

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

NOVEMBER 9, 2020

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

Trustees present:  
(by teleconference) Mr. Emmit Kane, Chair  
Mr. Jerome Rauckhorst, Vice Chair  
Mr. Vincent Barfield  
Dr. Catherine Chan  
Dr. Genevieve Ley  
Mr. Wesley Machida  
Mr. Bennett Yap

Trustees absent: Mr. Craig Hirai

Staff present:  
(City Financial tower  
by teleconference) Mr. Thomas Williams, Executive Director  
Ms. Kanoë Margol, Deputy Executive Director  
Ms. Donna Curry, Program Specialist  
Ms. Shanna Sakagawa, Program Specialist  
Ms. Elizabeth Burton, Chief Investment Officer  
Mr. Aaron Au, Investment Officer – Illiquid Markets  
Mr. Anthony Goo, Investment Officer – Liquid Markets  
Mr. Howard Hodel, Investment Officer – Risk Management  
Mr. David Okamoto, Investment Officer – Credit Markets  
Mr. Ian Wetzel, Investment Officer  
Mr. Andrew Chen, Investment Specialist  
Ms. Gerri Konishi, Member Home Loan Assistant (audio only)  
Ms. Diana Gomes, Secretary  
Ms. Dale Kehau Kanae, Recording Secretary  
Ms. Lori Kim, Secretary

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

Guests present:  
(by teleconference) Mr. Zach Buchwald, BlackRock  
Ms. Katie Caruso, BlackRock  
Mr. Michael Ferraro, BlackRock  
Ms. Sarah Siwinski, BlackRock  
Mr. Calvin Yu, BlackRock  
Ms. Natalie Fitch, Hamilton Lane Advisors, LLC  
Mr. Paul Yett, Hamilton Lane Advisors, LLC  
Mr. Colin Bebee, Meketa Investment Group, Inc.  
Mr. Neil Rue, Meketa Investment Group, Inc.  
Mr. Min Htoo, The Blackstone Group, Inc.  
Mr. Christopher Mazza, The Blackstone Group, Inc.  
Mr. Eric Perlyn, The Blackstone Group, Inc.  
Mr. Iftikhar Ahmed, Townsend Group, an Aon Company  
Mr. Jack Dowd, Townsend Group, an Aon Company  
Mr. Chae Hong, Townsend Group, an Aon Company

Public present:  
(by teleconference) Ms. Stacey Ferreira  
Mr. Riley Fujisaki, Staff, House Finance Committee  
Mr. Janos Palko  
Mr. Dane Wicker, Staff, State Senate

## QUORUM/CALL TO ORDER

A quorum being present (Chair Kane, Vice Chair Rauckhorst, Trustees Barfield, Chan, Ley, Machida, and Yap), Chair Kane called the regular meeting of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 9:03 a.m.

On a motion made by Vice Chair Rauckhorst, seconded by Trustee Machida, and unanimously carried, 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 Fourteenth Supplementary Proclamation Related to the COVID-19 Emergency, dated October 13, 2020, in order to implement social distancing measures.

## PUBLIC COMMENT

Chair Kane called for public comment. There were four (4) members of the public present by teleconference, however, none of the public present had any public comments. There was also no public written testimony received for this meeting.

## RECESS

Chair Kane called for a recess at 9:05 a.m. and announced that the meeting would reconvene following the conclusion of the Investment Committee Meeting.

## RECONVENE

A quorum being present (Chair Kane, Vice Chair Rauckhorst, Trustees Barfield, Chan, Ley, Machida, and Yap), Chair Kane reconvened the meeting at 11:09 a.m.

## TOWNSEND GROUP, AN AON COMPANY – 2<sup>ND</sup> QUARTER 2020 REAL ESTATE PERFORMANCE REVIEW

Investment Officer (IO), Ian Wetzel, and Townsend Group, an Aon Company (Aon), Jack Dowd and Chae Hong, entered the meeting by teleconference and presented an oral and written report to the Board on the 2nd Quarter 2020 Real Estate Performance Review and discussed:

### EXECUTIVE SUMMARY

#### *Real Estate Market Performance and Overview*

- The NFI-ODCE trailing one-year return now stands at 1.3% net. While 5-year real estate returns are below the sector's long-run average of 7-9% gross, which is primarily a result of near-term distress caused by the COVID-19 pandemic.
- For the majority of 2020, a novel coronavirus (COVID-19) spread throughout the world's countries and their respective economies. To combat the spread of the virus politicians enacted Shelter-In-Place orders, forcing the closure of businesses reliant upon consumer foot traffic. The implications of this order disoriented the global economy, and are expected to impact real estate valuations through the remainder of the year. As such, the Townsend Group has advised its clients to cautiously approach new capital invested in funds with pre-specified assets. Instead, we recommend clients consider moving up the risk/return spectrum and consider blind pool funds as they offer the potential to invest new capital when a new opportunity set presents itself.

#### *HIERS' Summary of Portfolio Returns (Time-Weighted Returns)*

Overall, the portfolio is performing well, outperforming the NFI-ODCE Index on a net of fee basis over the medium-term. The total portfolio has generated a 7.9% net IRR and 1.39x net equity multiple since inception.

#### *HIERS' Real Estate Portfolio Highlights*

During Q2 2020 and subsequent to quarter end, three new commitments were made:

- An Opportunistic manager of Real Estate Debt (\$50 million)

TOWNSEND GROUP, AN  
AON COMPANY – 2<sup>ND</sup>  
QUARTER 2020 REAL  
ESTATE PERFORMANCE  
REVIEW (CONT'D)

- An Opportunistic manager of Real Estate Equity niche property types (\$50 million)
- A Non-Core Global Infrastructure Fund (\$50 million)

*Significant Events*

- During the previous quarter, a novel coronavirus (COVID-19) spread throughout the world. The implications of this virus are expected to impact real estate valuations. As a result, the Townsend Group recommends its clients proceed with caution on new capital investments in funds with pre-specified assets and instead consider blind pool funds.
- During the quarter, a multinational financial services firm which provides fund administration services to some of HIERS' Investment Managers, has reported a ransomware attack in which confidential data was improperly exposed. No material breaches of HIERS information has been reported, and Townsend will continue to monitor the situation.
- Subsequent to quarter end, a Value-Add and Opportunistic Fund co-founder announced they will be stepping down as CEO/co-CIO at the end of 2020. The co-Founder intends to remain on as a non-Executive Chair of a newly formed advisory board that will provide input to his replacements on major strategic, financial, and personnel decisions. Townsend has reviewed this and is comfortable with the change in leadership.
- Subsequent to quarter end, a Value-Add Fund announced that their President, Americas Real Estate Division will step down from their role at the end of the year and serve as non-executive Vice Chairman, Americas. The current Head of the fund series will replace the President at the beginning of 2021. Townsend has reviewed this and is comfortable with the change in leadership.

MARKET OVERVIEW

REAL ESTATE, INFRASTRUCTURE, AND TIMBER PORTFOLIOS  
LOWE AND REAL ESTATE SEPARATE ACCOUNTS

There were no questions of the Board for Mr. Hong.

MEKETA INVESTMENT  
GROUP, INC. –  
QUARTERLY  
PERFORMANCE REPORT

Meketa Investment Group, Inc. (Meketa), Colin Bebee and Neil Rue entered the meeting by teleconference and presented an oral and written report to the Board on the Quarterly Performance for the 3rd Quarter of 2020:

INTRODUCTION

*Performance vs. Policy Benchmark and Median Public Fund*

- The ERS Total Portfolio underperformed the Policy Benchmark over the most recent quarter, fiscal year-to-date, and trailing 1-year periods but outperformed over the trailing 3-, 5-, and 10-year periods. Shorter-term outperformance is largely attributable to the Private Growth component. As a reminder, the Private Growth component is benchmarked to MSCI ACWI + 2% (quarter lagged), and short-term differences between the two should not be overly scrutinized as it is a very long-term oriented component.
- The ERS Total Portfolio outperformed the Median Public Fund over the most recent quarter and trailing 3-, 5-, and 10-year periods but underperformed over the trailing 1-year period by (1.3%). Underperformance over the trailing 1-year is attributable to the ERS's more risk-focused, diversified, and globally-oriented portfolio construction. Over the trailing 1-year period, US Equity has been the strongest performer among most growth-like classes whereas US Investment Grade bonds have been the strongest performer among most

diversifiers. While the ERS utilizes both of these segments, the more diversified approach within the ERS's Total Portfolio has resulted in modest underperformance relative to peers over this period.

- As part of the new strategic allocation that was approved during the 2019 Asset-Liability study, the ERS adopted new evolving policy targets that took effect 7/1/2020. In addition, the strategic class framework has experienced modest naming convention changes. As of the latest quarter end, the Total Portfolio ended the latest quarter overweight the Public Growth class, while underweight Real Assets and Diversifying Strategies. While not explicitly shown, the ERS's overlay program also assists the ERS in staying closer to policy targets.

#### ERS PORTFOLIO REVIEW

##### *Performance Attribution vs. Policy Benchmark – Gross of Fees*

- The Total Portfolio outperformed the Policy Benchmark over the most recent quarter by (60) basis points.
- Implementation within the Broad Growth class (i.e., Private Growth) detracted from relative performance over the most recent quarter (largely due to short-term benchmarking challenges).
- Due to the new allocation framework, attribution analysis longer than the most recent quarter is unavailable.

##### *Strategic Class Performance as of September 30, 2020*

- The Broad Growth class underperformed its policy benchmark over the most recent quarter but outperformed over all other time periods measured. Significant relative underperformance within the Private Growth segment detracted from results during the quarter. The Public Growth segment posted positive returns but matched or underperformed its benchmark over all time periods measured. The Real Assets segment outperformed over all time periods measured.
- The Diversifying Strategies class underperformed the policy benchmark over the quarter and trailing 1-year periods but outperformed over the trailing 3-year period by 1.0%. The Illiquid Diversifying segment outperformed during the quarter primarily due to the strong relative performance of the Insurance Linked composite. The Liquid Defensive segment underperformed over the recent quarter and trailing 1-year periods but outperformed the policy benchmark over the longer trailing 3-year period. Performance within the segment was hindered by the Defensive Return Capture composite which underperformed its benchmark by (8.1%). The Liquid Diversifying segment outperformed over the recent quarter and trailing 3-year periods, but underperformed over the trailing 1-year by (8.9%)

There were no questions of the Board for Mr. Bebee.

Investment Officer – Illiquid Markets (IO-IM), Aaron Au, and Hamilton Lane Advisors, LLC, (HL), Natalie Fitch and Paul Yett entered the meeting by teleconference and presented an oral and written report to the Board on the Private Equity Program Update – For Period Ending June 30, 2020.

Mr. Yett announced to the Board that he will be the new Director of ESG and Sustainability at Hamilton Lane. Ms. Fitch and Mr. Yett discussed the Portfolio Review, Strategic Plan Update, and Market Update:

#### PORTFOLIO REVIEW

##### *PE Portfolio Highlights*

- Net value increase during Q2, almost completely recovering Q1 decrease

- One-year net IRR of 5.54%, inclusive of down quarter related to COVID-19, outperformed public benchmark by 415 bps.

#### *Portfolio Snapshot*

- Q2 2020: Portfolio value bounced back significantly from Q1 markdowns.
- Continued growth towards 13.5% target allocation.

#### *Portfolio Summary*

- Q2 2020 represents the 31st quarter of positive performance out of the last 32 quarters, Q1 2020 represents the only negative quarterly performance in time period.
- Q2 2020 cash activity – Contributions of \$129.5M outpaced distributions of \$41.4M by \$88.1M.

#### *Performance Against Benchmark*

- Portfolio outperforming benchmark, MSCI ACWI IMI +200 bps, across all periods.
- Portfolio generated double digit performance across 3-year, 5-year, 10-year, and since inception periods.

#### *Quarterly Cash Flow Summary*

- Continued commitment activity and new investment activity continues to generate negative cash flow QoQ for now.
- Significant distribution activity in the third quarter of 2020, similar to Q3 2019.

#### *Foundation Manager Performance*

- Foundation Managers continue to represent majority of Portfolio value.
- Foundation Managers outperforming total Portfolio by 222 bps.

#### *2020 Commitment Summary*

- Investments are consistent with the themes and recommendations highlighted in Hamilton Lane's Strategic Plan.
- On track to execute approved 2020 commitment pacing range of \$550M - \$650M

### STRATEGIC PLAN UPDATE

#### *2020 Private Equity Strategic Plan (Recap)*

#### *2021 Private Equity Strategic Plan*

### MARKET UPDATE

#### *What the Markets Have Done*

- Fears over the impact of COVID-19 drove a sharp downturn in Q1 2020 though there has been a swift recovery in asset prices in Q2 2020.
- Private markets have seen less severe drawdowns than trade equities.

#### *Pooled Returns by Vintage Year*

- Buyout has outperformed the MSCI World in 19 of the last 20 vintages.
- Private credit has outperformed its public counterpart in 19 of the last 20 vintages.

#### *Period Table of Returns*

- Some strategies demonstrate more cyclical than others.
- Over the last decade, venture capital and growth equity strategies have led returns.

*Period Table of Distributions*

- Recent vintages have attractive performance, but they remain largely unrealized, particularly in venture capital.

*IRR Rank vs. DPI Rank*

- Venture capital strategies have generated strong IRRs.
- Growth equity and U.S. SMID are the top-performing strategies by DPI.

*Spread of Returns*

- Risk and return profiles vary meaningfully by strategy and geography.
- Wide spreads between top- and bottom-performing managers provide opportunities, as well as risks.

*Fundraising*

- Fundraising in 2020 remained resilient in current environment.

*Distributions*

- Distributions in 2020 expected to be below levels seen recently.
- All private markets trend below the average distribution rate in 2020 due to the global pandemic.

*Time to Liquidate NAV*

- VC/growth continues to liquidate more slowly than other private markets strategies.
- Increase in 2020 drive by slower rates of distribution.

*Contributions*

- Annual contributions set a record in 2019, though they are likely to slow in 2020.
- The rate of contribution slowed slightly for most strategies (with the notable exception of credit) in early 2020.

*Purchase Price Multiples at Acquisition*

- Purchase prices remain on par with record levels across all markets; there is no debating that, on average, private markets are expensive.
- Equity contributions in developed markets have remained above pre-crisis lows.

*Leverage Multiples & Coverage Ratios*

- Developed markets' leverage ratios continue to trend higher.
- U.S. debt coverage has moved to a comforting level.

*Hamilton Lane Sentiment Indicators: Buyout*

- The buyout market is neutral and movement in both directions.

*What it All Means*

- Private equity appeared to be late in the cycle as of 2019, but there is less worry today.

There were no questions of the Board for Ms. Fitch and Mr. Yett. After their presentation, Ms. Fitch and Mr. Yett left the meeting by exiting the teleconference.

BlackRock's Michael Ferraro entered the meeting in person and Zack Buchwald, Sarah Siwinski, and Calvin Yu entered by teleconference presented an oral and written report to the Board on their Public Pension Peer Risk Study discussing:

## EXECUTIVE SUMMARY & PEER RESULTS

*Executive Summary*

*Peer Group Summary*

*Executive Dashboard – ERS HI vs. Peers*

## TOTAL PORTFOLIO

*2020 Investment Themes*

*“What’s Past is Prologue”*

*Managing Expectations*

*Past Performance is Not Indicative of Future Results*

*No Free Lunch, But Less Expensive Lunch*

*Asset Allocation Relative to Peers*

*Total Portfolio: Scenario Analysis*

## REALLOCATION ANALYSIS

*Reallocation Analysis*

*Total Portfolio: Pro-forma Reallocation Analysis*

## ADDRESSING YOUR TARGET OUTCOMES

*Insights and Ideas for Consideration*

## ADDITIONAL INFORMATION

After their presentation, Messrs. Buchwald, Ferraro, Yu, and Ms. Siwinski left the meeting by either exiting the room or teleconference.

## EXECUTIVE DIRECTOR’S REPORT

Executive Director (ED) Williams gave an oral presentation of his report and discussed as follows:

- The contract with Gabriel Roeder Smith will expire on December 31, 2020, and we have elected to extend the contract for six (6) months until June 30, 2021, under the same terms and conditions, incurring no additional costs. The extension allows us valuable resources needed during the legislative session. The RFP will be issued in January with a decision to be made in April 2021, at which time we will update the Board.
- Voted on behalf of the ERS in support of a new Chair and member of the Board for Principles for Responsible Investment.
- ERS Staff and DAGs attended a training session by Ken Takeyama, retired Director of the Legislative Reference Bureau, husband of retired DAG Diane Kishimoto, expert of drafting Administrative Rules, and partly responsible for the document specifying the format and content of the Rules in Hawaii. The training will assist ERS staff with drafting the Administrative Rules in early 2021. Last year we went through the process with the Hawaii Domestic Relations Orders. Statutory language was approved some years ago allowing ERS to set the interest rate for delayed payments, to look at alternatives beyond the medical board, and to delegate certain decision-making related retirements to the Executive Director, etc. All subject to completing the Administrative Rules.
- On October 23, 2020, a blessing of the 15<sup>th</sup> Floor ERS offices by Kahu Cordell Kekoa was held and a recording of the blessing was shared with ERS Staff and Trustees.
- The Office of Information Practices proposed draft legislation allowing Departments to continue virtual meetings into the indefinite future. Virtual meetings were made possible as a result of one of the Governors Emergency Proclamations. Meetings will be allowed to continue, subject to making sure there is a physical location that allow public to attend. ERS’s accommodations should be sufficient for both.
- Implementation of the pension administration system V10 and Oracle Financials went live on November 4, 2020, the pension administration

EXECUTIVE DIRECTOR'S  
REPORT (CONT'D)

system will go live on November 16, 2020. A recognition of those participating in the implementation of the program is being planned.

- Received positive feedback on The ESG Investment Session and wrote thank you letters to the key presenters that participated.
- ERS has submitted the budget for the upcoming fiscal year to the Department and are proposing alternatives to reduce our operating budget by 10-,15-, and 20 percent. After discussions with House Chair Luke, we will also be submitting a supplemental request for additional Investment staff and resources.
- Board Smart, the Trustee education tool, will go live on November 1, 2021. Utilization and feedback is highly encouraged and requested.
- A complimentary letter was received from a teacher writing to express gratitude for communications as it relates to the transparency of funding and status of the pension plan.
- ERS received certification from the Public Pension Coordinated Council comprised of three major organizations NASRA, NCPERS and NCTR. They provide certification when public pension plans meet minimum standards as it relates to funding and administration, of which we have achieved.
- ERS received a communication from the House and the Senate related to leadership changes and committee assignments. The Labor & Tourism Chair, Representative Richard Onishi has replaced Representative Aaron Johanson who will now be the Chair of Consumer Protection & Commerce. We will be meeting with both representatives.

DEPUTY EXECUTIVE  
DIRECTOR'S OPERATIONS  
REPORT

Deputy Executive Director (DED) Kanoe Margol presented her Operations Report as presented and gave updates on ERS staffing and projects of Administration, Accounting, Information Services, Retirement Benefits and Staff Support Services Branches.

REPORT BY THE  
ADMINISTRATIVE &  
AUDIT COMMITTEE  
CHAIR

Chair Kane requested reports from the Committee Chairs starting with the Administrative & Audit Committee.

Administrative & Audit Committee Chair Ley reported that an internal audit was put on hold of the Retirement Benefits Branch so staff could focus on the V10 upgrade and the December 31st retirement finals. The rest of the year's focus will be on the cloud risk and security assessment and the risk assessment re-evaluation, which KMH LLP is working on with staff and is anticipated to be completed sometime next year.

REPORT BY THE  
COMPENSATION REVIEW  
COMMITTEE CHAIR

Compensation Review Committee (Committee) Chair Rauckhorst reported that the next meeting will be on November 20, 2020, to discuss the Committees activities and goals, review the charter, and possible change in name of the Committee.

REPORT BY THE  
LEGISLATIVE  
COMMITTEE CHAIR

Legislative Committee (Committee) Chair Chan reported that the Committee did not meet, however, they will be meeting early next year.

REPORT BY THE  
GOVERNANCE POLICY  
COMMITTEE CHAIR

Chair Kane reported that the Governance Policy Committee met on November 5, 2020, and discussed the Investment Committee Charter and matrix, accepted by both the Governance Policy Committee and Permitted Interaction Group for recommendation to the Board for approval.

REPORT BY THE  
INVESTMENT  
COMMITTEE, AND  
KAANAPALI AD HOC  
COMMITTEE CHAIR

Investment Committee (Committee) Chair Barfield reported to the Board the following:



INVESTMENT COMMITTEE  
CHARTER DEVELOPMENT  
AND DELEGATION BY  
BOARD OF LIMITED  
INVESTMENT DECISION-  
MAKING AUTHORITY TO  
A NEWLY  
RECONSTITUTED  
INVESTMENT COMMITTEE  
AND TO STAFF

Chair Barfield discussed and presented to the Board the revised Charter and matrix that was accepted by the Permitted Interaction Group and Governance Policy Committee with recommendations for approval by the Board.

Chief Investment Officer (CIO) Elizabeth Burton discussed and presented to the Board the ERS Investment Process.

Trustee Ley requested some changes to the Charter on page 2:

Under the paragraph “The Committee shall have the following authority and responsibilities:” Move the last bullet to be the first bullet and add the new bullets one and two under that. For the next bullet, replace the word “approve” with “make recommendations” and move the next bullet under that.

For clarification, the Charter will read on page 2 as follows:

The Committee shall have the following authority and responsibilities:

- To review and make investment policies and guideline recommendations for the Board’s consideration.

Establish the guidelines applicable to implementation and investment decision-making delegated to investment staff.

While guidelines are intended to be durable, they may be revised at the Committee’s discretion.

- Establish and monitor investment office reporting requirements, process and policy compliance.
- To review and make recommendations annually about the ERS’s goals and objectives applicable to the Investment Office.

To review and approve ongoing activities of the Investment Office in regards to the goals and objectives and any additional tasks assigned to the Investment Office from the Board.

- To assign and provide direction to Chief Investment Officer (the “CIO”) and (if applicable) the Executive Director (the “ED”) on priorities and actions to successfully execute the responsibilities of the Investment Office.

There were no other noted changes by the Board members.

On a motion made by Chair Kane, seconded by Trustee Barfield, and unanimously carried, the Board accepted the revised Investment Committee Charter with the additional changes as noted.

Deputy Attorney General Ivan Torigoe opined on adopting the submitted Resolution Delegating Specified Oversight and Decision-Making Authority to the Investment Committee of the Board of Trustees of the Employees’ Retirement System of the State of Hawaii.

On a motion made by Trustee Barfield, seconded by Trustee Machida, and unanimously carried, the Board adopted the Resolution as submitted.

INVESTMENT POLICY  
REVISIONS:

Chair Kane requested that in the future, such agenda items should be brought before the Investment Committee, then the Governance Policy Committee

DIVERSIFYING  
STRATEGIES  
DERIVATIVES POLICY

before being presented to the Board. However, for expeditious purposes, this item will be allowed.

Chair Kane, Trustees Ley and Machida requested that this agenda item be vetted through the Investment Committee, however, due to CIO Burton sharing with the Board that if this agenda item is not approved, ERS would in the future be in violation of the IPS. CIO Burton noted the agenda item was not sent to the Investment Committee first due to confusion, as the charter not having been finalized at the time making the new order unclear. Investment Officer – Risk Management Howard Hodel discussed with the Board the Investment Policy Revisions: Diversifying Strategies Derivatives Policy.

On a motion made by Trustee Barfield, seconded by Trustee Machida, and unanimously carried, the Board accepted the changes as described to the Investment Policy Revisions: Diversifying Strategies Derivatives Policy subject to ratification by the Investment Committee.

ENTER EXECUTIVE  
SESSION

On a motion made by Trustee Machida, seconded by Trustee Yap, and unanimously carried, the Board entered into Executive Session at 1:59 p.m.

(Public participation was ended by closing the link to the meeting)

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 decisions on investments or prospective investments by the system that require the consideration of information or records that are exempt from disclosure under HRS 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 relating to Infrastructure Fund Commitment; appropriate action.
- Pursuant to HRS § 88-27.5(a)(1) and (3), 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 HRS Chapter 92F, including information and records that are proprietary information or confidential business information; or to deliberate concerning the authority of persons designated by the Board to negotiate investments or the acquisition of property held by or for the benefit of the system, or during the conduct of such negotiations; 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 a Co-Investment; appropriate action.
- 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 HRS 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 a Recommendation to Rehire Existing Managers for Transition Management Services; appropriate action.
- 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 HRS 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 a Employees' Retirement System's Crisis Risk Offset Manager; appropriate action.

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  
DECISIONS ON INVESTMENTS  
OR PROSPECTIVE  
INVESTMENTS BY THE  
SYSTEM THAT REQUIRE THE  
CONSIDERATION OF  
INFORMATION OR RECORDS  
THAT ARE EXEMPT FROM  
DISCLOSURE UNDER HRS  
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  
RELATING TO  
INFRASTRUCTURE FUND  
COMMITMENT; APPROPRIATE  
ACTION

(During the presentation by Townsend Group, an Aon Company, Trustee Chan left the meeting by exiting the teleconference, however, quorum was still maintained.)

EXECUTIVE SESSION,  
PURSUANT TO HRS § 88-  
27.5(a)(1) AND (3), 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 HRS  
CHAPTER 92F, INCLUDING  
INFORMATION AND RECORDS  
THAT ARE PROPRIETARY  
INFORMATION OR  
CONFIDENTIAL BUSINESS  
INFORMATION; OR TO  
DELIBERATE CONCERNING  
THE AUTHORITY OF PERSONS  
DESIGNATED BY THE BOARD  
TO NEGOTIATE INVESTMENTS  
OR THE ACQUISITION OF  
PROPERTY HELD BY OR FOR  
THE BENEFIT OF THE SYSTEM,

OR DURING THE CONDUCT OF SUCH NEGOTIATIONS; 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 A CO-INVESTMENT; APPROPRIATE ACTION

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 HRS 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 A RECOMMENDATION TO REHIRE EXISTING MANAGERS FOR TRANSITION MANAGEMENT SERVICES; APPROPRIATE ACTION.

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 HRS 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 A EMPLOYEES'  
RETIREMENT SYSTEM'S  
CRISIS RISK OFFSET  
MANAGER; APPROPRIATE  
ACTION

APPROVAL OF EXECUTIVE  
SESSION MINUTES AND  
CONFIDENTIAL  
SUPPLEMENTAL MINUTES  
– SEPTEMBER 14, 2020

EXIT EXECUTIVE SESSION

On a motion made by Vice Chair Rauckhorst, seconded by Trustee Machida, and unanimously carried, the Board exited Executive Session at 3:28 p.m.

APPROVAL OF MINUTES  
– SEPTEMBER 14, 2020

Minutes were not available and were deferred to the next meeting.

ADJOURNMENT

On a motion made by Vice Chair Rauckhorst, seconded by Trustee Machida, and unanimously carried, Chair Kane adjourned the meeting at 3:29 p.m.

**REDACTED SIGNATURE**

Thomas Williams  
Executive Director

TW:dkik