

STATE OF HAWAI'I
OFFICE OF HAWAIIAN AFFAIRS
560 No. Nimitz Highway, Suite 200
Honolulu, HI 96817

Minutes of the Office of Hawaiian Affairs Committee on Resource Management
Wednesday, October 21, 2015 9:30 a.m.

ATTENDANCE:

TRUSTEE COLETTE MACHADO, CHAIR
TRUSTEE HAUNANI APOLIONA, VICE-CHAIR
TRUSTEE LEI AHU ISA
TRUSTEE ROWENA AKANA
TRUSTEE DAN AHUNA
TRUSTEE PETER APO
TRUSTEE CARMEN HULU LINDSEY
TRUSTEE ROBERT LINDSEY
TRUSTEE JOHN WAIHEE

ADMINISTRATION STAFF:

KAMANA'OPONO CRABBE, CEO
LISA VICTOR, COO
HAWLEY IONA, CFO
DYLAN ZHENG
RAYMOND MATSUURA
MOMILANI LAZO

GUESTS:

GREG LITTLE, PANTHEON
SONYA PARK, SSgA
JOHN GREENWOOD, PANTHEON

EXCUSED:

BOT STAFF:

ANI PANG
CLAUDINE CALPITO
DAYNA PA
U'ILANI TANIGAWA
LOUISE YEE-HOY
LAURENE KALUAU-KEALOHA
BETHANN AHSING
KAUIKEALOLANI WAILEHUA
LEHUA ITOKAZU
LADY GARRETT
DAVIS PRICE
CRAYN AKINA

I. CALL TO ORDER

Chair Colette Machado – Called to order the meeting of the Committee on Resource Management, Wednesday, October 21, 2015, at 9:32 a.m. For the record, there were no excused absences and the (7) Trustees present, were Dan Ahuna, Peter Apo, Haunani Apoliona, Hulu Lindsey, Robert Lindsey, John Waihe'e and Colette Machado, constituting a quorum of seven (7) Trustees.

Trustee	Present	Excused	Comments
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TRUSTEE LEI	AHU ISA			9:44 a.m. arrival
TRUSTEE DAN	AHUNA	X		
TRUSTEE ROWENA	AKANA			10:42 a.m. arrival
TRUSTEE PETER	APO	X		
TRUSTEE HAUNANI	APOLIONA	X		
TRUSTEE HULU	LINDSEY	X		
TRUSTEE ROBERT	LINDSEY	X		
TRUSTEE JOHN	WAIHE'E	X		
CHAIR COLETTE	MACHADO	X		
TOTAL		7	0	
At the Call to Order, there are Seven (7) Trustees that are Present.				

II. COMMUNITY CONCERNS

None

III. UNFINISHED BUSINESS

None

IV. NEW BUSINESS

Ka Pouhana Crabbe – Introduced Raymond Matsuura, OHA’s new Investment Manager, who will introduce the money managers for the 2nd Quarter 2015 Performance Review for Pantheon and SSgA. Raymond and Dylan will do a Total Performance Review as a highlight to OHA’s investment portfolio situation. Administratively OHA is looking to make improvements towards a Fiscal Sustainability Plan within the next future years.

Ray Matsuura – Introduced John Greenwood and Greg Little from Pantheon. They are Private Equity managers managing 6.3% of OHA’s portfolio since 2004.

John Greenwood – Today, we are managing \$30.8B of private equity and infrastructure investments, up slightly from \$30.5B last year. We distributed about \$4.5B back to our investors last year.

(For details, refer to material distributed: ‘Pantheon Update October 21, 2015 – Prepared for Office of Hawaiian Affairs’)

Chair Machado - In the past, the Trustees have mandated what we call “active management” of all of our money managers. How would you describe that approach with what you’re doing?

John Greenwood – I think private equity generally is both the most active type of management, the largest portion of what we invest in which will fall under the category of Bios, where we have managers who are taking control of companies, controlling the Board of Directors, interacting directly with management, usually

introducing a strategy for adding value over a 3 - 5 year hold period. The other smaller portion of what we do is Venture Capital Investing where the investors are very involved at that it is at a Board level. Being very active in building value in companies either, through funding, new technologies or through adopting new strategies for existing businesses.

Chair Machado – Forecasts does not look great. We were looking at the emerging markets in China. We have to rethink. We need to look at something that will allow the kind of revenue and returns that we would actually achieve and not be so tight on the reins with the active recommendations and the oversight.

John Greenwood – Gave a brief summary of the investments that OHA made over the course of the last twelve years. (*page 9*)

Greg Little – More briefing on page 9 regarding diversified private equity funds focused in North American and Europe. Six of the funds encompass 87% of the current value of OHA's portfolio.

Page 11 shows a very high level summary of the entire relationship with Pantheon dating back to 2004, the metrics that we use in private equity are generally focused on creating a multiple of capital over time and we use the IRR metric for rate of return over time. As of June 30th which is the most recent data available for these privately held companies, we've generated about a \$1.37 x multiple of OHA's capital and 8% rate of return over time. I'd point out that you know, the older funds, the more mature funds have a higher multiple of capital, because those are more mature, whereas the \$1.37 is weighted down by some of the newer investments currently added to the portfolio at cost. The total on the bar on the left about \$46M in capital that you have entrusted to us since 2004, we've committed about \$40M of that to underlying Private Equity Fund Investments as well as the Direct Investments which we call Co-Investments and Secondary Portfolio Transactions which is buying mature portfolios in the Secondary Market. The underlying funds have drawn about \$32M and we've generated about \$12M in value created on those investments. So, today as we stand the portfolio NAV is \$23.5M which is the dark blue bar and then when we think about creating money for OHA in addition to that, the value today we've already distributed \$20.1M in those investments that have already been returned to date, for a total of \$43.6M in value.

Page 12 shows the change in Total Value measured by current NAV and distributions year over year.

Page 13 shows the breakdown of all the different ways that the portfolio has changed year over year. Starting with \$25.7M in NAV a year ago to \$23.5M on the right.

Chair Machado – Trustee Lei Ahu-Isa

Trustee Ahu-Isa - Right now IPOs people are pulling back, do you anticipate this to pick up later next year or are they just waiting for global issues to just kind of settle down a little bit or the election next year for the President?

Greg Little - Yeah, I think what we've seen in 2014, the IPO market for venture capital in particular was very strong, so we benefited from that pretty significantly, we had pretty meaningful percentages of those companies were in our portfolio and then over the past basically, this year some of those have tailed off and then some of the more recent ones have sort of come out not really traded down from the IPO values, so I think that it's something that everybody's very cautious of. Companies in the portfolio meet that criteria, raising large pools of capital and they are a lot more cautious about going public.

Greg Little – In the meantime, this year we still see a lot of distributions more from the corporate NMA side of things. For a lot of the big companies, are looking to grow by acquiring businesses and basically acquiring earnings and so our portfolio which focuses on the mid-market of the economy, there selling these medium size businesses to larger businesses and were benefiting from that.

Trustee Ahu-Isa – Great thanks.

Greg Little - On page 14, is a high level diversification of the portfolios, so primarily concentrated in North America and Europe. Europe's concentration there is primarily in Northern European countries, less exposure to some of the more troubled countries like Greece, Portugal, Spain. North America is pretty strong component of the portfolio. The majority of the exposure is to the Buyout Strategy which is to control investments in profitable cash flowing companies. Venture Capital, is typically minority investments in high growth companies and then Secondary's it the strategy, if you look through that it's really about control buy out situations. But were requiring them in a mature part of the investment cycle and so we would expect to see a less of the multiple capital, a shorter duration to getting that return a little bit quicker. And then Vintage Diversification as we pointed out, the current NAV is in the older more mature funds of 2005 to 2008, starting to see a lot of those companies being sold and coming back to OHA.

Page 15 is really basically the performance since inception of each of the underlying funds.

Page 16 - 17 shows a bit of the year over year Value Bridge, similar to what we discussed at the overall level. Most mature harvesting funds with a little uplift in value, with distributions back to OHA, with a return between 20 and 40% of the original capital over the past year.

Page 18 shows the newest funds which are still very much in their investing periods, were seeing a lot of capital drawn, as new commitments are made, new investments are made and then will start to see the value created over time.

Page 19 provides flavor in the portfolios. These fifteen (15) companies represent about 9% of the Net Asset Value (NAV) across all of the funds and you can see it's a diversified group of companies by sector and geography. Three of the top four are public now, so they have been taken public by the Private Equity Owner and they'll begin to sell their public investments over the next few quarters. A number of the other ones will reach this top group here, because they are generally performing well and so they have added increases in value or their just bigger investments in the portfolio, where we have been able to add double down through our Co-Investment programs. JELD-WEN is the number two investment here, which is doing quite well; it's a manufacture of windows and doors. You can see there is a broad range of more sort of stable cash flowing businesses in the Education Space, Industrial Businesses, Health Care Businesses and then you see the more high growth technology businesses like Spotify, which a lot of people are familiar with and that one's become a bigger holding because it's increased so much in value.

Trustee Ahu-Isa – Very diversified.

Greg Little – The portfolios are very diversified.

Page 20 shows some cash flow projections that show estimates of when we expect a generic modeling of these investments of how the cash flows will come back in time, and how it will be invested.

Chair Machado – Trustees, do you have any questions for Greg Little? Okay Ray.

Ray Matsuura – On page 19, the fifteen companies, which ones are? You said four of them are public now.

Greg Little – Yea, the Nord Anglia, CPI Card Group and Alarm.Com, so three of the top four are now public. Spotify, is not public yet. Spotify just closed a private round so that falls under that category that we just talked about where they raised a significant amount of capital privately, they just did it June 2015. The company had about \$8B and so they've got plenty of money to stay private unless they choose to go public. At this point they're not. Some of these other ones, especially on the more sort of Buyout Industrials, and Financial Businesses, those could very well exit the IPO or a private sale to a larger corporate. The good businesses have options in this IPO market.

Chair Machado – I wanted to comment that you gave us a lot to think about. I'm not sure how long we've been in the investment area, but I'm sure it's close between the 12 – 15 years. You mentioned that your investment approach, some of the investors that you have are now reviewing and assessing value and equity. For us, this is the period we are in now, as an organization, we have to really look tough and harder at our returns, because it's more than a decade that we've been involved, so I take, given what your said, lends to the work that we have cut out for us, with our new investment manager and trying to have this kind of dialogue with each of our money managers. We really have to assess the value versus the equity and what we call recapturing the revenue base to. So I thank you for that input that you gave in the beginning part when you looked at 2003, and that you recommended this is what you folks are looking at today for the original groups that you folks worked with. So thank you for that mana'o. That's very helpful.

Greg Little – It's a different asset class, with different metrics in the way it works. Takes a little bit to get your head around. I'd be happy to answer any questions that would help with your review.

Chair Machado – Yes, Trustee Lei Ahu-Isa

Trustee Ahu-Isa – I just want to add on to that, because we can't rely on strictly on the market, even in investments like other economists have told us; we are the frontiers, so we don't know what is going to happen. We can't be pumping \$40B a month and still have no inflation, are we still market strong, pumping out more. My other thing might be for us, as OHA Trustees, to look at our strategic plan and maybe look at perpetuating the fund by looking at other ways we can add to it. I won't say what they are now, but we are going to look at other ways to give you more money to manage. How's that. Mahalo.

Chair Machado – Very good comments on Trustee Lei Ahu-Isa. Trustee Apo.

Trustee Apo – No, I am going to keep myself out of trouble.

Chair Machado – Okay we have Kamana'opono.

Ka Pouhana Crabbe – I think your comments Chair, with respect to not just Pantheon, but we'll hear from SSgA, and what Ray and Dylan will present is hopefully moving in that direction of looking at the Total Investment Portfolio, and the areas where we need to consider really focusing, how to make improvements of the revenue for that, but also how that works in concert to some of our other revenue generating initiatives like Kaka'ako Makai, projecting and looking at how it impacts our budget. So, I believe were aligned in that sense, in terms of moving in that direction, in addition to possible other future ventures.

Trustee Ahu-Isa – Chair, I just triggered another question.

Chair Machado – Yes, Trustee Lei Ahu-Isa.

Trustee Ahu-Isa – Ka Pouhana just triggered, this may be off the wall but, Kaka’ako Makai. You know what that is. Its land that OHA owns on the waterfront, right there across Howard Hughes, all those development with those \$2M minimum apartments combined. What is going to come up with this plan, what are we going to do with that, what we going to need investment and we’re going to need investors? OHA’s not going to use our money to build, like some of my beneficiaries were asking me when is OHA going to build anything on that land. I said it’s not us, were going to have to go out and get investors. Would you as a private equity firm know very well safe private investors that might help us look at when the plans are finalized later. Just off the wall question, you don’t have to answer if you don’t want to. I just thought I’d throw it out.

Ka Pouhana – That’s a good question.

Greg Little – The scope of our, the funds that we invest in the private equity managers that we select from are generally Venture Capital to Buyouts, and we do Infrastructure as well, Real Estate is sort of on the frontier of just outside of the scope of what we do. But, there is a whole other universe of several hundred Real Estate focused Private Equity Investment firms that do exactly that.

Trustee Ahu-Isa – Blackstone

Greg Little – Yes, exactly we are familiar with Blackstone and the Private Equity side of the business.

Trustee Ahu-Isa – I work for Hilton.

Greg Little - Hilton as a matter of fact is in some of our portfolios. Blackstone has a share of between Real Estate and Private Equity.

Chair Machado – Trustee Apo

Trustee Apo – One of the difficulties we have is that unlike a stock holder driven organization we are a mission driven. So, when it comes to investment, it’s not always the balance sheet that guides us. And with these thirty acres of very valuable commercial property, it’s a tough navigation because the tendencies going to be want to go to with the highest and best use model. But our policies really call for a much larger vision, where the return on the investment is not just about what the balance sheet says. So, navigating that gets really tricky. Do you folks ever, in your experience have these missions driven, like you see Commonfund doing this?

Greg Little – There are a subset of Private Equity Funds that might have a double bottom line approach to doing business. Some of the ones we’ve seen in our industry, are groups that are maybe ESG focus, Environment and Social Governance focus where they really think about creating businesses that not only generate financial returns but are also good stewards, treat their employees properly and that sort of thing. I don’t know again on the Real Estate side, they’re out there and we are aware of some of these funds. But it is not, the Real Estate is not a core part of what Pantheon does today. Could be in the future, I’m sort of generally aware if there is that type of group that is out there. So, I think we can help guide you in the right direction. But it is not the core of our business today.

Chair Machado – Trustee Ahuna

Trustee Ahuna – I just have a small comment, upon his comment. So, are we going to be hiring a manager for the Hawaii Direct Investment portfolio that we’ll be doing? I don’t know, I just thought what the process is and how we can accomplish that.

Chair Machado – Ray, do you have a response, because my understanding is...

Ray Matsuura – The Hawaii Direct Investments is currently managed by SSgA, which is coming up now. So they're managing that money for us right now, until we invest into a more permanent type of investments, it will be SSAg, and again they will be speaking next.

Chair Machado – So we will revisit it again Trustee Ahuna.

Ka Pouhana Crabbe - Just to follow up, I think we're still in discussions with Chair Machado and with Ray about the financial and the investment consultant which will be helpful to help guide us through with the potential investment structures and who would be interested. I think that is very valuable moving forward for the development of Kaka'ako Makai. That's it Chair Machado.

Ray Matsuura – I'd like to introduce our next speaker from SSAg, Sonya Park. SSAg manages our Enhanced Liquidity portfolio as well as again our Hawaii Direct Investments.

Sonya Park – We manage a Long Government Bond fund for the Enhanced Liquidity pool and we also manage a Real Asset Strategy for the Hawaii Direct Investments that Ray mentioned is a place holder, so for the cash that you have there, it's currently invested in our real assets strategy. But, I'd like to start with our outlook for the rest of the year and into 2016 and an update on State Street Global Advisors.

(For details, refer to material distributed: 'State Street Global Advisors (SSgA) – Office of Hawaiian Affairs October, 21, 2015 Sonya K. Park')

Page 5. State Street Global Advisors, were the asset management division of State Street Bank and Trust and we are one of the largest money managers in the world. We manage about \$2.4 Trillion of client assets, then that goes across different types of strategies, including indexing, active strategies, enhanced fundamental as well as multi-asset class, and for OHA we're doing indexing, we're also doing multi-asset class through the Real Asset strategy.

Page 8. SSgA had three basic themes they thought were going to happen this year which were Improvement, Divergence and Decoupling.

Page 9. For the US, we expect that the US is going to grow 2.5% for this year and that's down from what we originally had forecasted earlier in the beginning of the year at 3.4%. while the US is growing it's not growing at the rate that we had originally forecasted at the beginning and a lot of that has to do with what the Fed is doing, which they are not raising interest rates. And at some point they are going to need to take some sort of action.

Page 12. The Eurozone, we expect the growth rate to be 1.6%, this is going to be flat from our growth forecast for 2015 which was 1.4 to 1.6%. Something that helped with the growth in Eurozone is that there had been a lead up in the fighting in Ukraine, and some temporary resolution around the Greek crisis. Oil prices and euros have fallen. This has reaccelerated some of the growth. And don't think that the European Central Bank will do anymore action.

Page 15. For Japan there has not been any growth, no progress as far as growing the economy there. GDP jumped about 1.1% in the first quarter, but has slowed down through the course of the year. The quality of the growth rate was poor. Oil prices in the comments of our economists, it will determine the short term

movements and sort of what the inflation rates are going to look like. We think that the Bank of Japan, again, Central Bank policies are going to make further adjustments through the rest of this year and into next year.

Page 29. The last several months the volatility and the equity markets have been pretty dramatic, one day it's up, one day it's down, then it sort of evens out. We don't expect this volatility going away, it has come down through the end of the 3rd quarter, but the volatility still remains above what historical averages have been. We expect that to continue.

Page 44. All the views mentioned here as far as the different regions and then globally affect the way we view our tactical positions for portfolios. Because of the volatility, because of the lack of growth and uncertainty of what's going to happen in the Emerging Markets, we have taken a more risk offer approach and we've actually over weighted our cash position and the one that you have in the book is from July. Our cash is going to be at 5% overweight in the portfolio is what we're recommending for clients and you can see from the other asset classes that were underweight in some of the US markets, but still we have some over weights in more regional and Europe and the Pacific.

Page 48. SSgA, currently manages about \$3Bin real asset type strategies and for OHA we're managing a fund to funds within your portfolio.

Page 50. You have exposure to US Tips, US REITs, Commodities as well as Large Natural Resources. And these are all Index Funds Underlying, so what we're trying to do is just replicate each respective index. And then what we do, we allocate amongst those funds to come up with the total of real assets strategies

Page 51. We currently allocate 25% to Commodities, 30% to Global Natural Resources, 15% to US REITs and 30% to US Tips. That combined together makes up the Real Assets portfolio. These weights are revisited at least once a year and they could potentially change but, this is where they currently stand as of the end of last year.

Page 52. If you go to the chart on the left, you can see each of the components and so for the US Tips, we hold about 37 securities in that portfolio. On Commodities, we hold 22, and for the REITs and the LargeMidCap Natural Resources, we are also holding 216 in the Natural Resources index.

Page 60. This Bond Fund is also an index; we're looking to replicate the Barclays Long US Government Bond Index to make it look the same. So you can see that a number of holdings are about the same as the index at 78 as well as the different characteristics there. The Average Quality is the same maturity and this is demonstrating that we are giving you the index that you were currently invested in.

Chair Machado – Trustee Hulu Lindsey

Trustee Hulu Lindsey – Could you tell me how much we have invested in this portfolio?

Ray Matsuura – About 3.1%. 3.0% of the fund. Let me give you the exact amount. \$13.2M as of June 30th.

Trustee Hulu Lindsey – Madam Chair. My question is where is the rest of the \$25M that we allow for our Hawaii portfolio?

Ray Matsuura – The HDI, I just said that Enhanced Equities is \$13M.

Trustee Hulu Lindsey – We have a cap of \$25M. I just wondered where the other part of the \$25M is?

Ray Matsuura – I'm not sure if I'm answering your question correctly. But the Hawaii Direct Investments is \$18M.

Trustee Hulu Lindsey – It is \$25M, we kept it at 25, didn't we. Our HDIP, is \$25M. But he is reporting only on the \$18M. I just want to know where the rest is, where is the difference, where is it?

Hawley Iona – Madam Chair. The Hawaii Direct Investment is a percent of the Overall Allocation of the portfolio with the maximum of 25. So, we can actually get back to you regarding specifics on how each is invested. We will provide you with that information.

Chair Machado – That would be good. Those are good questions, got to get reconnected to that.

Ka Pouhana Crabbe – What Trustee Hulu Lindsey is asking is an understanding that there would be \$25M in the portfolio, but the \$25M is a ceiling. It's a cap.

Hawley Iona – It's an actual percentage of the overall portfolio.

Trustee Hulu Lindsey – Well my question then is if, let's say we want to use \$25M for Kaka'ako, do we have it?

Hawley Iona – No. The immediate answer to that is HDI, first and foremost was intended for the purchase of this building and so there is still a large chunk that's allocated for collateral on the loan itself and I want to say that's around \$11M.

Chair Machado – Trustee Apo.

Trustee Apo – I think Trustees are going to have a really good in depth discussion and revisit Hawaii Direct Investment, it needs a lot of work, needs a lot of clarity and the need to understand how different it is, with respect to taking money and putting it directly into Hawaii as opposed to managing portfolios that are a thousand miles away. I think it will be a really good discussion, bringing clarity to, and in which is kind of what she is asking for.

Trustee Ahu-Isa – It's the percentage of, so it doesn't stay at 25, that means more. The portfolio is lower, if only 18 in there.

Hawley Iona – And it is also considered a highly liquid asset, because of the fact that we are pursuant to the investment policy statement able to draw upon it at any given point and time for Hawaii Direct Investments specifically. In the meantime, it's invested to earn money.

Chair Machado – Trustee Hulu followed by Trustee Apo.

Trustee Hulu Lindsey – Okay, the report was that we had \$18M. Is that \$18M minus the \$11M that's being held as collateral for Gentry?

Hawley Iona – Once again, we can get back to you with the specifics. I don't know exactly, what Ray is referring to at the moment.

Trustee Hulu Lindsey – Okay. Thank you.

Chair Machado – Trustee Apo

Trustee Apo – Some of the things I'm thinking of, part of the evolution of our investment procedures is that Waimea Valley which is a Legacy property, where there wasn't a lot of thought, although we wanted to get it in the black, and then that's under LLC. So, with the Direct Investment we need to make some decisions as to indirect investment. Is this something that the Trustee's handle or do we create LLCs; all those kind of questions, which I think will be a really healthy and good discussion. And I think we will emerge out of that with a very strong position about that.

Sonya Park – If I could comment with the Real Assets Strategy and to your point. We have clients who do that to invest it somewhere knowing that it's going to be allocated for example the Direct Investments in Hawaii. But, at least it's going to earn some return in the meantime, rather than just being in cash. But you want to get something that is closer to what type of investment that bucket is.

Chair Machado – Hawley, you're going to be unavailable on the 4th, yes, for the next RM meeting?

Hawley Iona – I am going to be available. Ray is going to be unavailable.

Chair Machado – So let's target the 4th, as a follow-up on the Hawaii State Investment for updates for the Trustees at the table. So we will address that, all the issues raised. I think that is good that you're going to be here for Nov. 4th.

This is good to get reconnected to what we have to look at, the 25 max. The cap is \$25M, we have certain investments locked in to this building and we have to look over time when all of that will be liquidated so that we can get that opened up. Okay Hawley, you have an assignment.

Chair Machado – And then we will work with PKF to do the presentation.

Ka Pouhana Crabbe – Just to comment, I think this is helpful for us as we are moving in to preparing for the very comprehensive financial sustainability plan is getting input from the Trustees. If we are looking at Kaka'ako Makai and then the Hawaii Direct Investment is available, how much, but then also, at the same time are there other alternatives and options for investment, that we might want to exercise to help develop it. But also, the planning and the coordination and phasing out of that are probably more important on when we want to actually implement those particular strategies. That's what we are currently working on to propose back to the Board.

Chair Machado – That is all good. We will start with Nov. 4th with the Hawaii Direct Investment.

Sonya Park – Thank you very much.

Ray Matsuura – The next speaker will be myself and Dylan Zheng who is the Investment Analyst.

Chair Machado – Before we start, Dylan can you share with us a little about your background.

Dylan Zheng – Born and raised in Hawaii. I attended the University of Manoa, my background is in Finance. I've completed a few internships at some local banks and right after graduation, I was an Analyst at the Ulupono Initiative looking into Renewable Energies, Local Foods and Waste Management. After that I joined OHA in July.

Ray Matsuura – Dylan's been here and had a couple weeks with David, my predecessor. I'm very pleased how we work together, and Dylan's gotten very helpful in educating me on the portfolios. So, I really do appreciate him being around and that he was a really good choice.

When we talk about Investment Management, often people think, what kinds of Assets you should buy to include in your portfolio that will appreciate in value. What an Investment Manager really does is manage risk and for our portfolio like OHA's, the Native Hawaiian Trust Fund, it's a long term fund. The way we manage risk is, having a well-diversified portfolio of assets. You want a well-diversified portfolio and the way to accomplish that is through your asset allocation decision. For those of you with 401K and IRA's, sometimes you will have an option of call a target date fund. And what that basically is the planned sponsor will provide you an asset allocation model on the date that you plan on retiring, primarily as you get older, you probably would increase your fixed income waiting, as supposed to stocks that have less risk in your portfolio. Unfortunately for endowments or trust funds, there is no target date, it goes on indefinitely. So, asset allocation decisions are critical.

(For details, refer to material distributed: 'Asset Allocation')

This is as of June 30th. What we've done is taken in a broadest sense of the portfolio, we did a, you can see that on the upper left hand corner pie chart, we have 55.6% of the portfolio investments in traditional investments; these are stocks, bonds and real assets. The next largest is 21.9%, which is our private equity, Pantheon included, these are generally long term assets, illiquid, but a good diversification and alternative to traditional investments. 14.4% is in our Hedge funds, these kind of help smooth out the returns over the long term and provide liquidity to private equity funds. The 5.0% in blue is our Hawaii Direct Investment allocation. And again this is where, as the portfolio changed in value, the Hawaiian investment value changed. As Hawley mentioned it has allocation of 5.0% up to \$25M. And then 3.1% would be our cash exposure enhanced liquidity which is the sum we just discussed in the SSgA portfolio. So, if we cut this pie up a little further, we can see on the right hand pie chart, we have our exposure in our traditional assets which is in equities. If you look which is about 40% of the portfolio, followed by Global Credit and Real Assets. The next session which will be 21% would be our non-marketable sector. Again we have a heavy weighting in the equity portion portfolio. And then we have Hedge Funds and Hawaii Direct Investments and Cash. On the table on the bottom of the page we have our current allocation of the sectors, as well as our targets, as you can see there is some drift between our allocation and strategic targets that we re-bounced twice a year, we just did the last in June and the next will be in December. It's important to understand that re-balancing is really critical to the benefit of the portfolio, what you're basically doing reselling your investments that are doing well and buying the ones that are underperforming. And it's a discipline that has proven to be, if you follow this discipline in the long term, you will have a successful investment program. So, we've taken all these different parts of the portfolio and we tried to structure and see where our managers fit into each of those buckets.

Page 2. This flow chart shows you how our managers fit with in all these strategies. So, on the upper left hand side, you'll see our traditional Asset Portfolio. We have two managers Goldman Sachs, and JP Morgan managing Equities, Credit, Real Estate and that's again 55.6% of the current portfolio. Below that is the non-market portfolio which is our private equity. But, to give you an overview, again we have JP Morgan and Goldman Sachs managing Private Equity and we have Commonfund managing a portion of it as well and Equity and Opportunistic and Real Assets and Pantheon as the other Private Equity manager. To the right of that in the green that is Commonfund, these are Hedge Funds and they provide liquidity to the Private Equity Funds. As you understand, Private Equity, we make commitments to fund these private equities up front. But

they don't need the money automatically, right, so over time maybe 4.0 – 5.0% a quarter, they will be requiring capital. So these Hedge Funds keep us invested rather than having it in a pool of cash. The Hedge Funds provide us a decent return while were waiting for these Capital calls to happen. To the right of that is the Low Volatility Alternatives which is also managed by Commonfund and that will supply liquidity to the Hedge Funds, which will eventually flow through the Private Equity Funds. Hedge Funds also provide equity to the other managers as well, JP Morgan, Pantheon and Goldman Sachs. Eventually, if we kept the same type of strategy going forward, the lox volatility fund will be drawn down further as we increase our allocations or contributions to the private equity. Above that is a Diversifying Strategies Hedge Fund which is called the Links Fund, it was part of SSAg and it just provides another layer of the hedge fund. Above that is our SSAg Enhanced Liquidity and the Hawaii Direct Investments that provide the portfolio. Are there any questions about the flow chart or the pie chart.

Chair Machado – My only comment is I wish we saw this before they presented. This would have a lot easier to see the big picture.

Trustee Waihee - I love this.

Trustee Ahuna – This is very good.

Raymond Matsuura – It's important for me, as a newcomer to sort of say there is a lot of moving parts to the portfolio. So if we all have a better understanding how these parts interact, I think it will be helpful. Keep this in the back part of our books and just see where those parts change.

Chair Machado – Any questions Trustees. Trustee Akana

Trustee Akana – Madam Chair, when will we hear from our Overall Money Monitor that we hired, Vern? When will he be invited?

Chair Machado – Commonfund was here, but Vern didn't come.

Trustee Akana – Vern is not part of Commonfund, he's the person that we hired to oversee our portfolio as our money monitor.

Chair Machado – What is his company's name SNS, ENS? What was that ENS?

Trustee Akana – I forget the name, Peter maybe you know, we were part of the review?

Chair Machado - Okay, I'll be very truthful with you, I terminated, and I recommended termination of his contract.

Trustee Akana – On what grounds?

Chair Machado – Number one, is that the ARM committee is defunct, this is the RM committee, we are looking at attempting to see how we could best serve at this different level including both Land and Property as well as accommodating our portfolio understanding.

Trustee Akana – I don't know that you have the power to do that without the vote of the board.

Chair Machado – I don't have the power to do that. You're correct, what I did do was inquire the status of the contract.

Trustee Akana – We need somebody to oversee all of the investments.

Chair Machado – I agree with you and we are working on something like that. But you cannot expect me to inherit what you developed with them to oversee your committee as ARM and now we're moving into a Resource Management with the two areas such as Land and Asset Resource Management. So that was what kind of compelled me to have that discussion with administration on the status of that contract.

Trustee Akana – Let me just say this, the reason that not only the State Auditor, recommended a monitor to oversee our Trust Assets, as you know even the private company that we hired, which is Rodney folks to look at OHA overall, have said, in the last fourteen years, OHA has overspent its Trust Assets and going at this speed, we will be out of money in less than seventeen years, the Trust will disappear. An Overall Monitor to oversee all of the Trust Assets is absolutely necessary. You cannot combine the assets that we have in the stock market, the kinds of land assets that we have now, put it all into a Resource Committee and not have oversight over where all of our money is going, how much we are spending. When you look at how much we withdrew, \$7M from our portfolio to fund our operations, we never used to do that. We used to use the monies that we made on the stock market to run our operations. Now, we're drawing down from our Trust Assets to make up shortfalls and we keep going like this, and keep going like this, we're going to end up with no money. There is no responsibility; Trustees has to have trust responsibilities, that's our job. We're not supposed to.

Chair Machado – Trustee Akana. I share your passion and concern, this is something that I am not negligent on, I am working cooperatively with all parties, including our PKF consultants to again engage in what you intended to do with oversight. So, I just want you to know that we, the combined committee approach, are now reconsidering how we move forward. And I don't want to get into a big squabble with you, because I would prefer having this in an Executive Session discussion, if you prefer. Because right now we are live streaming. So yes, I've taken on the advisement, your recommendations, and we will be getting back to you and probably list this discussion in Executive Session.

Trustee Akana – Well it has to be discussed, because we can't keep going like this.

Chair Machado – Trustee Robert Lindsey.

Trustee Robert Lindsey – Thank you Madam Chair. I want to insure you, Trustee Akana, that what has been done was done with my blessing. And we clearly know what our fiduciary responsibilities and obligations are as Trustees and Administration. This is our people's table; we are dealing with our people's assets. So we don't need to continue to be lectured about what our fiduciary obligations are.

Trustee Akana – I'm not lecturing. I think the figures show itself Mr. Chairman.

Chair Machado – Trustee Akana, I will affirm that the staff has some concerns too, KP Kamana'o pono has been consistent about trying to balance, I believe, with Ray as a new manager for our investment. We are all on the same page, but we have to work together and so now, give us some time to assess and have more dialogue on how we move forward collectively. So, I would have to appreciate Chair Lindsey's mana'o because I did not proceed on my own direction. I did consultation with Administration, consulted with Legal and we were able to work that out at this point and time. But, that does not mean we are not going to move forward with some entity to do the oversight responsibilities. But it won't be Vern, that's for sure.

Chair Machado – Ray.

Ray Matsuura - If there are no questions, it's about the flow chart, I hope, you get some benefit from this. Again a portion of the portfolio, actually 17% is growing, is in non-marketable portfolio, with Pantheon being one of the managers. Dylan is going to explain our Non-Marketable portfolio for you right now.

Dylan Zheng – Looking at our private commitments, we can see that it's breaking down between three different fund types, Private Equity, Private Credit and Private Opportunistic and Real Assets. Private Equity represents 70% of our private commitments and those managers are Pantheon, Goldman Sachs and Commonfund. In the Private Credit Space, JPM and Goldman Sachs are our managers, and in the Real Assets space, Commonfund and JPM are our managers. The remaining split between Credit and Real Assets is tilted more towards credit right now. When we take a look at the Non-Marketable portfolio, it's very well diversified, 61% is allocated globally throughout the entire world and we have focuses within the US and Europe, which represents the second largest holding in our geography. A very small portion is handled with Asia and the Emerging Markets. The bottom chart represents our commitments by Vintage of millions of dollars, so from 2003 to 2008, we very selectively made commitments. 2008 was the largest year that we made commitments in Private Equity of \$36M which was started with Pantheon and we continue that relationship. In 2008, we started with Goldman Sachs, and 2010 on, we were looking at Commonfund as well as JPM. So since then we are more consistent with the amount of commitments that we have made. We want to keep this consistency going forward because it makes the cash flow a lot more predictable with our equity investments. We worked with advisors to evaluate OHA's current non-marketable portfolio and identify new funds that will help diversify OHA's investments and bring the non-marketable portfolio closer to its strategic targets. And our current focus again is with the Real Assets portion. So I just want to talk a little bit more about the private equity commitments in terms of how we evaluate it. So, OHA's due diligence process for new commitments in the last rove of months have been working with an advisor who proposes the fund, and will look at a key number of factors into consideration, such as the advisor's experience, their past performance, what their fees are as well as their own due diligence process. That kind of encompasses how we make commitments going forward.

Page 4. I want to talk about Private Investments, the pros/cons of it. The reason why there are pros/cons with it is because it is a very unique Asset Class. The biggest pro is that it gives us diversification against traditional assets, it gives up diversification against the stock market, where if we've seen a lot of volatility. Not only does it give us that diversification, it gives us an opportunity to have greater returns that doesn't come from the stock market, that's completely independent from that. We are able to invest in strategies that we can really invest in the Stock Market, such as buy-outs, venture capital, and taking a look at companies that aren't in the public sector. However when we do these private investments, there are some things that kind of hold us back, such as Evaluating Performance. Private Equity doesn't have the ability to look at performance that we can. In stock market we can go on a web-site and we can just see what the SMP has done. In Private Equity, those resources aren't available to anybody, that's why we work very closely with our advisors to be able to get that information and we bring that to the table here. The other thing is Illiquidity, when we make these commitments, these commitments are locked in, the timeframe is unique with every different fund type that we do, and typically we can see it going from one year to about 8 years or even 10 years. So there's is a very long time horizon and that's what Commonfund's goal with providing illiquidity in their Hedge Funds. We also try to mitigate that by doing a lot of more consistent commitments so we can predict the cash flows going forward. By doing that, it makes us able to understand, when the cash is going to be coming back from these commitments and how much cash is going to be needed going forward. And lastly, we do pay higher fees on these Private Investments, however, these private investments typically will be able to provide us with double digits returns and again returns outside of the stock market, and also, a lot of these investments that we make do typically perform a lot better and are more consistent throughout a longer time horizon. Private

Investments do make up 21% of our portfolio. In the last two portions of our hand out, it is just an appendix that goes over every single investment, breaking down in its market value as well as the percentage of its compared to the entire portfolio.

Ray Matsuura – Thank you Dylan. Any, questions for Dylan.

Chair Machado – Trustee Ahuna

Trustee Ahuna – The Chair commented on active management versus passive management, when you talked about high fees, does that correlate with why we have an active manager, because of the volatility?

Dylan Zheng – Yes. Typically we do pay higher fees with Private Equity because they are a lot more actively managed, but not only that, they give us the ability to invest in a space that is normally not able to be invested in.

Trustee Ahuna – So Commonfund is a great example, right. High fees but great returns.

Dylan Zheng – Commonfund is a great example. High fees and good returns. Also Commonfund has been able to do something that a lot of Private Equity Investors haven't been able to, which is to provide the lowest fees among other Private Equity Investors.

Chair Machado – Trustee Lei Ahu-Isa

Trustee Ahu-Isa – I know the fees are high, but they have the ability to move faster, quickly. I know because they are a private entity they don't have to like Blackstone, they don't have to show their books or anything. I think they have more knowledge of researchers, more global, I mean I hate to use Blackstone, because I work for Hilton and I have access to some of the things they do, like REITs, for example. Howard Hughes is a REITs, they can just get into that, where if we just go with a non-private ones. It is just my opinion that they charge high fees because they bring double digit returns.

Chair Machado – Kamana'o

Ka Pouhana Crabbe – Part of the reason why Ray and Dylan are presenting this is getting back to responsibility as Administration is bringing information back to the Board for consideration in terms of that Active Management. To review the performance of the money managers, where they are, and whether or not they are meeting our benchmarks. Since 2013, when we adopted those benchmarks, their job is to evaluate if they hitting it. Okay, and if they're not hitting it, or achieving it, they go back in, talk to them, come back to the Board and say okay. But if they're not achieving it, say, like the last two weeks ago, when several of the other money managers came in, two of them did not reach their benchmarks for emerging markets. So, do we look at and say okay, why didn't they meet it three quarters in a row, fluctuations in the market, but because we already committed to that, we may want to, kind of like Ray said, the horizon takes a couple years to mature, but we still should be receiving the explanations and the data from them, like which money managers are really not performing and that's why we had asked the questions, when do you intervene, how long do you let the on the ground managers, if they not performing like four quarters and were paying out fees to them. What we are looking at administratively? How can we minimize the risk and the amount of fees going out so that we get people who are high quality to achieve the benchmarks. So that is part of the reason why we're sharing this and taking a closer look at the investment portfolios and the performance of the money managers.

Trustee Akana – Madame Chair

Chair Machado – Trustee Akana.

Trustee Akana – How do you address that when you're dealing with manager or managers style, because in the Manager - Manager style, you don't pick the managers. Goldman Sachs picks the managers. JPM picks the managers, so how do you address it?

Ray Matsuura – We talk to whoever picks those managers, those manager are ultimately responsible, right. So if they are picking the wrong managers, they know who they are, they track the performance. So we would just go to Goldman Sachs or JPM, they are on the hook for the managers they pick for the portfolio.

Trustee Akana – What is your timeframe for (inaudible) watch?

Ray Matsuura – I think a market cycle, right, that's what's typically used. How they perform in an up cycle or down market, up market. Goldman Sachs certainly has had their time in terms of since 2002 I believe, and we know the results and I understand it they are aware of it as well and trying to do things to reduce their fees to building block strategy. But we notify managers who are on watch and carefully monitor it and I think we have shown in the past that we are not afraid to terminate a manager for underperformance. There are plenty managers that are out there scrambling for business. I don't think we are going to have a problem within terms of replacing the Goldman Sachs or JPM at any time.

Trustee Akana – We lost about \$180K in the market and we withdrew \$7M, we paid in the last quarter \$1,135,000 in fees. That's only for one quarter, so if we look at every quarter, we're looking at (inaudible) \$5 - \$6M in (inaudible). What do you anticipate in terms of withdrawals from our portfolio to meet our (inaudible)?

Ray Matsuura – What do I anticipate, I am the investment guy, I would hope that we would stay within our guidelines in terms of withdrawals, I mean I'm going to do my best I can to maximize our returns, but I think it is up to the Trustees to find the discipline to control spending. And I will do my part, as well as I can.

Chair Machado – I'll call upon the CFO for that.

Hawley Iona - Thank you Madam Chair, so just to clarify, we do have the Spending Policy that is strictly enforced and incorporated into our Operating Budget and so for the current fiscal year we're at about \$18M that will draw that is simply for Core operations and pursuant to any approvals that the Board chooses to make for additional draws from fiscal reserve that will be added to any draws that will be needed from the investment portfolio. The only thing that I also wanted to comment on is a reminder and I know that most Trustees have participated, but we do annual due diligence at each of the advisors and that is the point and time in which Dylan and Ray go into the nuts and bolts of the managers and the manager approach. So we may not have an active say in selecting managers on a day to day basis, none the less, we do have an opportunity to make sure that they're selecting the right managers. And again, what Ray said, is that we can make corrections when we feel that progress is not being made according to our benchmarks.

Chair Machado – Trustee Apoliona

Trustee Apoliona – And then on a quarterly basis, we Trustees have the chance to interrogate them.

Ka Pouhana Crabbe - And I think what Trustee Apoliona just shared, like Trustees as well as Administration really should be looking at their performance over time and are they achieving the benchmarks that we agreed to and they agreed to. And if they're not, we're going to have to talk to them, about when do

they intervene, so that we can get a higher performing money manager in there, so that they can help not only them, but they help us achieve our goals of intergenerational equity.

Trustee Apoliona - The key to all of this is working at a very tight and focused space, consistent.

Chair Machado – And the Trustees have the determination and the direction if we're going to change our current practice to something that will be more beneficial for the overall portfolio. So that's something that we may want to seriously consider, rather than doing the tight management aspect. We may want to look at another approach.

Hawley Iona – And one thing that really stood out for the interview panel when we were interviewing Ray was his tactical approach to reminding us that it's really not about making short term immediate adjustments, not panicking when something is falling, but to really remind ourselves in a long term horizon. So I really appreciated that perspective that Ray brought.

Chair Machado – Any other comments. Trustee Akana.

Trustee Akana – One question with Direct Investment since it has to do with this building. When we moved into this building there were a lot of open spaces. And since we have occupied the building, there are even more open spaces; I noticed the textile people moved out. Are we charging more rent than usual? There is a glut of office space. I don't know, you know I've talked to some of the tenants and I just have to say to the Trustees, I don't know how the management is handling this, but, whatever the going rate is, open space is open space. If we're not filling the space, no matter what the going rate is; if nobody is buying into the space, isn't it better to have somebody in there than nobody. I mean really, we need to make money here, having all this open space, is not helping us at all.

Chair Machado – What is the current occupancy?

Ka Pouhana Crabbe – I was just going to ask Hawley, we recently did an analysis of occupancy and the revenue for Na Lama Kukui. So I'll let Hawley share.

Hawley Iona – Madam Chair. As you know, we do have a Property Manager, Colliers, who helps us maintain the occupancy for the building. So, when we first purchased the building back in August 2012, the occupancy at that time was only at about 63%, upon OHA occupying the space in late 2013, we jumped, of course, with our own occupancy up to about 80%. Today, we are sitting at somewhere around 88%, and it's actually well in line with our original projections. When we, the investment team, came to you to consider the purchase, we made certain occupancy assumptions, so we're well in line with those assumptions. And, albeit, I understand the concern, it is not actively managed under my shop anymore. We have Miles Nishijima who is handling that, nonetheless, I know that he is actively engaging with Colliers to make sure that we are at market rent. And when we can't get someone in at market rent, we do seriously consider the alternatives for that space.

Ka Pouhana Crabbe – What about in terms of the value, when we originally purchased it at \$21.3M and then the current value now has increased.

Hawley Iona – Has increased. So, upon purchase in August 2012, we purchased at \$21.37M, we did invest into our space such as the one that we are sitting in now at a little over \$6M and since that time we did do an appraisal. We received the executive summary of the appraisal back in February of this year, and that increased it to \$27.5M.

Chair Machado – Trustee Akana.

Trustee Akana – My point is, okay, the value increased, that's on paper. But, we're not making money and the thing is to me, when we first took over the building, I understood why we just went with Colliers, but there is no reason why we need to continue with the same management people who never ever fill this building. And they still don't fill this building. Should we not be looking for someone else or open it up to other people and see what the market has out there, that can maybe do a better job for us. Why are we still staying with the same people, who cannot fill the building? And, let me just throw this out, I know that there are only a couple of us on the table here that like to go and have a drink once in a while, and the ones smiling obviously are the ones. And so, we've often talked about that. We are in an area, it's industrial and there are a lot of people after work would like to come to a bar. You know, downstairs would be a perfect place because there is a lot of parking. Why don't we open it up to somebody who would like to open a bar downstairs. My gosh we would make a lot of money. I'm just saying, and we can have Peter Apo play his guitar, and Hulu can sing.

Trustee Machado – And you could do the hula.

Hawley Iona – Madam Chair.

Trustee Apo – Maybe we can do a pilot kiosk. How about at 4:00 p.m.

Ka Pouhana Crabbe – So, Chair Machado, we should allow, because you have a valid question, in terms of whether or not we making revenue and profit.

Trustee Akana – One more thing. We have a nice area here. We can open it up to halau's on the weekend to use it and make use of our space. Offer it to our Hawaiian halau's. Use it.

Hawley Iona – Madam Chair. If I may, so we're happy to report that since 2012, net profits before debt service obligations on the building has actually awarded us about \$3.3M.

Chair Machado – That is hard dollars not palapala.

Hawley Iona – Correct. Yes, and so in the next two years, the current fiscal year, next fiscal year, we actually expect it to also, before debt service, but after expenses, we expect another \$3.5M. So, it is definitely a profitable investment for the Office of Hawaiian Affairs and I'm also happy to report that Nov. 14 – 15th, there is going to be a Hawaiian Trade Show, no, not a bar, but a Hawaiian Trade Show that is going to be utilizing the facilities. So, we are very much encouraging and my understanding is we're not saying "no" to bars, we just haven't had the right mix.

Chair Machado – Trustee Hulu Lindsey

Trustee Hulu Lindsey – Just a question. The \$3.5, does that include the rent that we pay ourselves.

Hawley Iona – It does include that, yes.

Trustee Hulu Lindsey – So, what is our output into that?

Trustee Akana – Yea, what's our rent?

Hawley Iona – So, our rent cost is somewhere around \$700,000.00, that does not include CAM, you know the Common Area Maintenance. So, the base rent is somewhere around \$700,000.00 and that's included in the net profit.

Trustee Akana – Of the profit, OHA pays \$1M at least.

Hawley Iona – Between CAM and base rent. Yes.

Trustee Hulu Lindsey – Hard cash, we talking \$2.5M.

Chair Machado – Possibly, less OHA's contribution as a tenant.

Hawley Iona – So, keep in mind. Our intention when we purchased was not to pay ourselves rent. It certainly was to invest in ourselves. So, now we're building equity for ourselves, instead of giving someone else that opportunity.

Chair Machado – Trustee Hulu Lindsey

Trustee Hulu Lindsey – Just a follow up. You're going to look for answers for the next meeting. My question to you is if the building has appreciated, would that take down some of the monies that Bank of Hawai'i is holding as part of equity.

Chair Machado – The \$11M.

Hawley Iona – I can certainly look into that as well.

Trustee Hulu Lindsey – Thank you.

Chair Machado – Trustee Apo

Trustee Apo – Madam Chair. I think this discussion highlights the discussion that we need to have about Direct Investments and perhaps you know, maybe there is a roll for LLC. Who then can we argue?

Chair Machado – Kamana'o.

Ka Pouhana Crabbe – That completes our Total Investment Portfolio Performance Review. I'm sorry, Ray has a follow up.

Ray Matsuura – I just want to conclude with even though we've been here for short period of time. I've decided to put out goals that I'm looking to achieve over the next few years and that we've discussed previously, it's been discussed right here at this table. I don't think I'm too far off base. Going forward, the first goal is to provide the Trustees the most complete and timely information I possibly can that is available. In that way, this allows the Trustees to make good investment decisions. The more information you have, the more opportunities you have to make the decisions. The Second is to challenge all of our Investment Managers to be a little more cost effective, where they can be, with expected rates return of between of around 5.0%, you know there is no reason to be charging 1.0% fees, if your expected return is only going to be 5.0%, that is 20% of your total return. So, where we can, we're going to challenge the managers, maybe move into more passive investments to be a little clearer on strategy. You know we don't necessarily need to have all these moving parts moving all at the same time. And lastly, I think, one of the objectives is to aim to be on the top core tile in performance among our peers. I think that's a very achievable strategy, a goal that is currently

the difference between being in a 50% percentile and the 25% percentile is the percentage, so 1.0% per year in additional return will get us in the top core tile. And what Dylan and I are going to be doing is looking at those managers in that top core tile. Maybe we're following the wrong strategy, maybe we are picking the wrong managers, and so, we will be digging a little deeper on that. That will be the goal for the portfolios for the long term to get us in the top core tile of performers.

Chair Machado – I just wanted to add to your comments. It is very timely for us to revisit these areas and the goals that you have actually established as to what you would like to achieve. When you have established that, and I know reasonably you want to hit that target, but you have to bring us all along and allow for this kind of free and full discussion.

Ray Matsuura – Absolutely, this is not going to be an overnight process by any means. It's going to take years to achieve that, but I think you have a goal, a target, this is what we want to accomplish, and this is what we're moving towards. I think once we establish that, we will have a good professional organization here and in terms of investment staff and investment process. I think that will sustain its self beyond everyone sitting at this table. So that is what we're trying to achieve.

V. BENEFICIARY COMMENTS

None

VI. ANNOUNCEMENTS

Chair Machado – Before you all take off and we adjourn. I wanted to acknowledge an error. The meeting that I acknowledged on the 4th for the Hawaii Direct Investment and other issues raised by Trustee Akana is on the 18th. We have already designated the 4th as an opportunity to meet with Kuhikuhi Pu'uone. And then, we have a Joint Committee meeting with both RM/BAE also that afternoon. Okay, it's the 18th and I will be sitting down and taking all these comments and will be coming back. You know Trustee Akana, I thank you for coming, because I believe that you and I had missed the transition from your departure and some of the priority areas that you were working on. I think today was an expression of high points that you want us to achieve. So, I thank you for that mana'o and will take it under advisement. So, mahalo for joining us and being so open, even if I felt you were attacking me, but in the end it's raising the bar on how we respond appropriately and carry over what your committee did into this new committee. But thank you.

Trustee Akana – Colette, I never attack you. [The room fills with laughter].

Trustee Ahuna – Good job you guys.

Chair Machado – Thank you so much. Any other kind of mana'o, tell Nathan send me one memo, we go work with it.

VII. ADJOURNMENT

Chair Machado – Moved to adjourn the meeting and asked everyone in favor say "I". All in favor. Hearing no objections the meeting adjourned at 11:24 a.m.

Respectfully submitted,

**APPROVED BY
RM COMMITTEE
ON 11/4/15**



Laurene Kaluau-Kealoha, Aide
Committee on Resource Management



Colette Y. Machado, Chair
Committee on Resource Management

Approved: RM Committee meeting November 4, 2015