

MINUTES OF THE MEETING OF THE  
COMPENSATION REVIEW COMMITTEE OF THE  
BOARD OF TRUSTEES OF THE  
EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII

MARCH 25, 2019

CITY FINANCIAL TOWER  
201 MERCHANT STREET, SUITE 1400  
HONOLULU, HAWAII 96813

Trustees present: Mr. Jerome Rauckhorst, Chair  
Mr. Vincent Barfield  
Dr. Catherine Chan  
Mr. Emmitt Kane

Staff present: Mr. Thomas Williams, Executive Director  
Ms. Kanoë Margol, Deputy Executive Director  
Ms. Dale Kehau Kanae, Recording Secretary

Attorney present: Ms. Jodi Yi, Deputy Attorney General

QUORUM/CALL TO ORDER A quorum being present (Chair Rauckhorst, Trustees Barfield, Chan, and Kane), Chair Rauckhorst called the Compensation Review Committee (CR Committee or Committee) of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 1:08 p.m.

PUBLIC COMMENT Chair Rauckhorst called for public comment. There were no members of the public present, therefore no public comments.

REVIEW THE CHARTER OF THE COMMITTEE;  
DISCUSS AND APPROVE ANY RECOMMENDED  
CHANGES TO THE CHARTER The CR Committee reviewed the Committee Charter. There were no changes made to the charter, however, it was noted that a Succession Plan needs to be developed, recommended, and approved to/by the full Board

On a motion made by Trustee Kane, seconded by Trustee Barfield, and unanimously carried, the CR Committee adopted the Committee Charter as presented for Fiscal Year 2019.

DETERMINE THE PROCESS AND PROCEDURES BY WHICH THE COMMITTEE WILL CARRY OUT ITS RESPONSIBILITIES Chair Rauckhorst presented a Summary of the Annual Process that will be followed by the CR Committee. The CR Committee discussed the process and procedures by which the Committee will carry out its responsibilities for the performance review of the Executive Director, Deputy Executive Director, Chief Investment Officer, and Investment Officers (Exempt Positions). Also, another tool that will be used, and was discussed as part of the evaluation process, is the Annual 360 Performance Evaluation Questionnaire that will be distributed to specific ERS Staff. Performance Rating Sheets were also distributed at the meeting and reviewed. Compensation recommendations are also included in the Annual Process, however, the Deputy Executive Director is excluded, as that position is a civil service position. It is anticipated that all compensation recommendations will be presented by the CR Committee to the Board for approval at the June 10, 2019 meeting.

DEVELOP A TIMELINE FOR THE COMMITTEE TO COMPLETE ITS EVALUATIONS AND RECOMMENDATIONS REGARDING COMPENSATION FOR THE EXECUTIVE DIRECTOR AND EXEMPT INVESTMENT OFFICE STAFF, AND ITS EVALUATION OF THE DEPUTY EXECUTIVE DIRECTOR; IDENTIFY NEXT STEPS AND TASKS TO BE PERFORMED AND ASSIGN RESPONSIBILITIES

APPROVAL OF MINUTES – SEPTEMBER 24, 2018

ENTER EXECUTIVE SESSION

APPROVAL OF EXECUTIVE SESSION MINUTES – SEPTEMBER 24, 2018

EXECUTIVE SESSION CONT'D

EXECUTIVE SESSION, PURSUANT TO HRS § 92-5(a)(2), AND (4), TO DISCUSS EVALUATION AND PERFORMANCE COMPENSATION, WHERE MATTERS AFFECTING PRIVACY WILL BE INVOLVED, AND TO CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE COMMITTEE'S POWERS, DUTIES, PRIVILEGES,

The CR Committee reviewed the revised 2019 Committee Timeline (draft) and updated the dates and times for future meetings to complete its evaluations and recommendations regarding compensation for the Executive Director and exempt Investment Office Staff, and its evaluation of the Deputy Executive Director.

The CR Committee discussed possibilities and strategies to improve compensation for the Investment Office Staff. The Executive Director and Chief Investment Officer will work on follow-up steps and report back to the Committee.

Executive Director Thomas Williams also discussed Succession Planning with the CR Committee and reported that it is a work in progress, however, he is starting with the Investment Office first. The CR Committee would like a Succession Plan in place to be presented to the Board by September 2019, for the Committee and Board to understand the operations of the ERS organization.

On a motion made by Trustee Barfield, seconded by Trustee Kane, and unanimously carried, the CR Committee approved the September 24, 2018, public minutes as presented.

On a motion made by Trustee Barfield, seconded by Trustee Kane, and unanimously carried, the CR Committee entered into Executive Session at 2:11 p.m.

- Pursuant to HRS § 92-5(a)(2) and (4), to discuss evaluation and performance compensation, where matters affecting privacy will be involved, and to consult with the Board's attorneys on questions and issues pertaining to the Committee's powers, duties, privileges, immunities, and liabilities; appropriate action.

IMMUNITIES, AND  
LIABILITIES;  
APPROPRIATE ACTION

EXIT EXECUTIVE SESSION

On a motion made by Trustee Barfield, seconded by Trustee Kane, and unanimously carried the CR Committee exited Executive Session at 2:12 p.m.

ADJOURNMENT

On a motion made by Trustee Barfield, seconded by Trustee Kane, and unanimously carried, the CR Committee adjourned the meeting at 2:13 p.m.

**REDACTED SIGNATURE**

Thomas Williams  
Executive Director

TW:dkik