

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

AUGUST 28, 2020

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

Trustees present: Dr. Catherine Chan, Chair
(by teleconference) Mr. Bennett Yap, Vice Chair
Mr. Emmit Kane

Trustee absent: Mr. Craig Hirai

Staff present: Mr. Thomas Williams, Executive Director
(City Financial Tower Ms. Kanoe Margol, Deputy Executive Director
by teleconference) Ms. Elizabeth Burton, Chief Investment Officer
Ms. Donna Curry, Program Specialist
Ms. Dale Kehau Kanae, Recording Secretary
Ms. Lori Kim, Secretary

Attorney present: Mr. Ivan Torigoe, Deputy Attorney General
(by teleconference) Ms. Elmira Tsang, Deputy Attorney General
Ms. Diane Wong, Deputy Attorney General

Public present: Mr. Riley Fujisaki, Staff, House Finance Committee
(by teleconference) Mr. Brian B (no other identifiable information)

QUORUM/CALL TO ORDER

A quorum being present (Chair Chan, Vice Chair Yap, Trustee Kane), Chair Chan called the meeting of the Legislative Committee (Committee) of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 1:02 p.m.

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, with the exception of Trustee Hirai being absent, to be able to hold a meeting closed to the public and allow Trustees to participate by teleconference or other remote meeting technology, pursuant to the Governor of the State of Hawaii's Tenth Supplementary Proclamation related to the COVID-19 Emergency, dated July 17, 2020, in order to implement social distancing measures.

PUBLIC COMMENT

Chair Chan called for public comment. There were two (2) members of the public present, however, none of the public present had any public comments. There was also no public testimony received by e-mail for this Committee meeting.

POTENTIAL LEGISLATIVE
PROPOSALS RELATING TO
THE EMPLOYEES'
RETIREMENT SYSTEM FOR
THE 2021 LEGISLATIVE
SESSION FOR
RECOMMENDATION TO THE
BOARD OF TRUSTEES

Executive Director (ED) Thomas Williams and Program Specialist (PS) Donna Curry, presented and discussed with the Committee the ERS and ERS-related Potential 2021 Legislative Proposals, as presented.

ED Williams explained to the Committee that the proposals, as presented, are to be considered for re-introduction during the 2021 Legislative session and for inclusion in the Governor's Legislative Package. PS

Curry described in detail to the Committee the following four (4) proposed bills:

- BUF-ERS-1 (21) Relating to the Employees' Retirement System (Amends the definition of compensation for retirement benefits);
- BUF-ERS-2 (21) Relating to Qualified Domestic Relations Orders (Amendments to clarify benefits to alternate payees, advisory review determinations of Hawaii Domestic Relations Orders and the priority of multiple orders);
- BUF-ERS-3 (21) Relating to Employees' Retirement System Investments (Exempts certain specific types of alternative investment fund information from disclosure under Chapter 92F, the disclosure of which would put the system at a competitive disadvantage and frustrate its legitimate government function); and
- BUF-ERS-4 (21) Related to Employees' Retirement System Disability Retirement (Clarifies the Employees' Retirement System's eligibility requirement definitions for service-connected disability and accidental death benefits).

After discussion, the Committee affirmed the proposed Bills with recommendations as noted:

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee re-affirmed approval of BUF-ERS-1 (21) in its original form, as previously submitted last session, and will not include additional language on the service credit purchase.

On a motion made by Vice Chair Yap, seconded by Trustee Kane, and unanimously carried, the Committee re-affirmed approval of BUF-ERS-2 (21) as presented and noted that the original form, as previously submitted last session, was edited by adding paragraph "(v)" to SECTION 1.

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee re-affirmed approval of BUF-ERS-3 (21) in its original form, as previously submitted last session, with no additional changes.

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee re-affirmed approval of BUF-ERS-4 (21) in its original form, as previously submitted last session, with no additional changes.

Committee Chair Chan will present, at the next Board Meeting, the four (4) Potential 2021 Legislative Proposals for Board approval.

DISCUSSION OF POTENTIAL LEGISLATIVE PROPOSALS RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM FOR FUTURE LEGISLATION

ED Williams presented and discussed with the Committee, for their consideration, suggested potential legislative proposals relating to the ERS that would slow or reduce the growth in the plan's unfunded actuarial accrued liabilities. After some discussion, the Committee decided to table any future potential legislation for consideration until more information is available. Chair Chan will provide the potential legislative proposals, as presented, to the Board for their information at the next Board meeting.

APPROVAL OF MINUTES
- APRIL 30, 2020

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee approved the public minutes of the April 30, 2020, meeting as presented.

ADJOURNMENT

On a motion made by Vice Chair Yap, seconded by Trustee Kane, and unanimously carried, Chair Chan adjourned the meeting at 2:04 p.m.

REDACTED SIGNATURE

Thomas Williams
Executive Director

TW:dkik