

MINUTES OF THE INVESTMENT COMMITTEE OF THE  
BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM  
OF THE STATE OF HAWAII

JULY 9, 2018

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

Trustees present: Mr. Vincent Barfield, Chair  
Dr. Catherine Chan, Vice Chair  
Ms. Laurel Johnston  
Mr. Emmit Kane  
Dr. Genevieve Ley  
Mr. Jerome Rauckhorst

Trustees excused: Ms. Jackie Ferguson-Miyamoto  
Mr. Wesley Machida

Attorneys present: Mr. Ivan Torigoe, Deputy Attorney General  
Ms. Elmira Tsang, Deputy Attorney General  
Ms. Jodi Yi, Deputy Attorney General

Staff present: Mr. Thomas Williams, Executive Director  
Ms. Kanoë Margol, Deputy Executive Director  
Ms. Donna Curry, Program Specialist  
Mr. Howard Hodel, Acting Chief Investment Officer  
Mr. Aaron Au, Investment Officer – Illiquid Markets  
Mr. Anthony Goo, Investment Officer – Liquid Markets  
Mr. Andrew Chen, Investment Specialist  
Mr. Ian Wetzel, Investment Specialist  
Ms. Gerri Konishi, Member Home Loan Assistant  
Ms. Tami Ikegami-Stuart, Information Technology Specialist  
Ms. Lori Misaki, Information Technology Specialist  
Mr. Thom Tsuha, Information Technology Specialist  
Ms. Lori Kim, Secretary  
Ms. Dale Kanae, Board Secretary  
Ms. Wanda Kugiya, Recording Secretary

Public present: None

QUORUM/CALL TO ORDER

A quorum being present (Chair Barfield, Vice Chair Chan, and Trustees Johnston, Kane, Ley and Rauckhorst), Chair Barfield called the Investment Committee meeting to order at 8:01 a.m.

PUBLIC COMMENT PERIOD

Chair Barfield called for public comment. There were no members of the public present to offer comment.

APPROVAL OF MINUTES  
- JUNE 12, 2018

On a motion made by Vice Chair Chan, seconded by Trustee Ley, and unanimously carried, the Investment Committee approved the minutes of June 12, 2018 meeting, as circulated.

JULY 2018 INVESTMENT OFFICE  
ACTIVITIES

Mr. Hodel, Acting Chief Investment Officer, presented an oral and written Investment Office activities report for July 2018. Mr. Hodel noted that the capital markets were reacting primarily to U.S. trade policy, and, in particular, the tariffs being imposed by both China and the U.S. on billions of dollars of the others' exports into their countries. The Fed also increased the Fed Funds rate again by 25 bps, flattening the U.S. yield curve by 15 bps; the market is expecting another two or possibly three 25 bps increases this year. Equity market volatility is on the lower end of the normal range with global indexes flat for the month. Economic growth around the world should be solid this year, particularly in the U.S. Trustee Johnston asked about the resignations of two of U.K. cabinet members over the weekend and the impact this might have on Brexit and the capital markets. Mr. Hodel responded that Brexit poses a definite risk to the European economy and the team is watching the situation as it unfolds.

Mr. Hodel noted that the four investment Request for Information (RFI's) and the Request for Expression of Interest (EOI) were all progressing as expected, including the proxy voting service, credit manager, equity option writing manager, Crisis Risk Offset (CRO) Systematic Trend Following (STF) and Alternative Risk Premia (ARP) managers, as well as the securities lending/custodian. Chair Barfield asked about progress on the Investment Summit planning. Mr. Hodel replied that there will be a record number of attendees; the agenda and speakers, moderators and panelists have been finalized; and staff is currently working with panelists and speakers on their presentations.

MANAGER ORGANIZATIONAL  
CHANGES

Mr. Hodel presented a "receive and file" memorandum on the following organizational changes:

- Aon Hewitt Investment Consulting (Aon)

Staff does not believe that the management changes will have any adverse impact on the investment of ERS's assets.

INVESTMENT MANAGER  
MEETINGS – SECOND QUARTER  
2018

Mr. Hodel presented the Investment Manager Meetings for the Second Quarter of 2018 for "receive and file." Each Investment Office staff has prepared an individual log to report on meetings they had during the course of the quarter.

ENTER EXECUTIVE SESSION

On a motion made by Trustee Rauckhorst, seconded by Trustee Johnston, and unanimously carried, the Investment Committee entered into Executive Session at 8:08 a.m. to consider the Executive Session minutes of June 12, 2018.

APPROVAL OF EXECUTIVE  
SESSION MINUTES – JUNE 12, 2018

On a motion made by Trustee Kane, seconded by Trustee Rauckhorst, and unanimously carried, the Investment Committee approved the June 12, 2018 Executive Session minutes, as circulated.

EXIT EXECUTIVE SESSION

On a motion made by Trustee Rauckhorst, seconded by Trustee Ley, and unanimously carried, the Investment Committee exited Executive Session at 8:08 a.m.

MEETING ADJOURNED

On a motion made by Trustee Rauckhorst, seconded by Trustee Chan, and unanimously carried, Chair Barfield adjourned the meeting at 8:09 a.m.

**REDACTED  
SIGNATURE**

Howard Hodel  
Acting Chief Investment Officer

HH/wk