The undersigned met at the house of the Commissioner of the United States on the 18th of August, 1854, at 9 a. m. Mr. Gregg read a memorandum on Mr. Wyllyie's agenda, which he had submitted to Mr. Wyllyie yesterday afternoon, as follows viz:

"Mr. Gregg has carefully considered the agenda submitted to him by Mr. Wyllyie this day as expressing the views of the Hawaiian cabinet and of the Crown Prince upon the drafts of a treaty of annexation under consideration. From conversations with Mr. Wyllyie and other members of the cabinet he fully understands and appreciates the object proposed to be accomplished by the addition of the following words, viz: "But the King of the Hawaiian Islands reserves to himself the power to ratify it in any moment of danger." There are grave and serious objections, as he believes, not only to the article as originally drawn up, but to the vagueness and indecency of the additional clause. In regard to the former he has already taken occasion to indicate to Mr. Wyllyie his views.

He is convinced that the President and Senate of the United States would regard it as so objectionable that any treaty containing it would be rejected on that account, and he can not, therefore, assent to it. He suggests that the object pointed at in the clause proposed to be added could be better reached by the protocols of the negotiations, or by a separate and perhaps secret article, and he submits to Mr. Wyllyie a proposition to that effect, and also a modification of said article No. II, as follows, viz:

"The Kingdom of the Hawaiian Islands shall be incorporated into the American Union as soon as, in the judgment of Congress, it can be done in consistency with the principles and requirements of the Federal Constitution, with all the rights, privileges, and sovereignty of a State, the same as, and on terms of perfect equality with, the other States of the United States." To this part of Mr. Gregg's memorandum Mr. Wyllyie replied that no disrespect or distrust whatever was intended to apply to the United States in the words which the colleagues and the Crown Prince had agreed should be added to the second article of his draft of the treaty. The intention was to provide instantly and effectually for the sudden danger contemplated in the preamble. He admitted that that great object could be as well or better effected by a separate and secret article; but he added that his instructions having been precise as to the addition of these "ipissimis verba", he could not take upon himself to make any change without a further reference to his colleagues and to the Crown Prince. Mr. Gregg then continued his memorandum as follows, viz:

Mr. Gregg has no hesitation in assenting to the substitution in Article VIII of the words "and all others whom the King may wish to compensate or reward," in place of the words "and other persons now in the service of the Hawaiian Government, or formerly in such service." In order to approach more nearly to the views of Mr. Wyllyie, the cabinet, and the Crown Prince he (Mr. Gregg) is willing to modify the latter part of said article so as to make it read as follows:

As a further consideration for the session herein made, and in order to place within the reach of the inhabitants of the Hawaiian Islands the means of education, present and future, so as to enable them the more perfectly to enjoy and discharge the rights and duties consequent upon a change from monarchical to republican institutions, the United States agree to set apart and pay over the sum of $75,000 per annum, one-third of which shall be applied to constitute the principal of a fund for the benefit of a college or university, or colleges and universities, as the case may be, and the balance for the support of common schools to be invested, secured, or applied as may be determined by the legislative authority of the Hawaiian Islands, when admitted into the Union as aforesaid."

Mr. Gregg thinks the term of five years ample to secure an adequate provision for schools, especially in connection with the appropriation of lands to a similar object. But few states are as well provided for in this respect. He cannot recognize the propriety of limiting the proceeds of this college or university fund to a single institution, but he is willing to leave their appropriation open to legislative discretion. So far as other questions were concerned, Mr. Wyllyie was in possession of his views already, and he did not deem it necessary to enter upon their discussion at present. Aug. 17, 1854.

The undersigned then adjourned to meet again when Mr. Wyllyie had consulted his colleagues and the Crown Prince in regard to the foregoing views of Mr. Gregg.