

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

JULY 8, 2019

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

Trustees present: Mr. Vincent Barfield, Chair
Dr. Catherine Chan, Vice Chair
Ms. Jackie Ferguson-Miyamoto
Mr. Emmit Kane
Dr. Genevieve Ley
Mr. Wesley Machida
Mr. Jerome Rauckhorst
Mr. Robert Yu

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

Staff present: Mr. Thomas Williams, Executive Director
Ms. Kanoe Margol, Deputy Executive Director
Ms. Elizabeth Burton, Chief Investment Officer
Mr. Aaron Au, Investment Officer – Illiquid Markets
Mr. Anthony Goo, Investment Officer – Liquid Markets
Mr. Ian Wetzel, Investment Officer
Ms. Gerri Konishi, Member Home Loan Assistant
Ms. Dale Kanae, Board Secretary
Ms. Lori Kim, Secretary
Ms. Diana Gomes, Recording Secretary

Guests present: Mr. Colin Bebee, Meketa Investment Group
Mr. Sarah Bernstein, Meketa Investment Group
Mr. Chae Hong, Aon Hewitt Investment Consulting, Inc.

Public present: None

CALL TO ORDER A quorum being present (Chair Barfield, Vice Chair Chan, and Trustees Ferguson-Miyamoto, Kane, Ley, Machida, Rauckhorst and Yu), Chair Barfield called the Investment Committee meeting to order at 9:17 a.m.

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

RECESS Chair Barfield called for a recess at 9:17 a.m. and announced that the meeting would reconvene after the Chapter 91 proceedings.

RECONVENE

A quorum being present (Chair Barfield, Vice Chair Chan, and Trustees Ferguson-Miyamoto, Kane, Ley, Machida, Rauckhorst and Yu), Chair Barfield reconvened the meeting at 9:28 a.m.

APPROVAL OF MINUTES
- JUNE 10, 2019

On a motion made by Trustee Rauckhorst, seconded by Trustee Ley and unanimously carried, the Investment Committee approved the minutes of the June 10, 2019, meeting as presented.

SUMMARY OF JUNE 2019
INVESTMENT OFFICE ACTIVITIES:

- MARKET OVERVIEW
- CURRENT STATUS OF ACTIVITIES OF THE INVESTMENT OFFICE

Chief Investment Officer (CIO), Elizabeth Burton, briefly presented the market overview for the month of June stating that the equity market did well for the month. Stock market was at a record high. The bond rallied to a multi-year low.

CIO Burton gave an overview of her report as follows:

CIO Report

Investment staff continues to meet weekly to discuss the investment portfolio as a team. Staff completed security overview training associated with Bloomberg and State IT security.

On-going political climate affected the market. In May, this year's second-best day for stocks occurred. Within the Crisis Risk Offset portfolio the shorter-term trading strategies that were able to react more quickly fared better. The long bond exposure performed as expected.

CIO Burton traveled to Chicago and San Francisco in June for due diligence meetings. CIO Burton's on-site visit with Aon in Chicago went well and was very productive. In September, CIO Burton will conduct on-site visits in Singapore while attending the Milken Asia Women Leaders Summit and the Milken Asia Summit.

Summer interns, Connor Barfield and Daniel Yamashita, continue to assist the Investment Officers on various projects.

Last meeting it was discussed that the investment team will proactively source and monitor managers across the investment spectrum and employ a detailed, disciplined evaluation and selection process consistent with an RFI, but more proactive than reactive. The CIO stated that the team will continue to use RFIs where appropriate. There are already several parts of the portfolio which cannot use RFIs (e.g., private equity).

CIO Burton spoke with Mr. Torigoe from the Attorney General's office for guidance to confirm that investment team is not prohibited from using alternative processes. Contracts are exempt from procurement code.

A list of educational conferences for the Board of Trustees to attend is posted on Boardworks.

ENTER EXECUTIVE SESSION

On a motion made by Trustee Rauckhorst, seconded by Trustee Chan,

and unanimously carried, the Investment Committee entered Executive Session at 9:45 a.m.

EXECUTIVE SESSION

- Executive Session, pursuant to HRS § 88-27.5(a)(1) and HRS § 92-5(a)(4), to conduct discussions and deliberations relating to, and if appropriate, to make a decision on investments or prospective investments by the system that require the consideration of information or records that are exempt from disclosure under Chapter 92F, including information and records that are proprietary information or confidential business information, 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 investment manager organizational changes.

APPROVAL OF EXECUTIVE SESSION MINUTES – JUNE 10, 2019

- Approval of Executive Session Minutes – June 10, 2019

EXIT EXECUTIVE SESSION

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Rauckhorst, and unanimously carried, the Investment Committee exited Executive Session at 9:47 a.m.

MEETING ADJOURNED

On a motion made by Trustee Ferguson-Miyamoto, seconded by Trustee Rauckhorst, and unanimously carried, Chair Barfield adjourned the meeting at 9:47 a.m.

**REDACTED
SIGNATURE**

Elizabeth T. Burton
Chief Investment Officer

EB/dlg