

✓5. In connection with his examination of the Trustees' involvement with the Kamehameha Schools, particularly the Extension Division's participation with the Hokule'a, a project sponsored by the Polynesian Voyaging Society, your Master notes that while liability insurance was carried for the crew of the Hokule'a, no insurance coverage was provided for the Kamehameha Schools or for the student participants. Your Master has, therefore, recommended that the Trustees obtain adequate protection prior to undertaking similar participating projects in the future.

Your Master inquired into one of the educational projects which Kamehameha Schools participated in during the years 1976 to 1980, ie. the various voyages of the Hokule'a. Basically, the project was formulated and carried forth by The Polynesian Voyaging Society (non-profit community organization), hereinafter called PVS, with aid grants by the State of Hawaii, private donors and Kamehameha Schools. Kamehameha Schools executed various documents, all entitled AUTHORIZATION TO EMPLOY CONSULTANT. These documents presumably intended to accomplish a relationship in which Kamehameha Schools would pay moneys to aid the PVS in their intended voyages to Tahiti and back. The benefit to Kamehameha Schools would be the opportunity to utilize the educational and scientific materials documented on said voyage. Kamehameha Schools' contribution was \$77,000.00, which amount represented approximately 18% of the total budget of PVS for the total project (Total project cost being \$427,000.00). The voyages were three in number. The first and the third were eminently successful; however, the second involved a swamping of the canoe and a resultant death. Your Master is of opinion that said contribution by Kamehameha Schools was repaid many times over by reason of the benefits gained by Kamehameha Schools in the way of sharing in educational and scientific information gained through the project, the excellent worldwide publicity to PVS and Kamehameha Schools; and the re-kindling of ethnic pride of the Hawaiian people. Even today, the Hokule'a remains as a "floating classroom" for Hawaii's appreciation and recently its fame has prompted the Mitsui O.S.K. Line of Japan to request that the Hokule'a be

exhibited in Japan as a most notable maritime vessel within the past 100 years.

However, upon review of documents and letters of this project; interviews with Fred Cachola of Kamehameha Schools (Chairman of the Educational Committee for PVS; Gordon Piianaia, Captain of the third voyage and staff member in charge of Hawaiian studies at Kamehameha Schools); Michael Tongg, once president of PVS; and Mr. Sofear, (Chief fiscal officer at Bishop Estate; the following conclusions emerged:

1. The relationship between PVS and Kamehameha Schools did not appear to be merely a grant in aid.

2. The non-definitive documents and letters on file; along with actual participation in varying degrees by key members of Kamehameha Schools' staff; and some use of Kamehameha Schools' facilities and navigational expertise; gives the project some tinge of a joint venture.

3. PVS had made provisions for protection by way of liability insurance, waivers signed by the crew; and life insurance on the lives of the crew members (the extent and sufficiency of which your Master does not comment); however, PVS was the sole entity protected. Kamehameha Schools had not made any provisions for protective insurance coverages or protective documents to shield possible liability if it so arose.

Your Master recommends to the Court, that the Trustees be instructed, that in future relationships such as this, where the possibility, even slight, of liability claims, that legal and insurance counseling be first had and received

before participation. Further, since Hokulea is still being used as a "floating classroom" and periodically takes trips to the outside islands, the above concerns are certainly not moot.