

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

December 6, 2019

ADDENDUM NO. 1
To
Employees' Retirement System of the State of Hawaii
Request for Proposals
for
Compensation Consultant Services
RFP 2020-01
Issued November 5, 2019

OFFERORS:

In accordance with 1. Administrative Overview, Section 1.7 Communication and Questions with the ERS of the Request for Proposals 2020-01 the Employees' Retirement System of the State of Hawaii (ERS) is providing the following responses to questions from potential offerors:

1) **QUESTION:**

Can the stakeholder interviews described in 2.1 (Comprehensive Pay Study) and 2.2 (Benchmarks and Incentive Compensation Plan) be combined into one interview session with each stakeholder covering both subjects?

RESPONSE:

Yes, both topics may be combined; stakeholders should be interviewed individually.



Employees' Retirement System
of the State of Hawaii

City Financial Tower • 201 Merchant Street, Suite 1400 • Honolulu, Hawaii 96813-2980
Telephone (808) 586-1735 • Fax (808) 586-1677 • <http://ers.ehawaii.gov>

2) QUESTION:

Can the CRC meetings described in 2.1 (Comprehensive Pay Study) and 2.2 (Benchmarks and Incentive Compensation Plan) be combined into one meeting covering the preliminary reports from both scope items?

RESPONSE:

Yes.

3) QUESTION:

Who owns decision rights related to compensation for the eight incumbents to be included in this study?

RESPONSE:

ERS Board of Trustees sets salary levels for the seven exempt ERS employees at the beginning of each fiscal year; the single non-exempt investment employee's salary is established according to position level with annual increases established through union bargaining agreements.

4) QUESTION:

Is ERS confined by State of Hawaii pay levels and procedures, or does it have the latitude to implement what makes sense for its unique business?

RESPONSE:

- a. Currently, the Hawaii State Legislature with the signature of the Governor establishes the overall ERS budget for the fiscal year and the number of investment positions; overall, ERS compensation must align with the approved budget.
- b. Changing this would require legislative action.

5) QUESTION:

Does ERS or any sister State of Hawaii agency currently have an incentive program? If no, has ERS contemplated an incentive plan previously?

RESPONSE:

No, not to our knowledge, other than possibly University of Hawaii athletic coaches.

6) QUESTION:

What percentage of ERS' assets are internally managed?

RESPONSE:

None currently, but it is anticipated that some assets will be managed internally within a few years.