

MINUTES OF THE REGULAR MEETING OF THE  
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF HAWAII

FEBRUARY 8, 2016

CITY FINANCIAL TOWER  
201 MERCHANT STREET, SUITE 1200  
HONOLULU, HAWAII 96813

- Trustees present: Mr. Vince Barfield, Chair  
Mr. Emmit Kane, Vice Chair  
Ms. Jackie Ferguson-Miyamoto  
Mr. Patrick Frane  
Mr. Wesley Machida  
Mr. Colbert Matsumoto  
Mr. Jerome Rauckhorst  
Dr. Catherine Chan
- Staff present: Mr. Thomas Williams, Executive Director  
Ms. Kanoë Margol, Deputy Executive Director  
Mr. Vijoy Chattergy, Chief Investment Officer  
Mr. Aaron Au, Investment Officer  
Mr. Anthony Goo, Investment Officer  
Mr. Howard Hodel, Investment Officer  
Mr. Andrew Chen, Investment Specialist  
Ms. Donna Curry, Program Specialist  
Ms. Wanda Kugiya, Secretary  
Ms. Dale Kanae, Secretary  
Ms. Lori Kim, Recording Secretary
- Attorneys present: Mr. Brian Aburano, Deputy Attorney General (Counsel for the Board)  
Ms. Diane Kishimoto, Deputy Attorney General (Counsel for the Board)  
Ms. Elmira Tsang, Deputy Attorney General (Counsel for ERS Staff)
- Guests present: Mr. Neil Rue, Pension Consulting Alliance, LLC  
Mr. John Linder, Pension Consulting Alliance, LLC  
Mr. Colin Bebee, Pension Consulting Alliance, LLC  
Mr. Timothy Rudderow, Mount Lucas Management, LP  
Mr. Raymond Ix, Jr., Mount Lucas Management, LP  
Mr. James Medeiros, Graham Capitol Management, LP  
Mr. Paul Yett, Hamilton Lane Advisors, LLC  
Mr. Michael Humphrey, Courtland Partners, Ltd. (by telephone)  
Mr. Zachary Brown, Courtland Partners, Ltd. (by telephone)
- Public present: Mr. Benjamin Sadoski, UNITE HERE Local 5

QUORUM/CALL TO ORDER

A quorum being present (Chair Barfield, Vice Chair Kane, and Trustees Ferguson-Miyamoto, Frane, Matsumoto, Rauckhorst and Chan), Chair Barfield called the regular meeting of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 9:00 a.m.

AMENDMENT OF THE AGENDA

Deputy Attorney General Brian Aburano requested that the Board amend the agenda to: (1) amend item #4 of the Executive Session, to add "appropriate action" to indicate that Board action will be taken on this item; and (2) add an additional item for an Executive Session, pursuant to HRS § 92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to the BP securities litigation; appropriate action." Mr. Aburano advised that these amendments were permitted under HRS § 92-7(d) as they were not of reasonably major importance and/or action thereon would not affect a significant number of persons.

On a motion made by Trustee Raukhorst, seconded by Trustee Ferguson-Miyamoto, and unanimously carried, the Board approved amending the agenda as follows: (1) amend item #4 of the Executive Session, to add "appropriate action" to indicate that Board action will be taken on this item; and (2) add an additional item for an Executive Session, pursuant to HRS § 92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to the BP securities litigation; appropriate action."

PUBLIC COMMENT

Chair Barfield called for public comment.

Benjamin Sadoski of UNITE HERE, Local 5, commented on the investments made by Hamilton Lane Advisors on behalf of the ERS in Leonard Green's fund and in TPG Partners new fund. Mr. Sadoski questioned whether the costs of a private jet are being passed on to the Leonard Green fund's limited partners when the jet is used for private purposes and suggested that the ERS ask Leonard Green to be more transparent. Mr. Sadoski commented on the slow rate of fund raising for TPG Partners Fund VII and questioned whether this indicated investors' "lack of confidence" that TPG can overcome the "weak performance" of funds V and VI.

RECESS

Chair Barfield called a recess at 9:05 a.m. for proceedings pursuant to chapter 91, Hawaii Revised Statutes, and for the Investment Committee Meeting. Chair Barfield announced that the meeting would reconvene upon conclusion of the Investment Committee Meeting.

RECONVENE

A quorum being present (Chair Barfield, Vice Chair Kane, and Trustees Ferguson-Miyamoto, Frane, Machida, Matsumoto, Rauckhorst and Chan), Chair Barfield reconvened the meeting at 11:54am.

PENSION CONSULTING ALLIANCE, LLC – INVESTMENT PORTFOLIO PERFORMANCE FOR 4<sup>TH</sup> QUARTER 2015

Mr. Neil Rue, of Pension Consulting Alliance, LLC (PCA), presented an oral and written report on the ERS's investment portfolio performance for the 4<sup>th</sup> quarter of 2015. Mr. Rue's comments included the following:

The ERS portfolio is tracking policy targets closely. The ERS holds more public equity than its peers on average, and less fixed income. ERS has a larger covered call allocation than its peers. The ERS's allocation policy is changing and, with the implementation of the Crisis Risk Offset class (CRO), the portfolio will be distinctly different from its peers. CRO is a combination of long duration bonds, systematic

trend following, and systematic alternative risk premia investments. The ERS's private market portfolio is doing well.

During the most recent quarter, the portfolio outperformed its risk-based Policy Benchmark by 20 basis points. For the trailing 1-year period, the portfolio exceeded the risk-based Policy Benchmark by 30 basis points due to positive selection in the Broad Growth strategic class and strong relative performance posted by the Real Estate class in the first half of the year.

Mr. Rue also reported that ERS had good securities selection results from its managers. Manager performance generally had slightly positive results during last calendar year: about 60% of broad growth managers outperformed their benchmark; and roughly half of the fixed income managers outperformed their benchmark.

Mr. Chattergy reported that performance for the quarter was good. This is in contrast to the ERS's underperformance versus its peers in 2011, 3<sup>rd</sup> and 4<sup>th</sup> quarters, when managers held excessive cash and the ERS was rebalancing assets in a volatile period. This time, the ERS's managers stayed invested because the Board adopted a policy that requires equity managers to hold no more than 5% cash.

Mr. Rue recommended that the ERS discontinue reporting allocations based on the prior asset-based policy structure and report solely on the basis of the current risk-based policy structure. The comparison of the old and new allocation structures is becoming less and less meaningful, is a drain on resources and is detracting from the decision making focus on major risk components. The Trustees responded favorably to the recommendation.

RECESS

Chair Barfield called a fifteen minute recess for lunch at 12:11 p.m.

RECONVENE

A quorum being present (Chair Barfield, Vice Chair Kane, and Trustees Ferguson-Miyamoto, Frane, Matsumoto, Rauckhorst and Chan), Chair Barfield reconvened the meeting at 12:24 p.m.

COURTLAND  
PARTNERS, LTD. –  
REAL ESTATE  
PORTFOLIO  
MEASUREMENT  
REPORT FOR 3<sup>RD</sup>  
QUARTER 2015.

Michael Humphrey and Zach Brown of Courtland Partners, Ltd. (Courtland Partners) joined the meeting by telephone. They presented an oral and written report of the ERS's real estate portfolio for the 3<sup>rd</sup> quarter of 2015. .

Mr. Humphrey's summarization of 3<sup>rd</sup> quarter performance is as follows:

- Real Estate Portfolio Market Value as of September 30, 2015: \$875,901,313
- % of Total Plan Assets: 6.3% (target allocation is 7.0%)
- Unfunded Investment Commitments: \$236,380,419
- 1 year performance: 19.8% net return; 22.1% gross return; 6.0% income; and 15.5% appreciation.
- Market volatility is a concern.
- Heitman acquired a new Atlanta based asset in June 2015.
- Invesco sale of an asset generated over \$40million of revenue. It was a strong quarter for Invesco.
- A senior employee, who had some oversight of infrastructure investments, left KKR; however, this is not expected to have a negative impact on performance.

Future reports will reflect the new allocation policy. Under the new allocation policy, the core real estate portfolio is part of the Stabilized Growth component of

the Broad Growth class. Core real estate would comprise 5% of the total portfolio (approximately \$695 million) and would include the separate accounts (approximately \$650 million) and \$45 million to \$50 million in open end funds focused on core income production. Noncore real estate would comprise 4.5% of the total portfolio (\$625 million) and would be included in the Private Growth component of the Broad Growth class.

Chair Barfield asked about the BlackSand over-distribution noted in the written report. Mr. Brown responded that, subsequent to the March distribution to the limited partners, it was determined that carried interest was owed to the general partner. The carried interest was verified by Deloitte, the partnership's auditors. There is a paper trail.

Mr. Brown also reported that the BlackSand general partners called an advisory committee meeting. BlackSand decided not to develop the Vita project. There is currently no substitute to the Vita project and the investment period is ending later this year.

The Chief Investment Officer asked if Courtland had any concerns because Cabot Industrial Core Fund had not made any capital calls. Mr. Humphrey responded that nothing has come to Courtland's attention that is cause for concern; Cabot is a deliberate long-term investor.

ENTER EXECUTIVE  
SESSION

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Frane, and unanimously carried, the Board entered executive session at 12:48 p.m.

- Pursuant to HRS § 88-27.5(a)(1), to discuss, deliberate and make a decision upon an investment in Torchlight Debt Opportunity Fund V, L.P.

EXECUTIVE SESSION,  
PURSUANT TO HRS §  
88-27.5(a)(1), TO  
DISCUSS, DELIBERATE  
AND MAKE A  
DECISION UPON AN  
INVESTMENT IN  
TORCHLIGHT DEBT  
OPPORTUNITY FUND  
V, L.P

(Mr. Humphrey and Mr. Brown terminated their telephone call.)

EXIT EXECUTIVE  
SESSION

On a motion made by Trustee Raukhorst, seconded by Trustee Frane, and unanimously carried, the Board exited executive session at 12:57 p.m.

HAMILTON LANE  
ADVISORS, LLC –  
PRIVATE EQUITY  
PROGRAM UPDATE

The Chair asked Mr. Paul Yett to give his perspective on comments made by UNITE HERE regarding Leonard Green and the use of private planes. Mr. Yett responded that the issue had been discussed with the general partner of the fund. The general partner stated that the general partner is responsible for the maintenance and upkeep of the plane and that the costs are not passed on to the fund or its limited partners. Staff has been engaging with UNITE Here and Local 5 about these issues. Staff has been in contact with Hamilton Lane and Leonard Green and they responded by email stating in substance what Mr. Yett described.

Mr. Yett presented an oral and written report on Hamilton Lane Advisors Private Equity Program as of September 30, 2015. The 3<sup>rd</sup> quarter was volatile, particularly in the public markets. The ERS's private equity portfolio outperformed the public markets, generating an internal rate of return (IRR) 30 basis points above the Russell 3000 which was 7.25%. The performance for the private equity portfolio was relatively flat for the 3<sup>rd</sup> quarter, with 73 partnerships generating gains and 91 partnerships reporting a net value decline. Strong one-year IRR of 11.56%, with positive returns generated for each quarter.

The portfolio contains 173 partnerships (4 new partnerships were added since September 30, 2014), representing 70 active general partner relationships.

Growth in net asset value (NAV) has been consistent, up 16% from one year prior.

The third quarter of 2015 represents the thirteenth consecutive quarter of positive performance.

Cash flow summary: The ERS is building its private equity portfolio. Therefore more dollars will be going out over the next 3-5 years than the ERS will be getting back during the same period. As the private equity program reaches maturity and its target funding level, the ERS should start to get more cash back than is going out.

Review by Strategy: Portfolio remains well diversified by strategy with Buyout remaining the single largest exposure. The Buyout strategy has been driving the portfolio's strong performance. Geographic company exposure remains essentially unchanged from the prior year, with 76% of underlying market value domiciled in the United States. Information technology is the portfolio's largest industry exposure. Consumer discretionary exposure saw the largest change, decreasing 4% to 13% as of September 30, 2015.

Review of Vintage Year. The "vintage year" of a fund is when the fund makes its first investment commitment. Consistent with the Tactical Plan, from 2013 – 2015, Buyout commitments averaged 62%, up from 51% from 2010 – 2012. In 2015, meaningful allocations were made to Growth Equity (26%) and Special Situations (15%). Remaining strategies received opportunistic allocations in 2015, such as Venture Capital (7%).

2016 Private Equity Tactical Plan:

- Commit \$450 million to \$650 million during 2016. (This is a big step up from last year. Targeting \$550 million.)
- Increase average investment per manager. Focus on structuring a concentrated portfolio with largest commitments to Foundation Managers.
- Increase Buyout exposure, while building strategic exposures to Credit and Energy related investments and managing down Venture Capital exposure.
- Construct a geographically diverse portfolio, with primary exposures to North America and Europe, with opportunistic investments in Emerging Markets and Asia.

First quarter 2016 closings: Recently closed on a \$36 million commitment to Advent International, a Buyout fund that was oversubscribed. Considering three other Buyout funds, one of which is with a fund sponsor that is not currently in the ERS's portfolio.

Managers are using less debt; this takes some of the risk out of the portfolio because debt amplifies returns up, but it can also amplify losses.

The fundraising environment is strong. This means that investors have to be able to move quickly in evaluating potential investments.

#### CRISIS RISK OFFSET CLASS POLICY GUIDELINES

Mr. Neil Rue of PCA presented proposed Crisis Risk Offset (CRO) Class Policy Guidelines for the Board's approval. A draft of the guidelines was presented to the Investment Committee at its December meeting. The Board discussed and provided comments on a preliminary structure for the CRO class at its January meeting.

The proposed guidelines are intended as a framework for the management community to respond to during the manager search process. It may be necessary to tweak the guidelines based on responses from potential managers.

PCA recommended that the Board approve the proposed guidelines to allow the manager search for this class to move forward. The Chief Investment Officer concurs with PCA's recommendation.

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Matsumoto, and unanimously carried, the Board approved the Crisis Risk Offset Class Policy Guidelines as presented.

#### LEGISLATIVE PROPOSALS RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM FOR THE 2016 LEGISLATIVE SESSION INCLUDING THE LEGISLATIVE PROPOSALS LISTED IN SCHEDULE A

The Executive Director and Program Specialist Donna Curry presented an oral and written report on the status of bills relating to the Employees' Retirement System and the Administrative and Legislative Committee's recommended positions on the bills. Ms. Curry noted that multiple versions of the same or substantially the same measure have been introduced and that many of the bills have a "companion" in the other house.

Hearings have been held on a number of the bills. Staff informed the committees that the Board has not taken a position on any of the bills that were not initiated by the ERS; therefore, testimony was limited to staff comments.

The following bills were discussed with the Trustees:

- HB 2124 exempts appointed investment officers and professional including specialists, from chapters 76 and 89, HRS, and gives the Board the authority to also exempt investment office support staff. The Executive Director commented that this bill will assist the ERS in attracting and retaining investment office personnel. The HGEA opposed this bill because they believe that the decision to exempt support staff from chapters 76 and 89 should be made by the legislature and not by the Board.
- HB 2125 has two parts: the first part consists of the provisions of the bill regarding investment personnel; the second part consists of the provisions of the bill providing for qualified domestic relations orders (QDROs). The Senate version of this bill has been heard. Staff testified that neither the Board nor ERS is able to support the QDROs portion of the bill without adequate funding and resources.
- HB2445, HB2446, HB2606. These bills would provide enhanced retirement

benefits to public employees who are displaced through the privatization or closure of State or county facilities. 1475 State employees will be affected by the privatization of the Hawaii Health System Corporation facilities on Maui. The bills have been discussed with ERS's actuary and tax counsel. The bills would have an adverse impact on the ERS's unfunded liability and are contrary to statutory provisions prohibiting benefit enhancements until the ERS is fully funded. The bill allowing former public employees to continue to accrue ERS benefits while employed in the private sector would jeopardize the ERS's tax-qualified status.

- SB 2155 (Fossil Fuel Divestment). The ERS opposes this bill. The Executive Director reported that the ERS has provided a great deal of information to the committees that heard the bill.
- SB 2293. This bill would, among other things, require boards and commissions subject to the Sunshine Law to provide meeting materials to individuals and organizations who have asked to be provided with notice of the board or commission's meeting. ERS staff is very concerned that, due to the volume of meeting materials, the often late receipt of the materials from presenters, and the frequent need to redact portions of the materials, the ERS might not be able to comply with this requirement.

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Frane, and unanimously carried, the Board approved positions on the bills as set forth in Schedule A attached to these minutes.

ENTER EXECUTIVE  
SESSION

On a motion made by Trustee Raukhorst, seconded by Trustee Ferguson-Miyamoto, and unanimously carried, the Board entered into Executive Session at 1:58 p.m.:

- Pursuant to HRS § 88-27.5(a)(1) and (2), to conduct discussions and deliberations and to make a decision relating to the selection of a manager or managers for passive global equities;
- Pursuant to HRS § 88-27.5(a)(2), to conduct discussions and deliberations and to make decisions relating to the low volatility equity manager search;
- Pursuant to HRS § 92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to a member's request for retirement benefits under HRS § 88-9(d)(4); appropriate action;
- Pursuant to HRS § 92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to Employees' Retirement System of the State of Hawaii And the State of Hawaii ex rel. Stephen Jackson v. Clarion Partners LLC, et al;
- Pursuant to HRS § 92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to the Petrobas securities litigation;
- Pursuant to HRS § 92-5(a)(4) to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and

liabilities with respect to the BP securities litigation; appropriate action; and

- Pursuant to HRS § 92-5(a)(2) and (4), to consider personnel matters relating to, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to roles, responsibilities and direction of, the Investment Office; appropriate action.

EXECUTIVE SESSION,  
PURSUANT TO HRS §  
88-27.5(a)(1) and (2), TO  
CONDUCT  
DISCUSSIONS AND  
DELIBERATIONS AND  
TO MAKE A DECISION  
RELATING TO THE  
SELECTION OF A  
MANAGER OR  
MANAGERS FOR  
PASSIVE GLOBAL  
EQUITIES

EXECUTIVE SESSION,  
PURSUANT TO HRS §  
88-27.5(a)(2), TO  
CONDUCT  
DISCUSSIONS AND  
DELIBERATIONS AND  
TO MAKE DECISIONS  
RELATING TO THE  
LOW VOLATILITY  
EQUITY MANAGER  
SEARCH

EXECUTIVE SESSION,  
PURSUANT TO HRS §  
92-5(a)(4), TO CONSULT  
WITH THE BOARD'S  
ATTORNEYS ON  
QUESTIONS AND  
ISSUES PERTAINING  
TO THE BOARD'S  
POWERS, DUTIES,  
PRIVILEGES,  
IMMUNITIES, AND  
LIABILITIES WITH  
RESPECT TO A  
MEMBER'S REQUEST  
FOR RETIREMENT  
BENEFITS UNDER HRS  
§ 88-9(d)(4)

EXECUTIVE SESSION,  
PURSUANT TO HRS §



92-5(a)(4), TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII AND THE STATE OF HAWAII EX REL. STEPHEN JACKSON V. CLARION PARTNERS LLC, ET AL

EXECUTIVE SESSION, PURSUANT TO HRS § 92-5(a)(4), TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO THE PETROBAS SECURITIES LITIGATION

EXECUTIVE SESSION, PURSUANT TO HRS § 92-5(a)(2) and (4), TO CONSIDER PERSONNEL MATTERS RELATING TO, AND TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES WITH RESPECT TO ROLES,

RESPONSIBILITIES  
AND DIRECTION OF,  
THE INVESTMENT  
OFFICE; APPROPRIATE  
ACTION

APPROVAL OF  
EXECUTIVE SESSION  
MINUTES

- OCTOBER 13, 2015
- DECEMBER 14, 2015

EXIT EXECUTIVE  
SESSION

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Matsumoto, and unanimously carried, the Board exited executive session at 3:17 p.m.

RECONVENE

A quorum being present, Chair Barfield reconvened the meeting at 3:17 p.m.

EXECUTIVE  
DIRECTOR'S REPORT

Executive Director, Thomas Williams gave an oral report on the following:

- The ERS is on top of the legislative hearings and they are taking up a lot of time of Mr. Williams, Ms. Margol, and Ms. Curry. The Administrative & Legislative Committee Meeting reviewed the Charter of the committee and they are still valid. Went over responsibilities and performance for the prior year.
- Presented a 6-Month Action Plan at the Administrative & Legislative Committee meeting which will be amended and presented at the Board of Trustees meeting in March.
- KMH internal audit firm. Mr. Williams and Ms. Margol have had several meetings with KMH. KMH has given them draft documents regarding governance and IT.
- Final actuarial evaluation, not much changed. Funding ratio slipped a basis point to 62.2% from 62.3%. Assets \$14.505B, up about \$40M over what was in the draft report due primarily to private equity and real estate investments and limited partnership reporting. Unfunded liability was \$8.7B
- IT: Systems are in need of repair. This was in KMH draft report. Mr. Williams is in discussion with Office of Enterprise Technology and State CIO to see if ERS can get some monitoring tools to determine whether or not there are any penetrations. ETS have agreed to provide monitoring tools and to create external firewall that will secure our work. There are still issues related to Oracle database application which cost \$500,000. Getting approval on these kinds of expenditures is quite a project because there are new commissions and approvals that projects have to go through. Mr. Williams asked Mr. Keith Miyamoto and his assistant to develop what our alternatives are.
- ERS ought to have disaster recovery capabilities in the cloud or land based server center and ERS will bring this ultimately to the Board so that the Board might have some input into those decisions. Mr. Williams has met with building management to see what kind of systems were here that would aid ERS in the event of a disaster or power outage. Mr. Williams has determined that ERS has a generator as well as batteries for our system for the onsite server that should provide 2-3 hours of additional power just for orderly shut down. It is not intended to allow work to go on. Mr. Williams has talked with them about ways that ERS can increase time available for work during a power outage. They

could readily add 200 more gallons of diesel fuel that would give ERS 4-6 hours of operating time. They could add more batteries. What Mr. Williams realized is that some of state offices are yet to develop business continuity plans and don't have any backup power capabilities. In discussion with one of the key officers is maybe that if they supported ERS, spending the money to improve its preparation, ERS would give them office space during a disaster so they could operate as well. ERS will continue to look at cost.

- ERS is not able to have Wifi on the 14<sup>th</sup> floor because it is viewed as a risk to the state system.
- Introduced Lori Kim, assistant. Also looking to convert a support services vacant position to a Secretary IV position so that additional support can be provided to the Board.

**OPERATIONS REPORT  
– JANUARY 2016**

Mr. Williams presented an oral and written operations report for January 2016. Mr. Williams reported the ERS has 6 vacant positions currently. Legislature is looking to recapture some unfilled positions if they are not filled for an extended period of time.

- Enrollments, Claims and Benefits. There were 164 cases finalized. 1,246 pending to be finalized. 648 retirements processed December 31, 2015.
- There's a lot of education at the Department of Education, Hawaii State Public Charter School Commission, City & County of Honolulu, HGEA. (4:30)
- Staff Support Services had 350 walk in members.
- Draft audit report is due in March or April.

Actuary reported preliminary findings and that relates to the experience audit. The audit is not expected to be submitted before May or June. ERS may have some high level findings as early as March.

(Trustee Matsumoto left the meeting at 3:25 p.m.)

**APPROVAL OF  
MINUTES**

- OCTOBER, 13, 2015
- DECEMBER 14, 2015

On a motion made by Trustee Ferguson-Miyamoto, seconded by Vice Chair Kane, and unanimously carried, the minutes for October 13, 2015 meeting was approved.

Deputy Attorney General Kishimoto pointed out a correction that should be made to the December 14, 2015 minutes: page 9, paragraph 3, last sentence, change "larger" to "smaller." Further consideration of the December 14, 2015 minutes was deferred to the Board's March meeting.

**ADJOURNMENT**

On a motion made by Trustee Ferguson-Miyamoto, seconded by Vice-Chair Kane, and unanimously carried, Chair Barfield adjourned the meeting at 3:27 p.m.

**REDACTED  
SIGNATURE**

Thomas Williams  
Executive Director

TW/ltk