsey
Lisa Victor
Miles Nishijima
Raina Gushiken
Ray Matsuura
Sylvia Hussey, COO
Lehua Itokazu
Alyssa Kau
Carol Ho‘omanawanui
Claudine Calpito
Paul Harleman
Maria Calderon
Melissa Wennihan
Brandon Mitsuda
Kauikeaolani Wailehua
Kama Hopkins
Priscilla Nakama
Nathan Takeuchi

Guest and Community:

Kurt Klein, Board Counsel
Alvin Akee

I. CALL TO ORDER

Chair Ahuna – Calls the Committee on Resource Management to order at 10:04 am, noting for the record the following Trustees present:

	Present	Excused	Comments
TRUSTEE LEI AHU ISA			Arrived 10:07 am
TRUSTEE KALEI AKAKA	X		
TRUSTEE KELI 'I AKINA	X		
TRUSTEE BRENDON KALEI 'AINA LEE	X		
TRUSTEE HULU LINDSEY	X		
TRUSTEE ROBERT LINDSEY	X		
TRUSTEE JOHN WAIHE'E	X		
CHAIRPERSON DAN AHUNA	X		
TOTAL	8		
At the Call to Order, there are eight (8) Trustees present.			

II. PUBLIC TESTIMONY

None.

Chair Ahuna mentioned the 72 hour rule pursuant to OHA BOT operations manual, section 49, shall be waived for distribution of new committee materials item III. C.

III. NEW BUSINESS

A. Action Item RM #19-14: Action Regarding the Economic Development Policy Implementation Procedures

Chair Ahuna asks calls up Sylvia Hussey to discuss action item RM#19-14.

Sylvia Hussey explained and had further discussion on the action item and implementation procedures in depth.

Trustee Akina wants amendments to action item, with regard to the role of Trustees making the final decision. Wants to propose amendments.

Trustee Lee states point of order, asks if Trustee Akina can hold off until there is a motion on the table.

Chair Ahuna calls for motion.

Trustee Akina makes a motion for amendments on page 10.

Trustee Lee and **Trustee Hulu Lindsey** want to comment, but no one seconded.

Chair Ahuna said no one seconded so amendment dies. We can still proceed with discussion.

Trustee Machado seconded **Trustee Akina's** motion for discussion.

Trustee Hulu Lindsey states **Trustee Akina** is reading this the wrong way.

Chair Ahuna & Trustee Waihee agree too.

Trustee Hulu Lindsey further explains why she disagrees with what Trustee Akina is suggesting.

Trustee Lee states this action does not talk to any type of review, this is the procedure in action necessary for either entity to bring this forward to the RM committee and then to decide how to disseminate this to Administration.

Chair Ahuna thanks Trustee Lee.

Trustee Waihee states his view and will not support amendment either.

Chair Ahuna had further discussions, then called for vote.

Trustee Lee, MOVED, SECOND by Trustee Waihe'e						
MOTION: Administration recommends the Board of Trustees (BOT) approve the Economic Development Policy implementation procedures as detailed in Attachment A.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			

TRUSTEE BRENDON KALEI 'AINA	LEE	1		X		
TRUSTEE HULU	LINDSEY			X		
TRUSTEE ROBERT	LINDSEY			X		
TRUSTEE COLETTE	MACHADO			X		
TRUSTEE JOHN	WAIHE'E	2		X		
CHAIRPERSON DAN	AHUNA			X		
TOTAL VOTE COUNT				9		
<p>MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED</p> <p>Motion passes with nine (9) YES votes.</p>						

B. Action Item RM #19-15 – Action Regarding the Debt Management Policy Implementation Procedures.

Chair Ahuna calls Sylvia to discuss action item RM #19-15.

Sylvia Hussey calls explains action item and calls for Trustee Aide Paul Harleman to discuss the action item he prepared. Asks if there are any questions

Chair Ahuna entertains a motion for Administration recommends the Board of Trustees (BOT) approve the Debt Management Policy implementation procedures as detailed in Attachment A.

Trustee Akina thanks the following people for their work, Paul Harleman, Rodney Lee, Lucas Sayin, Gil Berger, Wes Machida, Calbert Young, Ray Matsuura on action item mentioned.

Trustee Lee, MOVED, SECOND by Trustee Robert Lindsey						
MOTION: Administration recommends the Board of Trustees (BOT) approve the Debt Management Policy implementation procedures as detailed in Attachment A.						
		1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)
TRUSTEE LEI	AHU ISA			X		
TRUSTEE KALEI	AKAKA			X		
TRUSTEE KELI'I	AKINA			X		
TRUSTEE BRENDON KALEI 'AINA	LEE	1		X		
TRUSTEE HULU	LINDSEY			X		

TRUSTEE ROBERT LINDSEY		2	X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON DAN AHUNA			X			
TOTAL VOTE COUNT			9			
MOTION: [X] UNANIMOUS [] PASSED [] DEFERRED [] FAILED						
Motion passes with nine (9) YES votes.						

C. Action Item RM #19-17 – Realignment #1 of the OHA Biennium Budget for the Fiscal Biennium Periods 2019-2020 (FY20) and 2020-2021 (FY21)

Chair Ahuna calls Sylvia Hussey forward to discuss action item RM #19-17 Realignment #1 of the OHA Biennium Budget for the Fiscal Biennium Periods 2019-2020 (FY20) and 2020-2021 (FY21).

Sylvia Hussey discussed action item RM #19-17 Realignment #1 of the OHA Biennium Budget for the Fiscal Biennium Periods 2019-2020 (FY20) and 2020-2021 (FY21).

Meeting goes into recess at 10:42 am.

Meeting reconvenes at 10:54 am.

Chair Ahuna states we will now call for the motion.

Trustee LEE, MOVED, SECOND by Trustee MACHADO, Motion #1:

Approve OHA's Total Operating Budget Realignment #1 for fiscal year 2020 as outlined in ATTACHMENT #1.

1. **Transfer \$2,000,000** in cash from the Kaka'ako Makai cash account to the Native Hawaiian Trust Fund for use when needed in realizing OHA's Total Operating Budget Realignment #1 as outlined in ATTACHMENT #1;

2. **Designate \$1,445,000** in unspent, unencumbered funds (fka Fiscal Reserve) from FY 2018, for the purposes noted below:
- a) **\$500,000** to support Disaster Recovery;
 - b) **\$500,000** in support of funding the audit by the State Auditor as required by State of Hawaii's Act 37/HB172;
 - c) **\$100,000** for the purposes of repatriation (e.g., iwi kupuna, moe pu, funerary items), beyond current fiscal biennium project;
 - d) **\$120,000** for litigation contingencies; and
 - e) **\$225,000** for possible fringe rate increases beyond current FY 2020 budgeted 63% fringe rate; and
3. **Activate** seven (7) frozen OHA staff positions and proceed with implementing the proposed Organizational Charts dated 9/4/19 as illustrated in ATTACHMENT #4.

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA			X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON KALEI 'AINA LEE	1		X			
TRUSTEE HULU LINDSEY			X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO		2	X			
TRUSTEE JOHN WAIHE'E				X		
CHAIRPERSON DAN AHUNA			X			
TOTAL VOTE COUNT			8	1		

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

Motion passes with eight (8) YES votes, one (1) NO vote.

**Trustee LEE, MOVED, SECOND by Trustee MACHADO,
Motion #2: To move to bifurcate to reimburse Trustee Hulu
Lindsey, \$758.12 utilized in support of beneficiaries impacted by the Kauaula,
Maui fire in August 2018.**

	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED

DRAFT

TRUSTEE LEI	AHU ISA			X		
TRUSTEE KALEI	AKAKA		X			
TRUSTEE KELI'I	AKINA		X			
TRUSTEE BRENDON KALEI 'AINA	LEE	1	X			
TRUSTEE HULU	LINDSEY		X			
TRUSTEE ROBERT	LINDSEY		X			
TRUSTEE COLETTE	MACHADO	2	X			
TRUSTEE JOHN	WAIHE'E			X		
CHAIRPERSON DAN	AHUNA		X			
TOTAL VOTE COUNT			7	2		
MOTION: [] UNANIMOUS [X] PASSED [] DEFERRED [] FAILED Motion passes with seven (7) YES votes, two (2) NO votes.						

Trustee LEE, MOVED, SECOND by Trustee MACHADO, Motion #3: To approve to reimburse to Trustee Hulu Lindsey, \$758.12 utilized in support of beneficiaries impacted by the Kauaula, Maui fire in August 2018.							
		1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI	AHU ISA					ABSTAINED	
TRUSTEE KALEI	AKAKA			X			
TRUSTEE KELI'I	AKINA			X			
TRUSTEE BRENDON KALEI 'AINA	LEE	1		X			
TRUSTEE HULU	LINDSEY						RECUSED
TRUSTEE ROBERT	LINDSEY			X			
TRUSTEE COLETTE	MACHADO	2		X			
TRUSTEE JOHN	WAIHE'E				X		
CHAIRPERSON DAN	AHUNA			X			
TOTAL VOTE COUNT				6	1	1	1
MOTION: [] UNANIMOUS [X] PASSED [] DEFERRED [] FAILED Motion passes with six (6) YES votes, one (1) NO vote, one (1) ABSTENTION, one (1) RECUSED.							

IV. Adjournment

Trustee Akaka, MOVED, SECOND by Trustee Hulu Lindsey, Motion to adjourn.						
	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA	1		X			
TRUSTEE KELI'I AKINA			X			
TRUSTEE BRENDON KALEI 'AINA LEE			X			
TRUSTEE HULU LINDSEY		2	X			
TRUSTEE ROBERT LINDSEY			X			
TRUSTEE COLETTE MACHADO			X			
TRUSTEE JOHN WAIHE'E			X			
CHAIRPERSON DAN AHUNA			X			
TOTAL VOTE COUNT			9			
MOTION: <input checked="" type="checkbox"/> UNANIMOUS <input type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED						
Motion passes with nine (9) YES votes.						

Chair Ahuna hearing no objections, adjourned meeting.

Meeting adjourned at 11:09 am.

Respectfully Submitted,

Claudine Calpito, Trustee Aide
Committee on Resource Management

Dan Ahuna, Chairperson
Committee on Resource Management

Approved: RM Committee meeting _____

ATTACHMENTS:

- 1) Action Item RM #19-14: Action Regarding the Economic Development Policy Implementation Procedures.
- 2) Action Item RM #19-15: Action Regarding the Debt Management Policy Implementation Procedures.
- 3) Action Item RM #19-17: Realignment #1 of the OHA Biennium Budget for the Fiscal Biennium Periods 2019-2020 (FY20) and 2020-2021 (FY21).

DRAFT

**STATE OF HAWAI‘I
OFFICE OF HAWAIIAN AFFAIRS
560 N. Nimitz Hwy, Suite 200
HONOLULU, HI 96817**

**Minutes of the Office of Hawaiian Affairs Committee on Resource Management
October 2, 2019
9:32 am**

ATTENDANCE:

Trustee Dan Ahuna, Chairperson
Trustee Robert Lindsey, Vice-Chair
Trustee Kalei Akaka
Trustee Keli‘i Akina
Trustee Carmen Hulu Lindsey

Trustee Brendon Kalei‘aina Lee
Trustee Leina‘ala Ahu Isa
Trustee John Waihe‘e

EXCUSED

Trustee Colette Machado

STAFF PRESENT:

Sylvia Hussey, Interim CEO
Anuheia Patoc
Everett Ohta
Miles Nishijima
Raina Gushiken
Ray Matsuura
Lehua Itokazu
Alyssa Kau
Claudine Calpito
Dayna Pa
Maria Calderon
Paul Harleman
Melissa Wennihan
Brandon Mistuda
Kauikeaolani Wailehua
Lei Ann Durant
Kama Hopkins
Priscilla Nakama
Nathan Takeuchi

Guest and Community:

Robert G. Klein, Esq.
John Marco- Segal Marco

I. CALL TO ORDER

Vice-Chair Robert Lindsey Jr. welcomes everyone to the Committee on Resource Management and states it is 9:32 am.

	Present	Excused	Comments
TRUSTEE LEI AHU ISA	X		
TRUSTEE KALEI AKAKA	X		
TRUSTEE KELI 'I AKINA	X		
TRUSTEE BRENDON KALEI 'AINA LEE	X		
TRUSTEE HULU LINDSEY	X		
TRUSTEE ROBERT LINDSEY	X		
TRUSTEE COLETTE MACHADO		EXCUSED	
TRUSTEE JOHN WAIHE'E			Arrived 9:42
CHAIRPERSON DAN AHUNA			Arrived 9:38
TOTAL	6		
At the Call to Order, there are six (6) Trustees present.			

Robert Lindsey states that Chair Ahuna is on his way, asks for roll call vote. Notes that Sylvia Hussey is here to represent Administration.

II. PUBLIC TESTIMONY

None.

Chair Ahuna arrived at 9:38 am

III. NEW BUSINESS

- A. NHTF 2nd Quarter Performance Review with Consultant Segal Marco - John Marco**

Robert Lindsey calls on Sylvia Hussey for item III. A.

Sylvia Hussey calls on Ray Matsuura to the table to discuss item III. A NHTF – 2nd Quarter Performance Review with Consultant Segal Marco with John Marco.

John Marco gives 2nd Quarter performance review and summary of update.

Chair Ahuna asks for any questions. We will move onto item B.

B. Discussion of search for future Investment Manager

Ray Matsuura states he may have an action item in Nov. for a search for an active fixed income manager.

Chair Ahuna states we received an excuse absence from Trustee Colette Machado.

Chair Ahuna states we will not go into Executive session and will defer item IV. A. Approval of Minutes - April 10, 2019.

IV. EXECUTIVE SESSION

None.

V. ADJOURNMENT

Chair Ahuna calls for motion to adjourn.

Trustee Hulu Lindsey moved.

Trustee Akaka seconded.

Chair Ahuna asks for roll call vote.

Trustee Hulu Lindsey, MOVED, SECOND by Trustee Akaka to adjourn.						
TRUSTEE	1	2	'AE (YES)	'A'OLE (NO)	KANALUA (ABSTAIN)	EXCUSED
TRUSTEE LEI AHU ISA			X			
TRUSTEE KALEI AKAKA		2	X			
TRUSTEE KELI'I AKINA			X			

TRUSTEE BRENDON	LEE			X			
TRUSTEE HULU	LINDSEY	1		X			
TRUSTEE ROBERT	LINDSEY			X			
TRUSTEE COLETTE	MACHADO						EXCUSED
TRUSTEE JOHN	WAIHE'E			X			
CHAIRPERSON DAN	AHUNA			X			
TOTAL VOTE COUNT				8			1
MOTION: <input type="checkbox"/> UNANIMOUS <input checked="" type="checkbox"/> PASSED <input type="checkbox"/> DEFERRED <input type="checkbox"/> FAILED							
Motion passes with eight (8) YES votes.							

Chair Ahuna adjourned meeting at 10:08 am.

Respectfully Submitted,

Claudine Calpito, Trustee Aide
Committee on Resource Management

Dan Ahuna, Chairperson
Committee on Resource Management

Approved: RM Committee meeting _____

Attachment(s):

- 1) Excuse letter – Colette Machado
- 2) NHTF 2nd Quarter Performance Review with Consultant Segal Marco John Marco

Office of Hawaiian Affairs

November 2019

Darren Smith, Client Advisor

(415) 315-8939, darren.f.smith@jpmorgan.com

Charles Fishman, CFA, Investment Specialist

(212) 648-0306, charles.fishman@jpmorgan.com

Alex Middleton, Investment Specialist

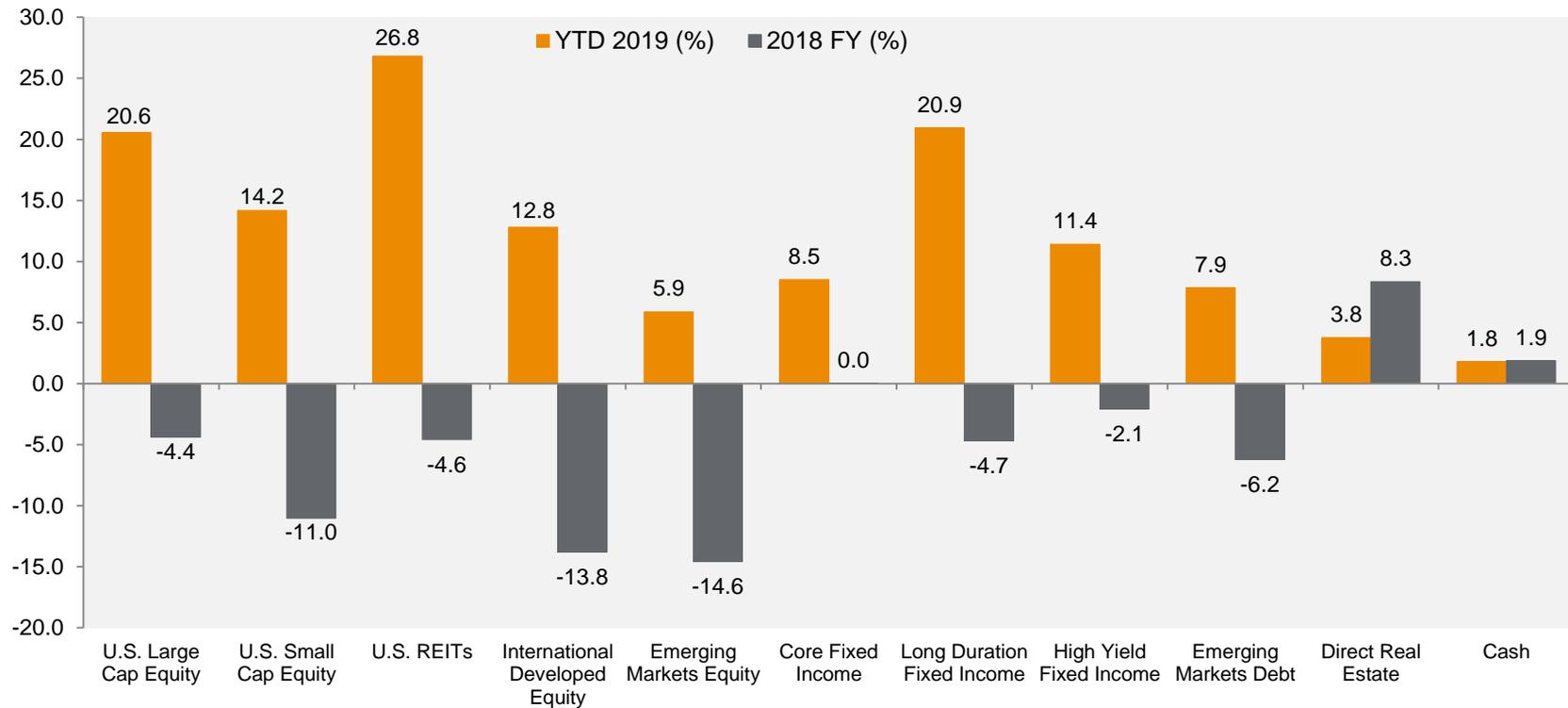
(212) 648-0642, alexander.i.middleton@jpmorgan.com

Agenda

- Market Review
- Portfolio Update
- Market Outlook
- Appendix

Market Review

Global market performance 2019 vs. 2018



J.P. Morgan Asset Management, Multi-Asset Solutions; as of 9/30/2019. Note: All data shown is representative of U.S. dollar denominated index returns. Past performance is no guarantee of future results.

Portfolio Update

Investment Performance

September 30, 2019

Portfolio Performance	YTD	1 Year	3 Year	5 Year	7 year	Since Inception*
Total Return	14.15%	2.57%	8.24%	6.15%	8.01%	7.33%
Total Portfolio Policy Benchmark ¹	14.45%	4.06%	8.27%	6.37%	7.83%	7.17%
Excess Return	-0.30%	-1.49%	-0.03%	-0.22%	0.18%	0.16%
Total Portfolio Custom Benchmark ²	14.21%	4.32%	8.23%	6.37%	7.73%	7.03%
Excess Returns	-0.06%	-1.75%	0.01%	-0.22%	0.28%	0.30%

*Since inception date of June 30, 2011. Total Portfolio Custom Benchmark reflect underlying managers' benchmarks, at their strategic portfolio weights. Total Portfolio Policy Benchmark reflects benchmark indices and weights as indicated in investment guidelines. ^{1,2} For benchmark compositions denoted with numbered footnotes, please see slide "Index Compositions" in the Appendix. Performance is shown net of fees. Past performance is no guarantee of future results.

Asset Class Performance

September 30, 2019

Asset Class Performance	YTD	1 Year	3 Year	5 Year	7 Year	Since Inception*
Total Equity	17.00%	0.21%	9.47%	6.83%	9.54%	7.66%
MSCI AC World	16.20%	1.38%	9.71%	6.81%	8.98%	7.50%
Excess Return	0.80%	-1.17%	-0.24%	0.02%	0.56%	0.16%
Total Fixed Income	8.48%	7.67%	4.06%	3.47%	3.36%	4.28%
Bloomberg Barclays U.S. Aggregate	8.52%	10.30%	2.92%	3.38%	2.72%	7.34%
Excess Return	-0.04%	-2.63%	1.14%	0.09%	0.64%	-3.06%
Total Real Return	12.29%	8.21%	2.62%	6.83%	7.29%	7.75%
Barclays U.S. TIPS +3%	9.98%	10.34%	4.66%	6.54%	7.13%	6.91%
Excess Return	2.31%	-2.13%	-2.04%	0.29%	0.16%	0.84%

Source: J.P. Morgan Asset Management. *Since inception date of June 30, 2011. Performance results are shown net of fees. Past performance is no guarantee of future results.

Current portfolio positioning

September 30, 2019

Strategy	Market Value	Strategic Allocation	Current Allocation	(+/-)
US Equity	42,709,074	37.50%	37.74%	0.24%
International Equity	20,342,552	21.00%	17.97%	-3.03%
Emerging Markets Equity	5,099,505	7.50%	4.51%	-2.99%
Global Equity	68,151,130	66.00%	60.22%	-5.78%
Core Fixed Income	11,469,786	17.50%	10.13%	-7.37%
High Yield	7,368,240	4.50%	6.51%	2.01%
Emerging Markets Debt	3,402,806	3.00%	3.01%	0.01%
Global Credit	22,240,832	25.00%	19.65%	-5.35%
US REITs	4,514,579	4.00%	3.99%	-0.01%
Inflation Sensitive Fixed Income	5,651,021	5.00%	4.99%	-0.01%
Total Real Assets	10,165,600	9.00%	8.98%	-0.02%
Total Cash	12,616,713	0.00%	11.15%	11.15%
Total Portfolio	113,174,275	100.00%	100.00%	0.00%

Source: J.P. Morgan Asset Management. Data as of September 30, 2019.

¹ As of November 1, 2017, the JPMorgan Disciplined Equity Fund has been renamed to JPMorgan U.S. Research Enhanced Equity Fund.

² As of July 31, 2018, the Intrepid International Fund has been renamed to JPM International Advantage Fund.

Asset Allocation Over Time

Strategy	Q2 18	Q3 18	Q4 18	Q1 19	Q2 19	September -19
US Equity	40.89%	41.95%	39.71%	39.88%	39.62%	37.74%
International Equity	21.57%	20.20%	16.44%	16.95%	19.01%	17.97%
Emerging Markets Equity	8.60%	6.46%	5.08%	8.49%	6.62%	4.51%
Global Equity	71.05%	68.61%	61.23%	65.32%	65.25%	60.22%
Core Fixed Income	9.30%	15.64%	18.26%	14.68%	12.91%	10.13%
High Yield	5.58%	6.35%	5.48%	7.58%	8.43%	6.51%
Emerging Markets Debt	1.99%	0.21%	0.12%	2.95%	3.96%	3.01%
Global Credit	16.88%	22.20%	23.86%	25.22%	25.31%	19.65%
US REITs	4.00%	4.02%	3.92%	4.17%	4.16%	4.26%
Commodities	1.28%	0.00%	0.00%	0.00%	0.00%	0.00%
Inflation Sensitive Fixed Income	6.49%	4.95%	4.97%	4.98%	4.98%	4.99%
Total Real Assets	11.77%	8.97%	8.89%	9.16%	9.14%	8.98%
Total Cash	0.29%	0.30%	6.02%	0.30%	0.30%	11.15%
Total Portfolio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

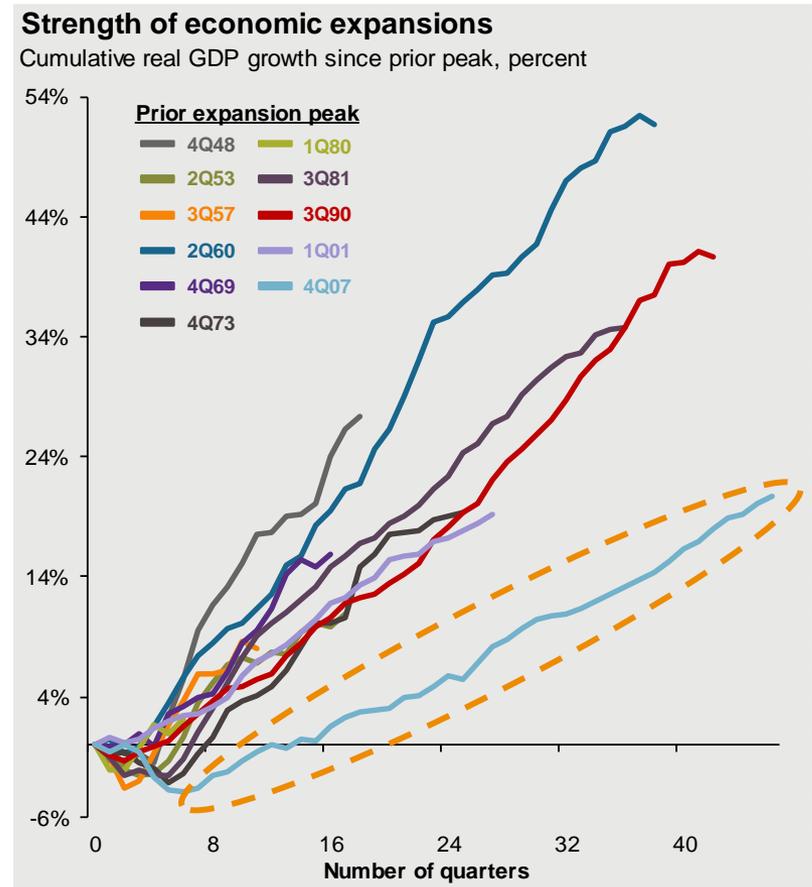
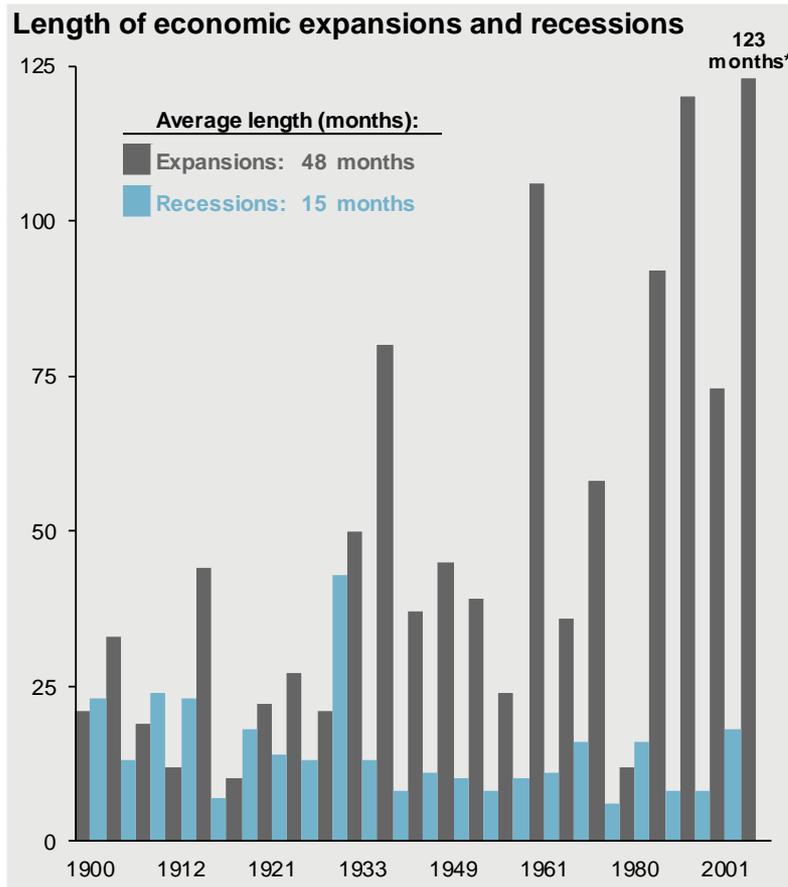
Source: J.P. Morgan Asset Management. Data as of September 30, 2019.

¹ As of November 1, 2017, the JPMorgan Disciplined Equity Fund has been renamed to JPMorgan U.S. Research Enhanced Equity Fund.

² As of July 31, 2018, the Intrepid International Fund has been renamed to JPM International Advantage Fund. Please see the prospectus for more details.

Market Outlook

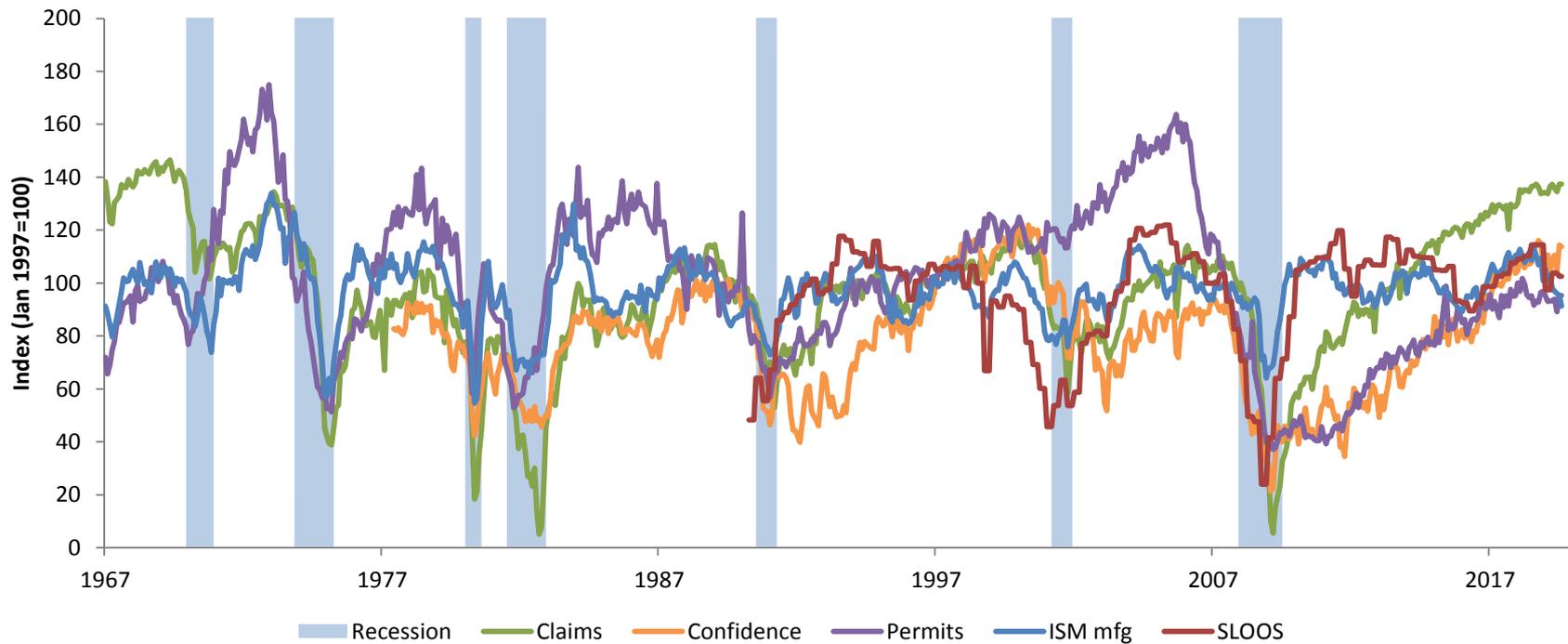
The current U.S. expansion is now officially the longest on record



Source: BEA, NBER, J.P. Morgan Asset Management. *Chart assumes current expansion started in July 2009 and continued through September 2019, lasting 123 months so far. Data for length of economic expansions and recessions obtained from the National Bureau of Economic Research (NBER). These data can be found at www.nber.org/cycles/ and reflect information through September 2019. Past performance is not a reliable indicator of current and future results.
 Guide to the Markets – U.S. Data are as of September 30, 2019.

Recession monitor: High frequency signals mixed; focus on sentiment

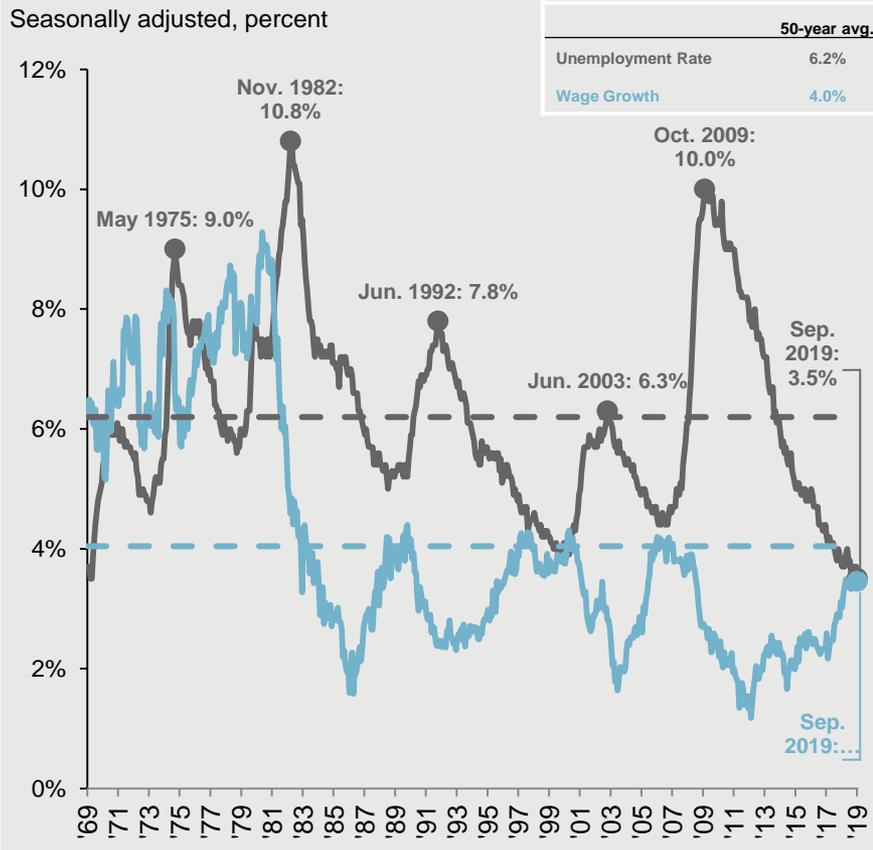
Historical leading economic indicators



Source: JPMAM Global Multi-Asset Strategy; assessments as of September 2019

The U.S. consumer remains strong

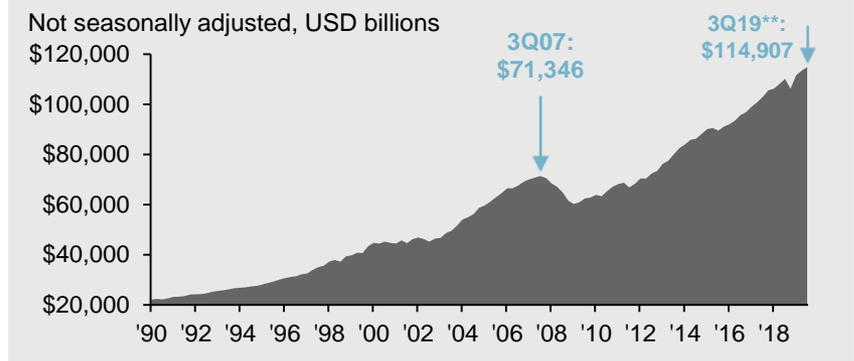
Civilian unemployment rate and wage growth



Household debt service ratio



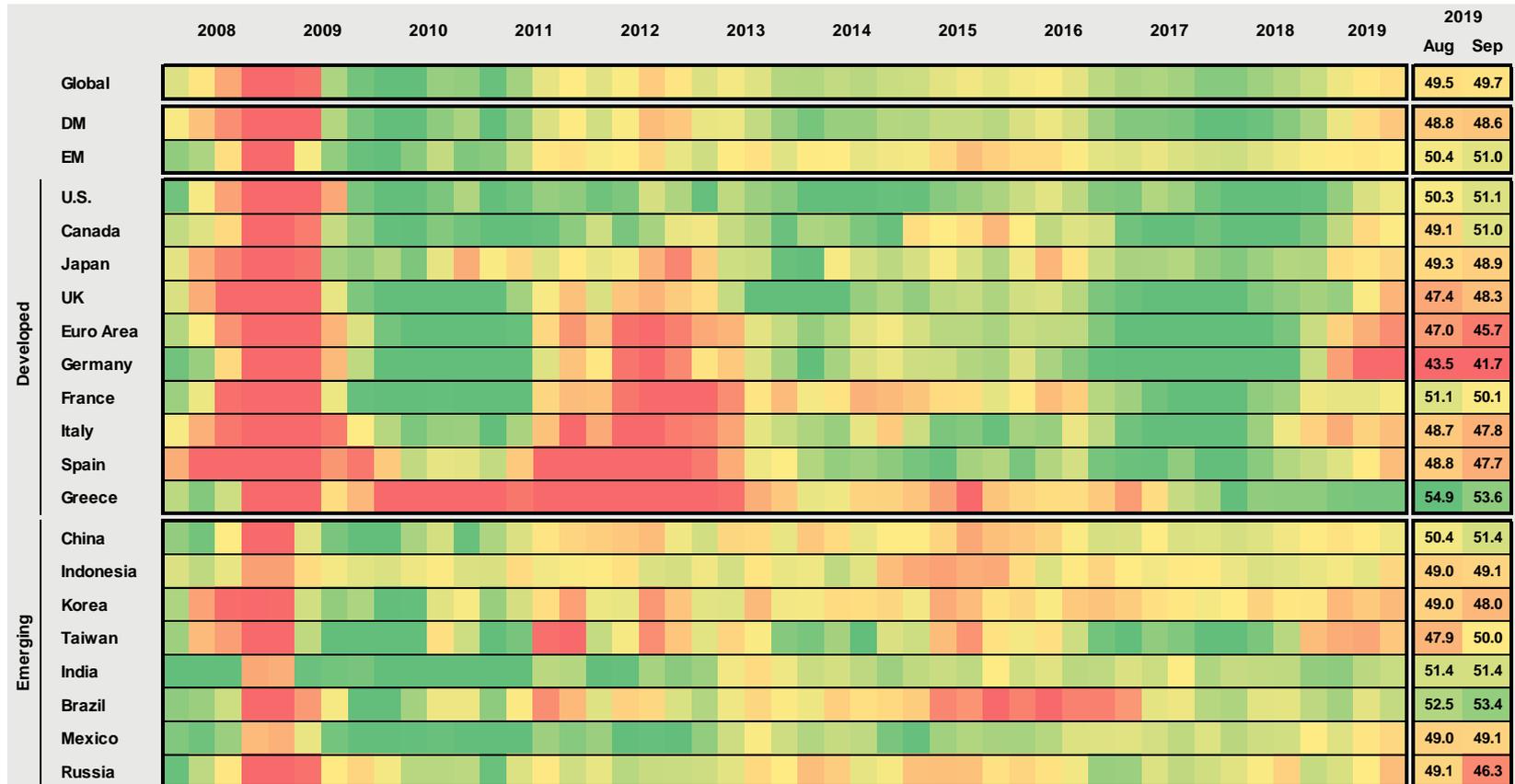
Household net worth



Source: BLS, FactSet, BEA, J.P. Morgan Asset Management. **3Q19 figures for debt service ratio and household net worth are J.P. Morgan Asset Management estimates. *Guide to the Markets* – U.S. Data are as of September 30, 2019.

Manufacturing momentum has slowed across all major economy

Global Purchasing Managers' Index for manufacturing, quarterly

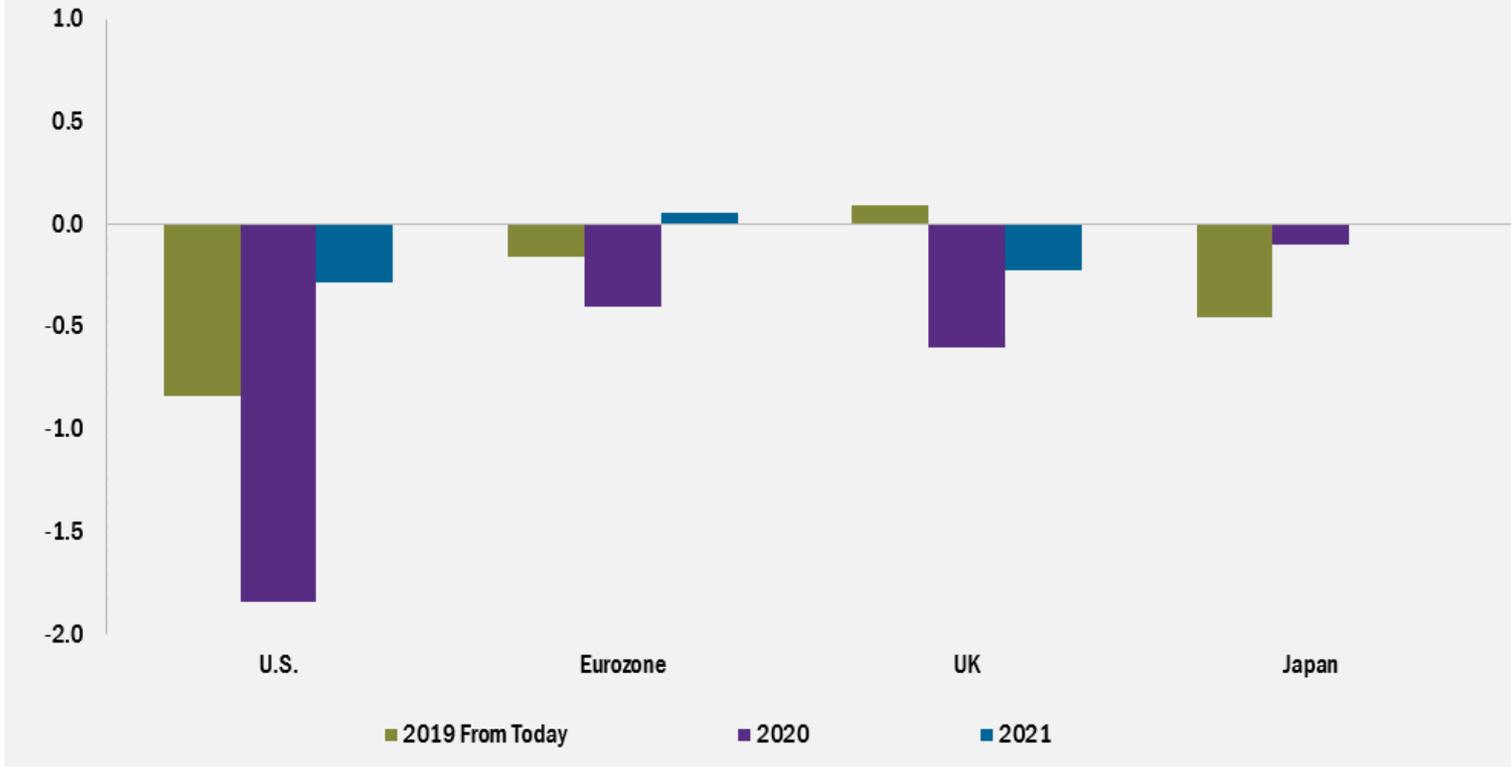


Source: Markit, J.P. Morgan Asset Management. Heatmap colors are based on PMI relative to the 50 level, which indicates acceleration or deceleration of the sector, for the time period shown. Heat map is based on quarterly averages, with the exception of the two most recent figures, which are single month readings. Data for Canada, Indonesia and Mexico are back-tested and filled in from December 2007 to November 2010 for Canada and May 2011 for Indonesia and Mexico due to lack of existing PMI figures for these countries. DM and EM represent developed markets and emerging markets, respectively. Guide to the Markets – U.S. Data are as of September 30, 2019.

Major central banks are expected to ease

What's Priced In By Year?

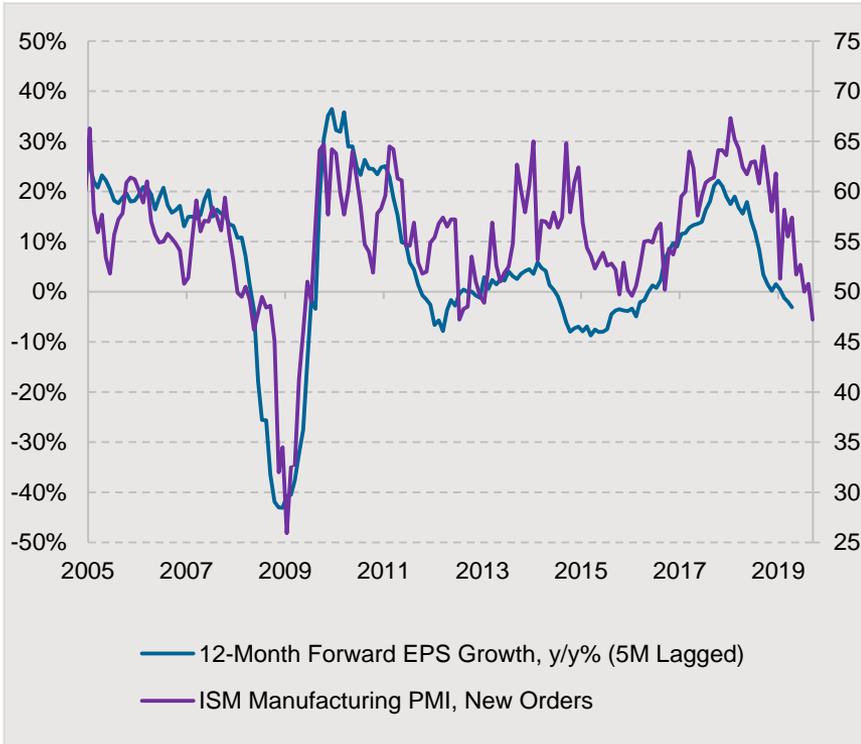
Bars represent the frequency of 25bps hikes (+) or cuts (-)



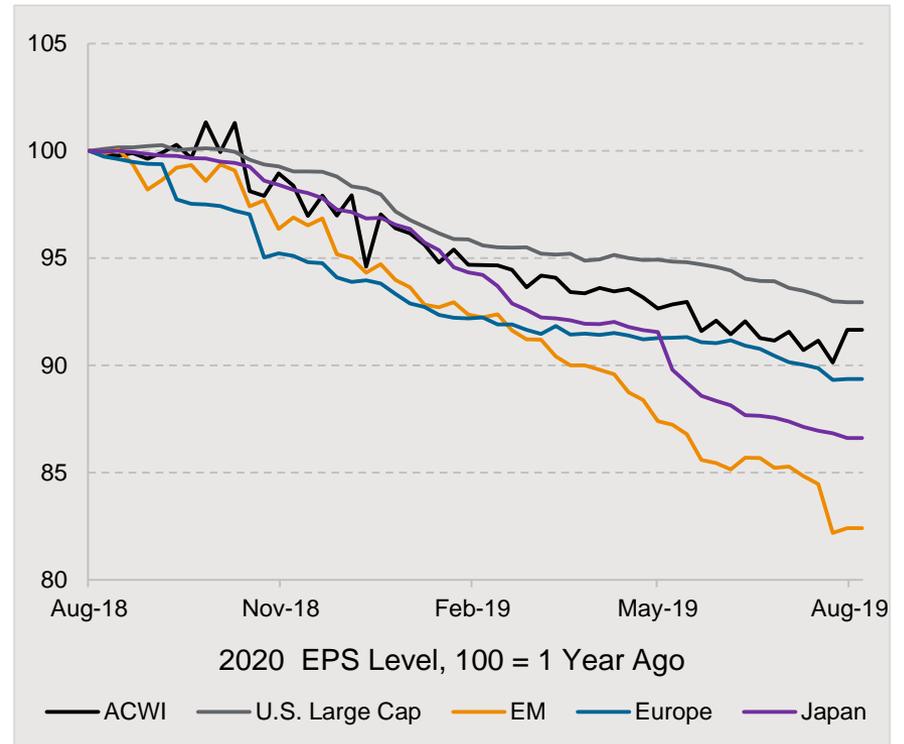
Source: Bloomberg, J.P. Morgan Asset Management Multi-Asset Solutions; data as of September 2019

Manufacturing is impacting earnings, particularly international markets

Manufacturing data has been a weak spot...



...and this has been a drag on earnings estimates

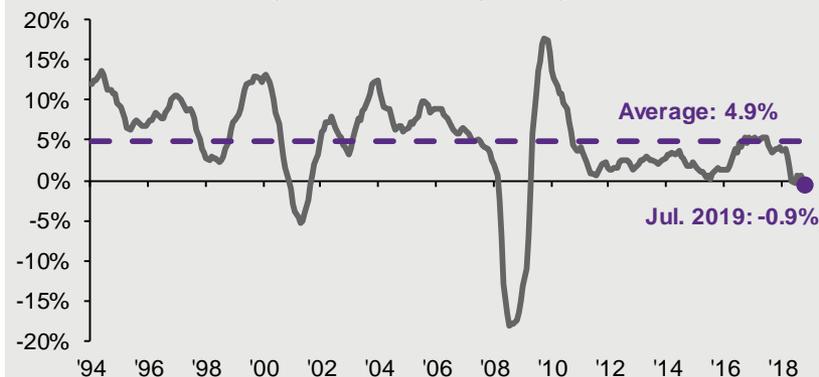


Source: Datastream, Bloomberg, J.P. Morgan Asset Management; data and estimates as of September 2019.

Trade war is a tail risk and increases volatility

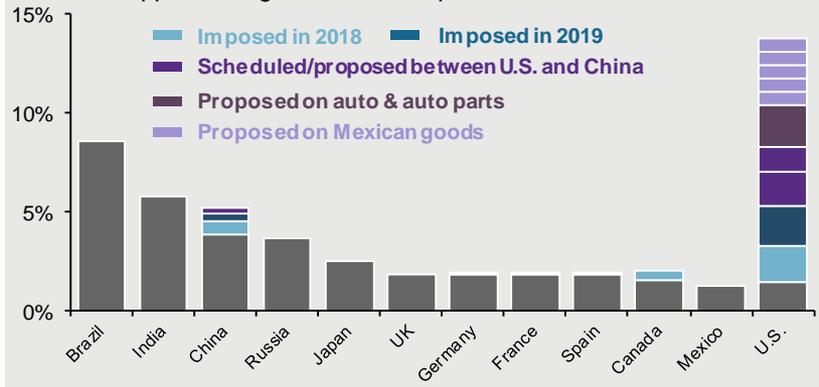
World trade volume

Year-over-year, % change, 3-month moving average, monthly



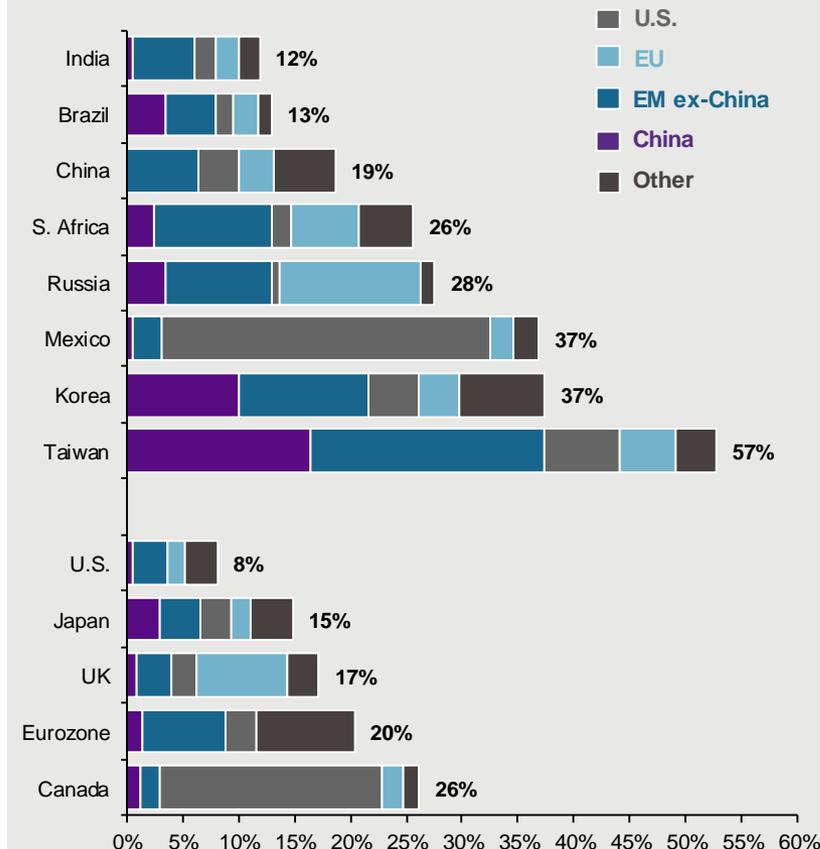
Global tariffs

Tariff rate, applied, weighted mean, all products



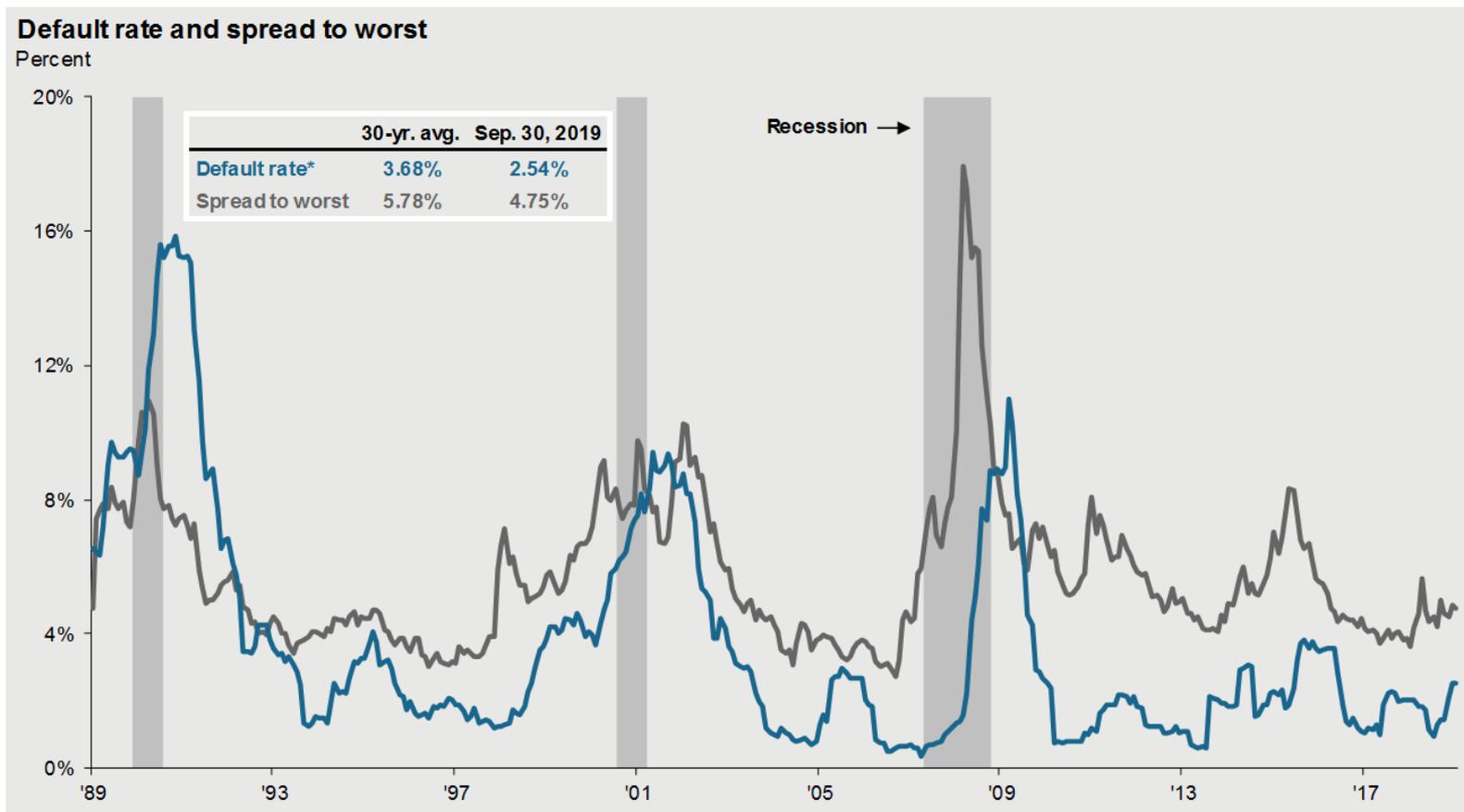
Exports as a share of GDP

Goods exports, 2018



Source: FactSet, J.P. Morgan Asset Management; (Top left) CPB Netherlands Bureau for Economic Policy Analysis; (Bottom left) IMF, USITC, World Bank; (Right) IMF. *Guide to the Markets – U.S.* Data are as of September 30, 2019.

Increasingly mature credit cycle has us move up in quality; keep an eye on energy



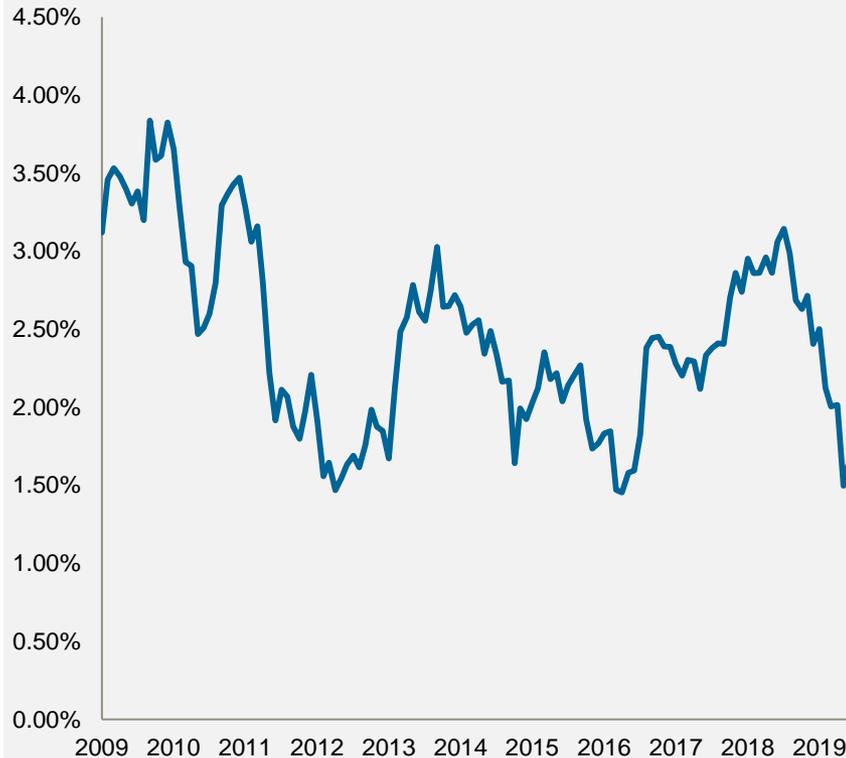
Source: J.P. Morgan Global Economic Research, J.P. Morgan Asset Management.

Default rates are defined as the par value percentage of the total market trading at or below 50% of par value and include any Chapter 11 filing, prepackaged filing or missed interest payments. Spread to worst indicated are the difference between the yield-to-worst of a bond and yield-to-worst of a U.S. Treasury security with a similar duration. High yield is represented by the J.P. Morgan Domestic High Yield Index. *Default rate is as of August 2019. *Guide to the Markets – U.S.* Data are as of September 30, 2019.

Duration isn't cheap, but it's still valuable as a hedge

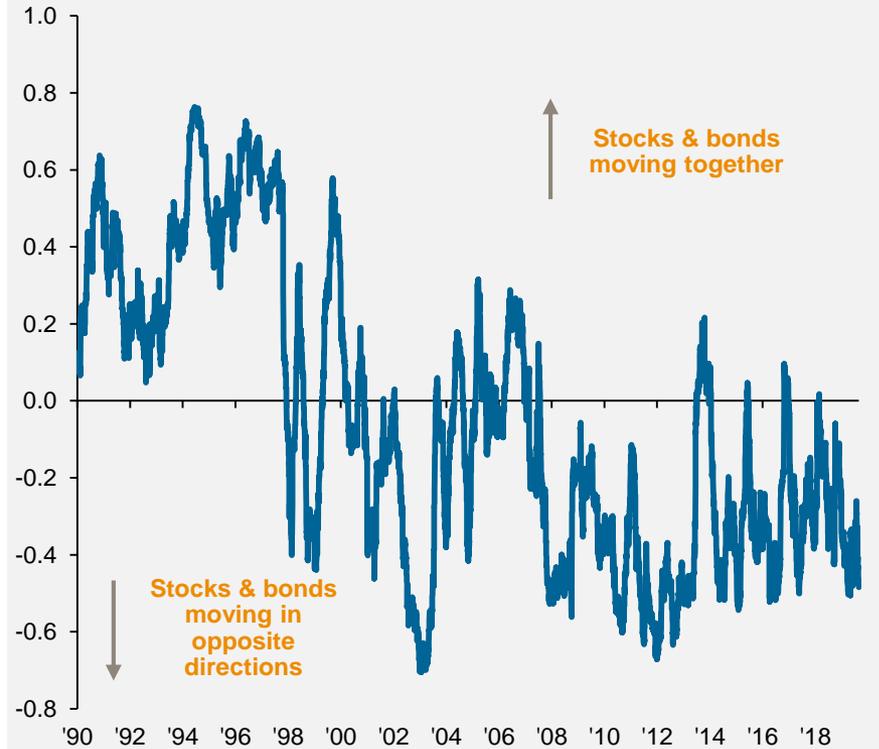
Recent rally in U.S. rates makes valuations less appealing...

10-Year U.S. Treasury Yields (%)



...but duration still plays a critical role in portfolio's as a hedge

U.S. stock/bond correlations



Source: Bloomberg and J.P. Morgan Asset Management as of 9/30/19. 10 Year US Treasury for the period of 3/1/2009 – 9/30/2019

Note: Stock/bond correlations represent the rolling 90-day correlation between the S&P 500 Index and the Bloomberg Barclay's U.S. Aggregate Index

Appendix

JPMorgan Growth Advantage: Summary

As of September 30, 2019

Characteristics	Portfolio	Benchmark
Weighted Avg. Market Cap	\$276.8bn	\$304.7bn
Price / Earnings, 12-mth fwd ¹	22.0x	20.5x
EPS Growth, 12-mth fwd	13.0%	13.3%
Beta ²	1.07	1.00
Tracking Error ²	2.80	N/A
Turnover ³	31%	N/A
Active Share	58%	N/A
Number of holdings	89	1,695

1. Excludes negatives.

2. Three-year trailing, calculated on a monthly basis.

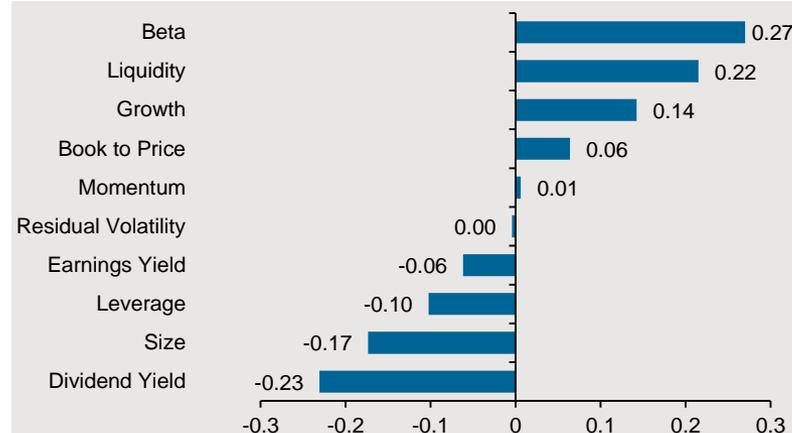
3. Average 12-month turnover over past three years.

The benchmark is the Russell 3000 Growth Index. For illustrative purposes only.

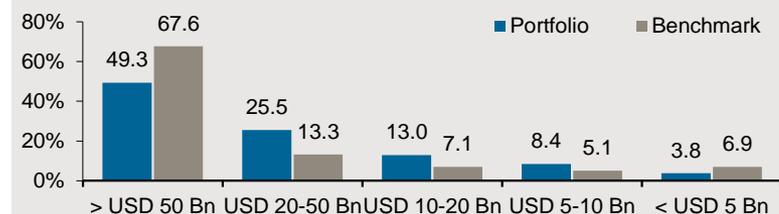
Source: J.P. Morgan Asset Management, Frank Russell Company, BARRA, Wilshire Atlas (excludes cash). The fund is an actively managed portfolio, holdings, sector weights, allocations and leverage, as applicable are subject to change at the discretion of the Investment Manager without notice. **Past performance is no guarantee of future results.**

Benchmark Russell 3000 Growth Index

BARRA tilts



Market capitalization



JPMorgan Growth Advantage: Performance

As of September 30, 2019

Market value

JPMorgan Growth Advantage Fund	\$8,976m
J.P. Morgan Growth Advantage Strategy	\$13,774m

Annualized performance (%)

	Current Quarter	YTD	One Year	Three Years	Five Years	Ten Years	Since Inception*
JPMorgan Growth Advantage Fund (R6 Shares)**	-1.56	21.48	-0.10	17.46	13.70	15.72	11.82
Russell 3000 Growth Index	1.10	22.75	2.70	16.36	13.07	14.74	10.15
Excess returns	-2.66	-1.27	-2.80	1.09	0.63	0.99	1.66
Morningstar % Rank (LCG)	--	--	67	16	12	5	3

Calendar year returns performance at NAV (%)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
JPMorgan Growth Advantage Fund (R6 Shares)	14.33	25.07	-41.96	36.62	21.11	-1.72	15.88	44.36	9.94	9.16	1.54	35.83	-1.12
Russell 3000 Growth Index	9.46	11.40	-38.44	37.01	17.64	2.18	15.21	34.23	12.44	5.09	7.39	29.59	-2.12
Excess returns	4.87	13.67	-3.52	-0.39	3.47	-3.90	0.67	10.13	-2.50	4.07	-5.85	6.24	1.00
Morningstar % Rank (LCG)	13	9	67	46	14	56	45	4	53	9	64	7	40

The performance quoted is past performance and is not a guarantee of future results. Mutual funds are subject to certain market risks. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-338-4345.

*Effective January 1, 2002, Tim Parton was named portfolio manager and the fund was converted to a mid cap growth strategy with the Russell Mid Growth Index as the benchmark; at this time the name was changed to JPMorgan Mid Cap Growth Fund. Effective August 31, 2005, the fund transitioned to its current mandate with the Russell 3000 Growth Index as the benchmark and was renamed the JPMorgan Growth Advantage Fund. Performance is shown from August 31, 2005. **Performance shown net of fees for the JPMorgan Growth Advantage R6 share class until its inception on 12/23/2013. I-Share class shown prior to R6 inception until inception 5/1/2006, and A-Share class shown prior to I-share inception.

The quoted performance of the Fund includes performance of a predecessor fund/share class prior to the Fund's commencement of operations. Please refer to the current prospectus for further information. As of 9/30/19 the Growth Advantage Fund (R6 Shares) was ranked in the Morningstar Large Cap Growth Category for the following time periods: 903 out of 1,338 for the one-year period, 197 out of 1,215 funds for the three-year period, 127 out of 1,090 funds for the five-year period, 34 out of 814 funds for the ten-year period and 16 out of 615 funds for the since inception period. Past performance is no guarantee of future results. Other classes may have different performance characteristics.

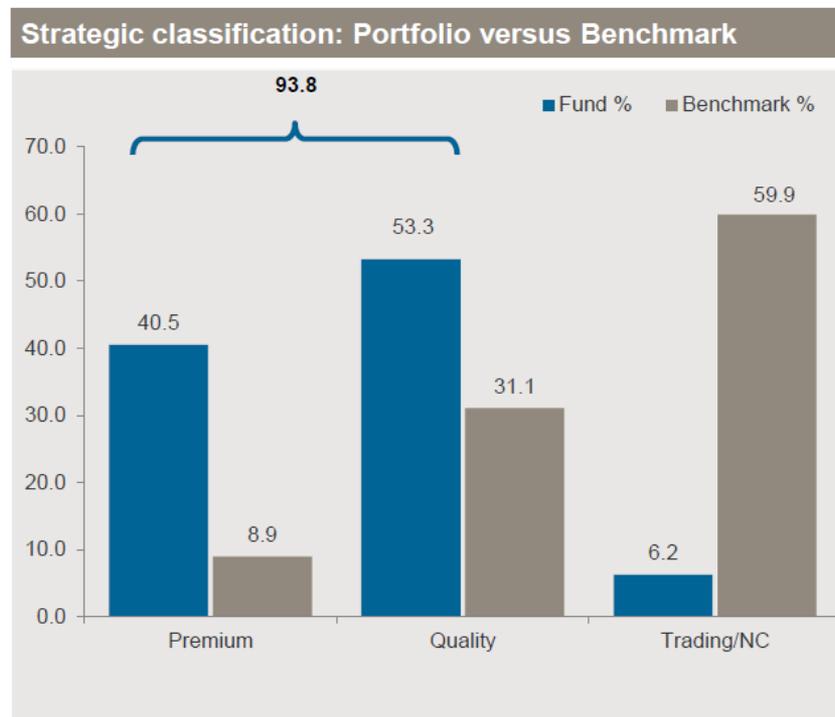
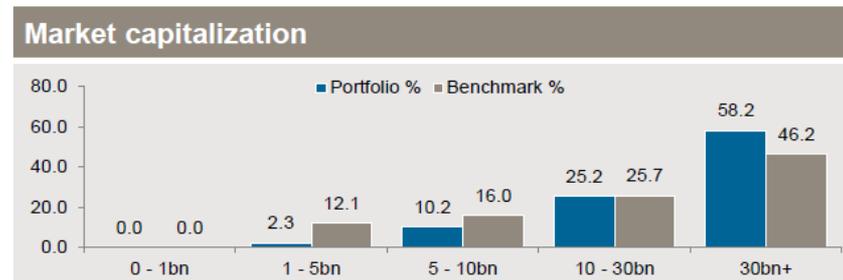
Source: JPMorgan Asset Management; Frank Russell Company; Morningstar Ratings™ and Morningstar category: © Morningstar. All Rights Reserved.

JPMorgan Emerging Markets Equity Fund: Summary

As of September 30, 2019

Benchmark MSCI Emerging Markets Index (Net)

	Portfolio	Benchmark
12-Month Forward Price to Earnings (x)	18.5	12.3
Price to Book Ratio (x)	3.8	1.6
Dividend Yield (%)*	2.3	3.2
Return on Equity (%)	16.8	11.8
5 year expected growth (%)**	16.1	11.3
Number of issuers	65	1131
Net debt to equity (%)***	-5.0	37.0
Active share (%)	71.2	



Source: J.P. Morgan Asset Management, Factset, IBES. The portfolio is actively managed. Holdings, sector weights, allocations and leverage, as applicable, are subject to change at the discretion of the Investment Manager without notice. Strategic classification percentages exclude cash. Strategic classifications for portfolio and index are market-cap weighted. NC = non-classified *Portfolio yield is the aggregate weighted sum of the estimated yields of the stocks in which the portfolio invested. It is calculated as (12-month forward DPS / Current price)*100. It is not based on the portfolio's dividend distributions. **Forecast annual growth rate of earnings per share in local currency over the next five years. ***Net debt to equity ratio excludes financials.

JPMorgan Emerging Markets Equity Fund: Performance

As of September 30, 2019

Annualized performance (%)

	Three months	YTD	One year	Three years	Five years	Ten years
I Shares (JEMSX) (at NAV)	-2.06%	18.83%	11.27%	10.11%	5.63%	4.89%
MSCI Emerging Markets Net Index	-4.25%	5.89%	-2.02%	5.97%	2.33%	3.37%
Excess Return	2.29%	12.22%	13.56%	3.91%	3.22%	1.47%
Morningstar Rank (Diversified Emerging Mkts)		3	2	2	2	20

ANNUAL OPERATING EXPENSES

I Shares

Gross expenses

1.09%

Net expenses

0.99%

The performance quoted is past performance and is not a guarantee of future results. Mutual funds are subject to certain market risks. Investment returns and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than original cost. Current performance may be higher or lower than the performance data shown. For performance current to the most recent month-end please call 1-800-338-4345.

Source: J.P. Morgan Asset Management, Morningstar, as of 9/30/19. © Morningstar. All Rights Reserved. The JPMorgan Emerging Markets Equity Fund (I Shares) was ranked against the following number of funds in the Morningstar Diversified Emerging Markets category. Ranked: 1-yr. (15/839), 3-yrs. (17/701), 5-yrs. (9/569) and 10-yrs. (50/243). **Past performance does not guarantee future results.** Ratings are calculated upon risk-adjusted returns. Different share classes may have different rankings. Morningstar rankings do not reflect the deduction of sales charges, which, if reflected, would reduce returns.

Returns for periods less than 1 year are not annualized. Returns are net of fees in USD. Excess returns are calculated on a geometric basis.

Investment Performance

September 30, 2019

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
US Large Cap Equity	0.84%	0.88%	18.89%	0.61%	12.34%	9.03%	12.44%	12.26%	4/30/2012
S&P 500 Index	1.87%	1.70%	20.55%	4.25%	13.39%	10.84%	13.26%	13.07%	
<i>Excess Return</i>	<i>-1.03%</i>	<i>-0.82%</i>	<i>-1.66%</i>	<i>-3.64%</i>	<i>-1.05%</i>	<i>-1.81%</i>	<i>-0.82%</i>	<i>-0.81%</i>	
Multi Cap Equity	1.66%	-0.13%	19.96%	1.88%	14.00%	10.91%	13.81%	13.25%	4/30/2012
Multi Cap Equity Custom Benchmark	1.81%	1.19%	20.12%	2.96%	12.82%	10.44%	12.99%	12.75%	
<i>Excess Return</i>	<i>-0.15%</i>	<i>-1.32%</i>	<i>-0.16%</i>	<i>-1.08%</i>	<i>1.18%</i>	<i>0.47%</i>	<i>0.82%</i>	<i>0.50%</i>	
US Small Cap + Mid Cap Equity	1.98%	-0.28%	18.21%	-1.98%	8.98%	8.37%	11.73%	10.85%	4/30/2012
Small/Mid Cap Equity Custom Benchmark	2.02%	-0.77%	18.55%	-2.08%	9.66%	8.74%	11.64%	11.31%	
<i>Excess Return</i>	<i>-0.04%</i>	<i>0.49%</i>	<i>-0.34%</i>	<i>0.10%</i>	<i>-0.68%</i>	<i>-0.37%</i>	<i>0.09%</i>	<i>-0.46%</i>	
REITs	2.24%	7.96%	30.26%	20.72%	7.51%	8.34%	8.16%	7.65%	6/30/2011
REITs Custom Benchmark	2.86%	7.69%	26.82%	18.31%	8.06%	9.02%	9.03%	8.68%	
<i>Excess Return</i>	<i>-0.62%</i>	<i>0.27%</i>	<i>3.44%</i>	<i>2.41%</i>	<i>-0.55%</i>	<i>-0.68%</i>	<i>-0.87%</i>	<i>-1.03%</i>	
EAFE + Canada	2.88%	-1.35%	13.38%	-1.58%	5.55%	3.09%	5.51%	3.82%	6/30/2011
MSCI EAFE USD Net Index	2.87%	-1.07%	12.80%	-1.34%	6.48%	3.27%	6.12%	4.13%	
<i>Excess Return</i>	<i>0.01%</i>	<i>-0.28%</i>	<i>0.58%</i>	<i>-0.24%</i>	<i>-0.93%</i>	<i>-0.18%</i>	<i>-0.61%</i>	<i>-0.31%</i>	
Emerging Markets Equity	1.56%	-2.90%	13.17%	5.24%	7.48%	3.46%	3.11%	1.33%	6/30/2011
MSCI Emerging Markets USD Net Index	1.91%	-4.25%	5.89%	-2.02%	5.97%	2.33%	2.41%	0.82%	
<i>Excess Return</i>	<i>-0.35%</i>	<i>1.35%</i>	<i>7.28%</i>	<i>7.26%</i>	<i>1.51%</i>	<i>1.13%</i>	<i>0.70%</i>	<i>0.51%</i>	

Returns are net of fees. Past performance is not a guarantee of comparable future results. Total return assumes the reinvestment of income. The deduction of an advisory fee reduces an investor's return. Fees are described in Part II of the Advisor's ADV which is available upon request. Mutual Fund performance, if any, is shown net of fees and assumes the reinvestment of fund distribution. Returns for periods less than 1 year are not annualized. Discrepancies in excess return may appear due to rounding.

Investment Performance

September 30, 2019

	1 Month	3 Months	YTD	1 Year	3 Years	5 Years	7 Years	Since Inception	Inception Date
Core Fixed Income	-0.54%	1.64%	7.08%	6.37%	3.38%	4.16%	3.67%	4.29%	6/30/2011
Core Fixed Income Custom Benchmark	-0.26%	1.89%	7.94%	8.24%	2.66%	3.22%	2.61%	3.30%	
<i>Excess Return</i>	<i>-0.28%</i>	<i>-0.25%</i>	<i>-0.86%</i>	<i>-1.87%</i>	<i>0.72%</i>	<i>0.94%</i>	<i>1.06%</i>	<i>0.99%</i>	
High Yield	0.34%	1.19%	10.93%	5.38%	5.22%	4.42%	5.11%	5.47%	6/30/2011
Barclays Capital HY 2% Issuer Constrained Index	0.36%	1.33%	11.41%	6.35%	6.07%	5.38%	5.89%	6.43%	
<i>Excess Return</i>	<i>-0.02%</i>	<i>-0.14%</i>	<i>-0.48%</i>	<i>-0.97%</i>	<i>-0.85%</i>	<i>-0.96%</i>	<i>-0.78%</i>	<i>-0.96%</i>	
Emerging Markets Fixed Income	-0.51%	1.33%	11.32%	8.51%	3.35%	1.18%	0.84%	2.68%	6/30/2011
Emerging Market Debt Custom Benchmark	-0.46%	1.50%	12.99%	11.57%	4.61%	2.49%	1.32%	1.93%	
<i>Excess Return</i>	<i>-0.05%</i>	<i>-0.17%</i>	<i>-1.67%</i>	<i>-3.06%</i>	<i>-1.26%</i>	<i>-1.31%</i>	<i>-0.48%</i>	<i>0.75%</i>	
Inflation-Sensitive Fixed Income	-0.65%	1.10%	6.63%	5.73%	N/A	N/A	N/A	3.03%	10/31/2017
Bloomberg Barclays 1-10 Year U.S. TIPS Index	-0.82%	0.60%	5.80%	5.75%	N/A	N/A	N/A	3.05%	
<i>Excess Return</i>	<i>0.17%</i>	<i>0.50%</i>	<i>0.83%</i>	<i>-0.02%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-0.02%</i>	
Bloomberg Barclays U.S. TIPS Index (Series-L)	-1.36%	1.35%	7.58%	7.13%	N/A	N/A	N/A	3.76%	
<i>Excess Return</i>	<i>0.71%</i>	<i>-0.25%</i>	<i>-0.95%</i>	<i>-1.40%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>-0.73%</i>	

Returns are net of fees. Past performance is not a guarantee of comparable future results. Total return assumes the reinvestment of income. The deduction of an advisory fee reduces an investor's return. Fees are described in Part II of the Advisor's ADV which is available upon request. Mutual Fund performance, if any, is shown net of fees and assumes the reinvestment of fund distribution. Returns for periods less than 1 year are not annualized. Discrepancies in excess return may appear due to rounding.

Benchmark Composition

Total Portfolio Policy Benchmark

From To	6/30/2011 12/31/2012	1/1/2013 10/31/2017	11/1/2017 Present
MSCI AC World IMI USD	59.50%	70.00%	-
MSCI AC World Free USD	-	-	70.00%
FTSE EPRA/NAREIT Developed Net of Tax	8.00%	10.00%	-
Bloomberg Barclays U.S. Aggregate	26.00%	-	20.00%
Bloomberg Barclays Credit	-	13.00%	-
BofA Merrill Lynch HY	3.25%	-	-
Bloomberg Barclays HY 2 pct Issuer Constrained	-	3.00%	-
JPMorgan EMBI Global Diversified	3.25%	-	-
JPMorgan GBI-EM Global Diversified	-	3.00%	-
JPMorgan EMBI Global	-	1.00%	-
Bloomberg Barclays 1-10 Year U.S. TIPS Index	-	-	-
Barclays US TIPS +3%	-	-	10.00%

Benchmark Composition

Total Portfolio Custom Benchmark

From To	6/30/2011 4/30/2012	5/1/2012 5/31/2012	6/1/2012 12/31/2012	1/1/2013 6/30/2014	7/1/2014 3/31/2015	4/1/2015 12/31/2015	1/1/2016 9/30/2016	10/1/2016 1/31/2017	2/1/2017 10/31/2017	11/1/2017 8/31/2018	9/1/2018 11/30/2018	11/30/2018 Present
S&P 500	-	14.00%	13.50%	16.50%	16.50%	16.50%	19.60%	19.60%	20.80%	18.80%	18.80%	17.10%
MSCI EAFE	16.10%	24.00%	24.00%	27.00%	27.00%	27.00%	26.00%	26.00%	23.00%	21.00%	21.00%	21.00%
MSCI EM	3.90%	8.50%	8.50%	9.00%	9.00%	9.00%	6.50%	6.50%	7.00%	7.50%	7.50%	7.50%
Russell Mid Cap	-	-	1.50%	2.50%	2.50%	2.50%	2.90%	2.90%	3.20%	2.80%	2.80%	2.50%
Russell 2000	-	-	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	1.90%	1.90%	1.90%
Russell 2000 Growth	-	1.50%	-	-	-	-	-	-	-	-	-	-
Russell 2000 Value	-	1.50%	-	-	-	-	-	-	-	-	-	-
Russell 3000 Growth	-	5.00%	5.00%	6.50%	6.50%	6.50%	6.50%	6.50%	7.00%	7.00%	7.00%	8.00%
Russell 3000 Value	-	5.00%	5.00%	6.50%	6.50%	6.50%	6.50%	6.50%	7.00%	7.00%	7.00%	8.00%
MSCI US REIT	3.02%	4.50%	4.50%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	4.00%	4.00%	4.00%
FTSE EPRA/NAREIT Developed Net of Tax	3.02%	3.50%	3.50%	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%	-	-	-
Bloomberg Barclays U.S. Aggregate	8.40%	26.00%	26.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	12.50%	12.50%	12.50%
Credit Suisse Leveraged Loan Index	-	-	-	-	-	-	-	-	-	2.25%	5.00%	5.00%
Bloomberg Barclays HY 2 pct Issuer Constrained	1.15%	3.25%	3.25%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	4.50%	4.50%	4.50%
JPMorgan EMBI Global Diversified	-	-	-	-	-	1.00%	1.00%	4.00%	4.00%	3.00%	3.00%	3.00%
JPMorgan GBI-EM Global Diversified	-	-	-	1.00%	3.00%	3.00%	3.00%	-	-	-	-	-
JPMorgan EMBI Global	0.60%	3.25%	3.25%	3.00%	1.00%	-	-	-	-	-	-	-
Bloomberg Barclays 1-10 Year U.S. TIPS Index	-	-	-	-	-	-	-	-	-	4.25%	2.50%	2.50%
Bloomberg Barclays U.S. Treasury Inflation Protected Securities (TIPS) Index (Series-L)	-	-	-	-	-	-	-	-	-	2.25%	2.50%	2.50%
Bloomberg Commodity Index	-	-	-	-	-	-	-	-	-	1.25%	-	-
Diversified Mutual Fund Index	63.80%	-	-	-	-	-	-	-	-	-	-	-

Benchmark Composition

Multi Cap Equity Custom Benchmark

From	4/30/2012
To	Present
Russell 3000 Value	50.00%
Russell 3000 Growth	50.00%

Small/Mid Cap Equity Custom Benchmark

From	4/30/2012	6/1/2012	1/1/2013	1/1/2016	2/1/2017	11/1/2017
To	5/31/2012	12/31/2012	12/31/2015	1/31/2017	10/31/2017	Present
Russell 2000	-	57.14%	44.44%	40.82%	38.46%	40.43%
Russell Mid Cap	-	42.86%	55.56%	59.18%	61.54%	59.57%
Russell 2000 Value	50.00%	-	-	-	-	-
Russell 2000 Growth	50.00%	-	-	-	-	-

REITs Custom Benchmark

From	6/30/2011	5/1/2012	1/1/2013	11/1/2017
To	4/30/2012	12/31/2012	10/31/2017	Present
MSCI US REIT	50.00%	56.25%	60.00%	100.00%
FTSE EPRA/NAREIT Developed ex US Net of Tax	50.00%	43.75%	40.00%	-

Benchmark Composition

Core Fixed Income Custom Benchmark

From To	6/30/2011 10/31/2017	11/1/2017 Present
Bloomberg Barclays U.S. Aggregate Index	100.00%	84.75%
Credit Suisse Leveraged Loan Index	-	15.25%

Emerging Markets Debt Custom Benchmark

From To	6/30/2011 3/31/2015	4/1/2015 9/30/2016	1/10/2016 Present
JPMorgan EMBI Global Diversified	-	25.00%	100.00%
JPMorgan GBI-EM Global Diversified Unhedged	75.00%	75.00%	-
JPMorgan EMBI Global	25.00%	-	-

EMD Strategic Custom Benchmark

From To	12/31/2012 9/30/2016	10/1/2016 Present
JPMorgan EMBI Global Diversified	-	100.00%
JPMorgan GBI-EM Global Diversified	100.00%	-

J.P. Morgan's 2019 Long-Term Capital Market Return Assumptions

	Compound Return 2018 (%)		Annualized Volatility (%)		Arithmetic Return 2019 (%)		Compound Return 2019 (%)	
FIXED INCOME	U.S. Cash	2.00	2.00	0.50	2.00	1.00	U.S. Cash	2.00
	U.S. Intermediate Treasuries	3.25	3.31	3.50	3.00	0.22	U.S. Intermediate Treasuries	3.25
	U.S. Long Treasuries	3.25	3.83	11.00	2.50	0.04	U.S. Long Treasuries	3.25
	TIPS	3.25	3.38	5.25	2.75	0.07	TIPS	3.25
	U.S. Aggregate Bonds	4.00	4.06	3.50	3.25	0.09	U.S. Aggregate Bonds	4.00
	U.S. Short Duration Government/Credit	3.25	3.27	2.00	3.50	0.39	U.S. Short Duration Government/Credit	3.25
	U.S. Long Duration Government/Credit	4.00	4.41	9.25	3.25	0.01	U.S. Long Duration Government/Credit	4.00
	U.S. Inv Grade Corporate Bonds	4.50	4.67	6.00	3.50	0.05	U.S. Inv Grade Corporate Bonds	4.50
	U.S. Long Corporate Bonds	4.50	4.97	10.00	3.75	0.07	U.S. Long Corporate Bonds	4.50
	U.S. High Yield Bonds	5.00	5.82	8.25	5.25	-0.11	U.S. High Yield Bonds	5.00
	U.S. Leveraged Loans	5.00	5.27	7.50	5.00	-0.15	U.S. Leveraged Loans	5.00
	World Government Bonds hedged	2.75	2.84	3.00	2.50	0.10	World Government Bonds hedged	2.75
	World Government Bonds	2.75	3.04	6.25	2.50	0.12	World Government Bonds	2.75
	World ex U.S. Government Bonds hedged	2.50	2.61	2.75	2.25	0.07	World ex U.S. Government Bonds hedged	2.50
	World ex U.S. Government Bonds	2.75	2.96	8.00	2.25	0.10	World ex U.S. Government Bonds	2.75
	Emerging Markets Sovereign Debt	6.25	6.67	9.50	5.25	0.03	Emerging Markets Sovereign Debt	6.25
	Emerging Markets Local Currency Debt	6.75	7.44	12.25	6.25	0.10	Emerging Markets Local Currency Debt	6.75
	Emerging Markets Corporate Bonds	6.00	6.32	8.25	6.25	-0.08	Emerging Markets Corporate Bonds	6.00
	U.S. Muni 1-15 Yr Blend	3.25	3.29	3.00	2.50	0.03	U.S. Muni 1-15 Yr Blend	3.25
	U.S. Muni High Yield	4.50	4.72	6.75	4.50	-0.12	U.S. Muni High Yield	4.50
	U.S. Large Cap	5.25	6.03	13.75	5.00	-0.07	U.S. Large Cap	5.25
	U.S. Mid Cap	5.75	6.79	15.75	5.75	-0.08	U.S. Mid Cap	5.75
	U.S. Small Cap	6.00	7.47	18.25	5.75	-0.08	U.S. Small Cap	6.00
	Euro Area Large Cap	7.00	9.03	21.50	6.75	0.02	Euro Area Large Cap	7.00
	Japanese Equity	6.75	7.68	14.50	6.25	-0.09	Japanese Equity	6.75
	Hong Kong Equity	6.75	8.50	20.00	6.50	0.03	Hong Kong Equity	6.75
	UK Large Cap	6.50	7.79	16.75	6.25	-0.02	UK Large Cap	6.50
	EAFE Equity hedged	6.50	7.41	13.50	6.25	-0.05	EAFE Equity hedged	6.50
	EAFE Equity	6.75	7.94	16.75	6.25	0.01	EAFE Equity	6.75
	Emerging Markets Equity	8.50	10.43	21.25	8.00	0.06	Emerging Markets Equity	8.50
	AC Asia ex-Japan Equity	8.00	10.35	20.75	8.25	0.05	AC Asia ex-Japan Equity	8.00
	AC World Equity	6.00	7.18	15.25	6.00	0.02	AC World Equity	6.00
	U.S. Equity Value Factor	6.00	7.04	15.00	6.00	-0.10	U.S. Equity Value Factor	6.00
	U.S. Equity Momentum Factor	5.50	6.41	14.00	5.50	-0.06	U.S. Equity Momentum Factor	5.50
	U.S. Equity Quality Factor	5.25	5.98	12.50	5.25	-0.07	U.S. Equity Quality Factor	5.25
	U.S. Equity Minimum Volatility Factor	5.50	6.07	11.00	5.50	-0.09	U.S. Equity Minimum Volatility Factor	5.50
	U.S. Equity Dividend Yield Factor	6.00	6.87	13.75	6.00	-0.08	U.S. Equity Dividend Yield Factor	6.00
	U.S. Equity Diversified Factor	6.00	6.23	12.50	6.00	-0.09	U.S. Equity Diversified Factor	6.00
	Global Convertible	5.50	5.92	9.50	5.00	-0.05	Global Convertible	5.50
	Global Credit Sensitive Convertible	4.75	4.94	6.25	4.25	-0.07	Global Credit Sensitive Convertible	4.75
	Private Equity	8.25	10.20	21.00	7.25	0.06	Private Equity	8.25
	U.S. Core Real Estate*	5.75	6.45	12.25	5.25	-0.07	U.S. Core Real Estate*	5.75
	U.S. Value-Added Real Estate*	7.75	9.53	20.00	6.50	-0.07	U.S. Value-Added Real Estate*	7.75
	European ex-UK Core Real Estate*	6.50	7.74	16.50	6.75	0.03	European ex-UK Core Real Estate*	6.50
	Asia Pacific Core Real Estate*	6.00	6.91	14.00	5.50	-0.07	Asia Pacific Core Real Estate*	6.00
	U.S. REITs	6.25	7.35	15.50	6.25	0.07	U.S. REITs	6.25
	Global Infrastructure Equity	6.00	6.64	11.75	6.25	0.03	Global Infrastructure Equity	6.00
	Global Infrastructure Debt	4.75	4.95	6.50	4.25	-0.06	Global Infrastructure Debt	4.75
	Diversified Hedge Funds	4.25	4.52	7.50	4.25	0.01	Diversified Hedge Funds	4.25
	Event Driven Hedge Funds	4.75	5.13	9.00	4.75	-0.02	Event Driven Hedge Funds	4.75
	Long Bias Hedge Funds	4.75	5.32	11.00	4.75	-0.01	Long Bias Hedge Funds	4.75
	Relative Value Hedge Funds	4.50	4.73	7.00	4.50	-0.03	Relative Value Hedge Funds	4.50
	Macro Hedge Funds	3.75	4.06	8.00	3.75	0.16	Macro Hedge Funds	3.75
	Direct Lending**	7.25	8.14	14.00	7.00	0.08	Direct Lending**	7.25
	Commodities**	2.25	3.50	18.25	3.75	0.08	Commodities**	2.25
	Gold*	2.50	4.02	18.00	3.00	0.07	Gold*	2.50

Note: All estimates on this page are in U.S. dollar terms. Given the complex risk-reward trade-offs involved, we advise clients to rely on judgment as well as quantitative approaches in setting strategic allocations to all of these asset classes and strategies. Please note that all information shown is based on qualitative analysis. Exclusive reliance on this information is not advised. This information is not intended as a recommendation to invest in any particular asset class or strategy or as a promise of future performance. Note that these asset class and strategy assumptions are passive only—they do not consider the impact of active management. References to future returns are not promises or even estimates of actual returns a client portfolio may achieve. Assumptions, opinions and estimates are provided for illustrative purposes only. They should not be relied upon as recommendations to buy or sell securities. Forecasts of financial market trends that are based on current market conditions constitute our judgment and are subject to change without notice. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. This material has been prepared for information purposes only and is not intended to provide, and should not be relied on for, accounting, legal or tax advice.

Source: J.P. Morgan Asset Management; as of September 30, 2018. Alternative asset classes (including hedge funds, private equity, real estate, direct lending and infrastructure) are unlike other asset categories shown above in that there is no underlying investible index. ** For additional disclosures, please turn to the additional information slide located in the back of the book.



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The following is an example of the effect of compounded advisory fees over a period of time on the value of a client's portfolio: A portfolio with a beginning value of \$100 million, gaining an annual return of 10% per annum would grow to \$259 million after 10 years, assuming no fees have been paid out. Conversely, a portfolio with a beginning value of \$100 million, gaining an annual return of 10% per annum, but paying a fee of 1% per annum, would only grow to \$235 million after 10 years. The annualized returns over the 10 year time period are 10.00% (gross of fees) and 8.91% (net of fees). If the fee in the above example was 0.25% per annum, the portfolio would grow to \$253 million after 10 years and return 9.73% net of fees. The fees were calculated on a monthly basis, which shows the maximum effect of compounding.

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CLA (CliftonLarsonAllen LLP)
CLAconnect.com

**Office of Hawaiian Affairs
Contract & Disbursement Review and Recommendations
Status Report #5**

Date: September 12, 2019

To: Dan Ahuna, Trustee and Chair of the Resource Management Committee
Robert K. Lindsey, Jr., Trustee and Vice-Chair of the Resource Management Committee

From: Ernie Cooper, Principal, CliftonLarsonAllen LLP
Jenny Dominguez, Signing Director, CliftonLarsonAllen LLP

RE: OHA Contract & Disbursement Review and Recommendations: August 1, 2019 to September 6, 2019

A. Background

On Tuesday, September 4, 2018, the Office of Hawaiian Affairs (OHA), a body corporate under the Constitution of the State of Hawaii, engaged the services of CliftonLarsonAllen (CLA) to conduct a contract and disbursement review as described in OHA's contract number 3284. The purpose of this review is to identify and quantify potential areas of waste, abuse, and fraud in the procurement of professional services as well as other disbursements of funds for fiscal years (FY) FY2012, FY2013, FY2014, FY2015, and FY2016 for OHA and its LLCs.

B. Status of Document Request

1. **OHA:** As reported in Status Report #3 (dated June 4, 2019) OHA had provided all documents on the request list submitted by CLA or had provided an explanation for why a particular item was not available. The CLA request list included financial and organization documents and information requested on September 14, 2018, October 12, 2018, and November 16, 2018. This document request list does NOT include documentation related to the sample contracts and disbursements selected for testing. See section titled "**Sample Selection and Testing**" for further information regarding the OHA documents pertaining to the sample section.
2. **LLCs:** The original document request list sent to the LLCs by CLA (sent on September 14, 2018 and updated on September 18, 2018) included 54 items. As of Status Report #4, there were 9 items still outstanding from the list. On August 9, 2019, the LLCs communicated that all available documents had been provided to CLA through the document portal or the documents did not exist and were not available.

See section titled "**Sample Selection and Testing**" for further information regarding the status of LLC documents to be gathered and provided to CLA.

C. Trustee & OHA Employee Interviews

No additional interviews have been conducted since those reported in Status Report #4 dated August 6, 2019.

D. Sample Selection and Testing

1. OHA Sample Selection & Testing: According to the approved scope of work, CLA is to test 80 contracts and 50 disbursements for OHA. On May 10, 2019, CLA sent to OHA its sample selection for 75 contracts and 45 disbursements. CLA reserved 5 contracts and 5 disbursements to select after the visit to OHA in June 2019 for the initial round of testing and after the trustee interviews that occurred the week of July 22, 2019. On August 2, 2019, CLA sent the remaining sample selection for contracts and disbursements to OHA. The following are key dates related to the submission of documents to CLA and CLA's submission of questions and requests for additional documents to OHA:

- a. June 10, 2019: OHA completed its submission to CLA of the supporting documents for the initial 75 contracts and 45 disbursements (this date was provided in Status Report #4).
- b. August 2, 2019: CLA selected the remaining sample of 5 contracts and disbursements for OHA and emailed this list to Phyllis Ono-Evangelista.¹
- c. August 23, 2019: CLA completed its review of the supporting documents provided for the initial 75 contracts and 45 disbursements and submitted all questions and requests for additional documents to OHA. In addition, OHA sent to CLA the supporting documents for the remaining sample of 5 contracts and 19 disbursements (5 remaining disbursements, 9 replacement disbursements, and 5 backup disbursements, as discussed in footnote 4).
- d. August 30, 2019: CLA completed its review of the supporting documents provided by OHA for the remaining sample of 5 contracts and 14 disbursements and sent to OHA all questions and requests for additional documents pertaining to these sample items.
- e. September 6, 2019: OHA began sending to CLA the additional documents requested for the sample contracts and disbursements and responses to the questions CLA asked. OHA continued sending documents and responses to CLA's questions through September 8, 2019. CLA received additional documents for 32 contracts and 18 disbursements. CLA is in the process of reviewing the additional documents provided.²

¹ During the review of the supporting documents provided by OHA for the disbursement sample, CLA determined that 9 of the transactions selected as "disbursements" were actually payments on existing contracts or grant awards, and were processed by OHA as such. According to the approved scope of work, "contracts will include vendor contracts, other contracts for professional services and/or goods, and grant agreements awarded by the OHA." Therefore, in addition to the 5 remaining disbursements selected, CLA selected 9 replacement disbursements and 5 back-up disbursements, for a total of 19 disbursements sent to Ms. Ono-Evangelista. Five back-up disbursements were selected in case one of the new 14 disbursements selected was a contract or grant.

² As communicated in Status Report #4, as CLA reviewed the supporting documentation provided for the contracts and disbursements selected, CLA identified questions and additional documents needed. CLA prepared an Excel schedule to identify,

- f. September 9, 2019: OHA submitted to CLA an updated spreadsheet with responses to CLA's questions and the status of the additional documents requested. CLA is in the process of reviewing the response to the questions.²

2. LLC Sample Selection & Testing:

On May 10, 2019, CLA sent to ES&A the sample selection for 23 contracts and 21 disbursements for the LLCs. According to the approved scope of work, CLA is to test 30 contracts and 25 disbursements for the LLCs. CLA reserved 7 contracts and 4 disbursements to select after the trustee interviews that occurred the week of July 22, 2019. On August 2, 2019, CLA sent the remaining sample selection for contracts and disbursements to the LLCs. The following are key dates related to the submission of documents to CLA and CLA's submission of questions and requests for additional documents to the LLCs:

- a. July 3, 2019: CLA was informed that the LLCs had gathered the supporting documents for the initial sample selection, and the documents were available in hardcopy at the respective LLC offices.
- b. August 2, 2019: CLA selected the remaining sample of 7 contracts and 4 disbursements for the LLCs, emailed this list to the LLCs, and requested that the supporting documents be made available during CLA's visit the weeks of August 12th and 19th.
- c. August 12, 2019 through August 23, 2019: CLA was on site at the LLC offices to review the supporting documentation for the sample selection. As CLA reviewed the documentation, CLA communicated to the respective LLC staff any additional documents needed and inquired about questions related to the documents reviewed. The respective LLC staff supplied CLA with a majority of the additional documents needed and responses to questions while CLA was on site.
- d. August 19, 2019: CLA emailed a list of outstanding documents related to Hi'ipaka (Waimea Valley) to the Executive Director of Hi'ipaka. CLA expects to receive the outstanding documents the week of September 16th.
- e. August 23, 2019: CLA emailed a list of outstanding documents related to all other LLCs to the Executive Director of Hi'ilei Aloha. CLA expects to receive the outstanding documents the week of September 16th.

E. Other Work Performed

The focus of CLA's work during the period covered by this status report was to review the supporting documentation related to the sample selection for OHA and the LLCs; therefore, there are no other work steps to report.

by contract and disbursement sample number, the questions and additional documents needed. This Excel schedule was then used by OHA to provide responses to CLA's questions and the status of any additional documents requested.

F. Next Steps

- 1. OHA Sample – Review Additional Documents and Responses to Questions:** CLA will review the additional documents and responses to questions provided by OHA from September 6th through 9th. CLA expects to have this review completed by Friday, October 4th. By Monday, October 7th, CLA will communicate to OHA (a) any documents not received to confirm that they do not exist or are not available and (b) any additional questions that may result from the review of the additional documents.
- 2. LLCs Sample – Obtain and Review Additional Documents:** Based on communications with the LLCs, CLA expects to receive all outstanding documents the week of September 16th. CLA will review the additional documents by Friday, October 4th. By Monday, October 7th, CLA will communicate to the LLCs (a) any documents not received to confirm that they do not exist or are not available and (b) any additional questions that may result from the review of the additional documents.
- 3. Discussion/Meeting with RM Committee Leadership:** As documented in the timetable dated April 2, 2019, CLA anticipated briefing the RM Committee Leadership during the week of September 9, 2019 on CLA’s findings from the testing performed, which was contingent on getting the outstanding documents and information needed from OHA. As communicated above, from September 6th through September 9th, OHA provided additional documents and responses to CLA’s questions. CLA requires additional time to review the additional documents and information provided by OHA. Additionally, CLA is waiting for outstanding documents from the LLCs and will need time to review these additional documents. To ensure the briefing of the RM Committee Leadership is productive, CLA recommends having the briefing after October 4th, which is the date by which CLA expects to have all available documents reviewed. CLA is available for the briefing with the RM Committee Leadership on either October 9th or 10th. As the briefing will be high-level, CLA recommends the briefing take place via video conference.
- 4. Prepare Draft Report:** CLA will begin an outline of the report on or around September 13, 2019. The results of the testing performed will not be finalized until all documents provided by OHA and the LLCs have been reviewed and CLA has had an opportunity to inquire about any follow-up questions.

G. Project Obstacles

Currently, there are no project obstacles, and we are on schedule to complete the project and issue our report by December 16, 2019.

H. Items of Notable Mention

There are no new items to report.

I. Total Hours & Costs Incurred and Billed through August 31, 2019

Table 1 summarizes the total hours and costs incurred and billed to OHA for professional services and travel-related costs through August 31, 2019. Based on the total estimated budget and the work completed to date, CLA is over the dollar amount budgeted for the categories “Project oversight, meetings, status briefings” and “Travel: 50% of actual travel time.” This is due to the time incurred by CLA in updating the new Resource Management Committee

leadership on the scope of work, historical work performed, and project obstacles. Additionally, CLA attended an in-person meeting with the Resource Management Committee leadership on March 12, 2019. CLA will not bill OHA in excess of the approved \$500,000 contract cost to complete the approved scope of work.

Table 1: Summary of Total Hours and Cost

Description	Total Budgeted Hours	Total Budgeted Costs	Hours Through 08/31/19	Costs Through 08/31/19
Testing of OHA transactions*	861.00	\$ 246,580.00	1,001.25	\$ 228,302.38
Testing of LLC transactions*	354.00	81,090.00	366.55	78,758.80
Project oversight, meetings, status briefings	180.00	49,840.00	185.15	57,397.75
Report of findings and recommendations	346.00	86,360.00	-	-
Travel: 50% of actual travel time	130.00	38,773.00	160.20	45,031.00
Travel: Out-of-pocket costs	N/A	31,470.00	N/A	42,572.30
Total	1,871.00	\$ 534,113.00	1,713.15	\$ 452,062.23
Less estimated Professional Discount		(34,113.00)		(10,000.00)
OHA's Not-to-Exceed Cost		\$ 500,000.00		\$ 442,062.23

*These categories broadly represent the work being conducted related to OHA and its LLCs, including reviewing documents and financial data, performing data analytics on the financial data, preparing for and conducting the process and risk assessment interviews, review of internal controls over the reporting to the OHA Board of Trustees, and the contract and disbursement testing.

As of the date of this status report invoice #2216196 is outstanding; however, CLA has been informed that the invoice has been submitted for payment processing. The invoice for costs incurred from July 31, 2019 through August 31, 2019 is being prepared and will be sent to OHA within the next few days (the costs for this invoice are included in Table 1 above).