

CHIEF INVESTMENT OFFICER
STATE OF HAWAII EMPLOYEES' RETIREMENT SYSTEM

The Employees' Retirement System of the State of Hawaii (ERS) seeks to hire a Chief Investment Officer who will manage the investment activities of the ERS, provide guidance to the ERS Board of Trustees and serve as a member of the ERS Executive/Administrative team. This professional will advance our investment program by providing vision, leadership and strategic planning necessary for ERS to thrive and achieve its goal of sustainability for its stakeholders and beneficiaries.

The CIO must be a strategic visionary for the Hawaii ERS, one of the largest public pension funds in the country with over 135,000 members, retirees and beneficiaries and assets in excess of \$16 billion. Demonstrated leadership skills are necessary since the CIO will be responsible for the oversight of ERS' investment portfolio and management of a staff currently consisting of 5 professionals. Additionally, the CIO will be responsible for general direction and broad oversight of external investment management firms, including private market managers and strategies.

Responsibilities include the formulation, evaluation, and implementation of investment policies, procedures, and strategic plans that seek to achieve ERS funding goals; and preparation of reports that present options and recommended actions. Exceptional communication and collaboration skills are necessary. Required degree in finance, economics, business, accounting or related field. Advanced degree, CFA and experience with public pension systems preferred. Contact: Marie Kumabe, Kumabe HR, marie@kumabehr.com. Full job description available at: <https://www.kumabehr.com/job-openings/> or www.ers.ehawaii.gov/. For full consideration, resumes must be submitted by May 18th, 2018. Resumes will be accepted until the position is filled.



EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII CHIEF INVESTMENT OFFICER

POSITION SPECIFICATIONS

EMPLOYEES' RETIREMENT SYSTEM INVESTMENT LEADERSHIP OPPORTUNITY

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CLIENT

The Employees' Retirement System (ERS) of the State of Hawaii was established in 1926 to provide retirement allowances and other benefits to State and county government employees. The Board of Trustees is the governing body of the ERS, with certain areas of administrative control vested in the State Department of Budget and Finance.

The ERS administers benefits for service retirement, disability, and survivor benefits for employees of the State of Hawaii, the City and County of Honolulu, County of Hawaii, County of Maui and County of Kauai which includes teachers, professors, police officers, firefighters, judiciary employees, judges, and elected officials. The ERS collects retirement contributions from members; provides pre-retirement counseling services; conducts disability hearings and appeals; reviews claims for retirement, disability, and death benefits and certifies these benefits for payments; processes monthly pension checks to retirees and beneficiaries; accounts for and safeguards assets in the ERS investment portfolio; and invests funds to help finance this program.

The ERS is a qualified defined benefit public pension plan covered under Section 401(a) of the Internal Revenue Code. The Hawaii Revised Statutes Chapter 88 and Hawaii Administrative Rules Title 6, Chapters 20 – 29 contain the language governing the pension trust. The ERS is also responsible for the custody of the Social Security Contribution Fund for the State of Hawaii. The Social Security contributions withheld from employees are remitted directly to the Internal Revenue Service by the State.

Membership

The ERS covers all eligible full-time and part-time State and county employees in the State of Hawaii. Funding for benefit payments comes from employer and member contributions, and investments. The ERS membership is comprised of the following as of June 30, 2017:

Total Members	122,079
Active Members	65,911
Retirees and Beneficiaries	46,927
Terminated vested and Inactive Members	9,241

Investments

As of January 31, 2018 ERS's total assets under management were \$17.31 billion, allocated as follows:

Listed Equity	58.49%
Fixed Income	12.65%
Private Equity	6.68%
Property	4.40%
Infrastructure	0.21%
Forestry	1.01%
Crisis Risk Offset	13.24%
Global Inflation-Linked: UK Gils	1.65%
Opportunities: Royal Ka'anapali	0.17%
Other	<u>1.50%</u>
Total	100%

100% of ERS's assets are managed externally. The Investment Team is comprised of 5 professional and 2 support staff.

ERS has outperformed its policy benchmark over the 1, 3, 5 and 10-year periods by 1.4%, 0.7% per year, 0.8% per year, and 0.1% per year, respectively. The ERS fund has performed in the second quartile of peer pension funds over the last 1, 3, and 5 year periods, and just below median over the 10 year period as of December 31, 2017. ERS uses a 7.0% investment return assumption.

As of June 30, 2017 the ERS has funded ratio of 54.9% based on Actuarial Value of Assets and 54.8% based on Market Value with a funding period of 26 years.

For more detailed information about the ERS, please visit the website at

<http://www.ers.ehawaii.gov>

RESPONSIBILITIES

The Chief Investment Officer (CIO) plans, organizes and manages the investment activities of ERS in accordance with the Investment Policies established by the Board of Trustees and under the provisions of governing state statutes. This position reports directly to the Executive Director and is a member of the Executive Leadership Team. The CIO provides insight and guidance to identify investment opportunities and optimize the risk-return potential of the portfolio while also being responsible for the realization of short and long term objectives. By participating in leadership at the department and executive level, the CIO fosters collaboration with the broader organization and its efforts as a whole.

- Supervises, with support of the Investment Officers, all functions of the Investment Office
- Evaluates Officer's performance, and approves staff's performance appraisals
- Develops and adheres to the budget and ensures goals are met within designated time frames
- Executes and oversees investment transactions in accordance with policy
- Makes recommendations to the Executive Director and the Board of Trustees concerning investment policy and interacts with the Board of Trustees
- Serves as staff liaison to the Board of Trustees Investment Committee

- Recommends and manages asset/liability risks including sensitivity to market volatility, interest rate and credit risk
- Stays abreast of investing practices and regulations, recommending changes in fund portfolios and investment strategies to the Executive Director and the Board of Trustees for strategic alignment with Board policy
- Provides leadership for the selection of outside advisors, money managers, and investment consultants
- Work closely with primary consultants and make periodic assessments
- Maintains investment policy and ensures that all asset management activities are in compliance with policy
- Develops asset allocation recommendations for the Board
- Represents ERS to external asset managers, legislative bodies, national and international organizations concerning investment issues
- Exercises general supervision over ERS investments in domestic equities and fixed income, domestic and international real estate, alternative investments, private placements, international public equities and fixed income, and cash

EDUCATION AND EXPERIENCE

- Bachelor's degree from an accredited college or university, preferably in business administration with an emphasis in finance, economics and/or accounting
- Experience in risk identification, measurement, mitigation and performance attribution
- MBA and CFA designations are preferred
- Significant experience (ideally five years or more) with a public fund is highly desirable
- Substantial experience (ideally ten years or more) managing investment portfolios, both domestic and international, with a demonstrated track record of success
- Substantive experience working closely with a Board of Trustees
- Extensive experience working with external investment managers
- Strong experience (ideally five years or more) managing a diverse group of seasoned investment professionals

PERSONAL CHARACTERISTICS

- High level of ethics and demonstrated commitment to transparency, accountability and performance reporting
- Demonstrated leadership and management capabilities
- Proven team player
- Effective and persuasive oral and written communication, presentation, and negotiation skills
- Possesses visionary capabilities beyond the functions of the investments arena, and the desire to participate in organization-wide strategic and policy decisions
- Strong work ethic and dedication
- Commitment to the mission of ERS
- Common sense and good judgment; strategic and thoughtful, not impulsive; ability to embrace and understand the Board of Trustee's vision and plan's risk tolerance.

COMPENSATION

Compensation will be commensurate with qualifications. The total compensation package includes a competitive base salary, and ERS's comprehensive benefits package. Benefits include membership in the ERS defined benefit retirement plan, a choice of two defined contribution plans, medical health care, dental and vision, life and AD&D insurance, flexible spending account, employee assistance program, and additional benefits, as well as generous paid time off and sick leave. Relocation assistance will be negotiated on an individual basis.

APPLICATION PROCESS

Kumabe HR, LLC, an executive search firm, is assisting ERS with this important search. All calls and inquiries should be made through the search firm. Nominations and applications will be held in confidence. Review of applications will begin immediately and will continue until the position is filled.

NON-DISCRIMINATION

ERS and Kumabe HR, LLC firmly support the principle and philosophy of equal opportunity for all individuals, regardless of age, race, gender, creed, national origin, disability, veteran status or any other protected category pursuant to applicable federal, state or local law.

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