

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

JANUARY 27, 2021

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. Craig Hirai
Mr. Emmit Kane

Staff present: Mr. Thomas Williams, Executive Director
(City Financial Tower Ms. Kanoë Margol, Deputy Executive Director
by teleconference) Ms. Elizabeth Burton, Chief Investment Officer
Ms. Donna Curry, Program Specialist
Mr. Bart Asato, 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

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 1:00 p.m.

On a motion made by Vice Chair Yap, seconded by Trustee Kane, and unanimously carried, the Committee voted 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 Seventeenth Proclamation related to the COVID-19 Emergency, dated December 16, 2020, in order to implement social distancing measures.

PUBLIC COMMENT

Chair Chan called for public comment. There were no members of the public present, in person, or by teleconference, therefore no public comment. There was also no written public testimony received for this Committee meeting.

(Trustee Hirai joined the meeting by teleconference at 1:04 p.m.)

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 discussed in detail with the Committee the lists of ERS Initiated Bills as of January 26, 2021, and six (6) additional lists divided by subject matter. The ERS initiated list is an updated list that has already been

discussed and approved by the Committee and Board, however, the following additional six lists need to be reviewed, recommendations provided, and approvals given:

- ERS Membership Related Bills;
- ERS Benefit Related Bills;
- ERS Felony Forfeiture Bills;
- ERS Investment Related Bills;
- ERS Related Miscellaneous Bills as of January 26, 2021; and
- ERS Related Bills as of January 27, 2021.

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

On a motion made by Vice Chair Yap, seconded by Trustee Kane, and unanimously carried, the Committee affirmed approval of the list of ERS Membership Related Bills with recommendations as noted (the list is attached to these minutes for clarification).

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee affirmed approval of the list of ERS Benefit Related Bills with recommendations as noted (the list is attached to these minutes for clarification).

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee affirmed approval of the list of ERS Felony Forfeiture Related Bills with recommendations as noted (the list is attached to these minutes for clarification).

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee affirmed approval of the list of ERS Investment Related Bills with recommendations as noted (the list is attached to these minutes for clarification).

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee affirmed approval of the list of ERS Related Miscellaneous Bills as of January 26, 2021, with recommendations as noted (the list is attached to these minutes for clarification).

On a motion made by Vice Chair Yap, seconded by Trustee Kane, and unanimously carried, the Committee affirmed approval of the list of ERS Related Bills as of January 27, 2021, with recommendations as noted (the list is attached to these minutes for clarification).

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee re-affirmed approval of the list of ERS Initiated Bills as of January 26, 2021, previously approved with no changes to the recommendations as noted (the list is attached to these minutes for clarification).

Committee Chair Chan will present, at the next Board Meeting, the Potential Bills for the 2021 Legislative Proposals for Board approval.

DISCUSSION OF POTENTIAL
LEGISLATIVE PROPOSALS
RELATING TO THE

ED Williams discussed with the Committee, that ERS staff had no new potential legislative proposals for the Committees consideration. Chair

EMPLOYEES' RETIREMENT
SYSTEM FOR FUTURE
LEGISLATION

Chan stated, and the Committee members agreed, that they did not have any new potential legislative proposals.

APPROVAL OF MINUTES
- AUGUST 28, 2020

On a motion made by Trustee Kane, seconded by Vice Chair Yap, and unanimously carried, the Committee approved the public minutes of the August 28, 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 3:05 p.m.

REDACTED SIGNATURE

Thomas Williams
Executive Director

TW:dkik

ERS Membership Related as of 01/26/2021								
	Bill No	Subject	Title	Summary	Status	Introduced	Ref	Recommendation
1	HB73	Emergency Workers; Communications Dispatchers; Penal Code; Offenses Against the Person	RELATING TO EMERGENCY WORKERS.	Amends the definition of "emergency worker" in the Penal Code to include communications dispatchers.	H 1/21/2021: Introduced and Pass First Reading.	NAKAMURA, AQUINO, BRANCO, DECOITE, ELI, GATES, HASHIMOTO, HOLT, ICHIYAMA, ILAGAN, JOHANSON, KAPELA, KITAGAWA, B. KOBAYASHI, LOPRESTI, MARTEN, MATAYOSHI, MIZUNO, MORIKAWA, PERRUSO, QUINLAN, TAM, TARNAS, TOKIOKA, WILDBERGER, WOODSON, McKelvey, Sayama		Monitor
2	HB123	Legislative Term Limits; Constitutional Amendment	PROPOSING AN AMENDMENT TO ARTICLE III, SECTION 4, OF THE CONSTITUTION OF THE STATE OF HAWAII TO ESTABLISH LEGISLATIVE TERM LIMITS.	Proposes a constitutional amendment to limit the terms of members of the legislature to a maximum of sixteen years in the house of representatives or senate, or both, for terms beginning on or after the general election of 2024.	H 1/22/2021: Introduced and Pass First Reading.	B. KOBAYASHI, AQUINO, LOWEN, PERRUSO, WILDBERGER, Kapela		Monitor
3	HB790	Deferred Compensation Retirement Plan; Part-Time, Temporary, And Seasonal or Casual Employees; Hawaii National Guard; Orders to Active Service	RELATING TO THE NATIONAL GUARD.	Grants eligibility for participation in the State deferred compensation retirement plan for state and county part-time, temporary, and seasonal or casual employees to members of the Hawaii National Guard who have been ordered into active service.	H 1/25/2021: Pending introduction.	OKIMOTO, D. KOBAYASHI, TARNAS, WOODSON		Monitor
4	SB184	Emergency Workers; Communications Dispatchers; Penal Code; Offenses Against the Person	RELATING TO EMERGENCY WORKERS.	Amends the definition of "emergency worker" in the Penal Code to include communications dispatchers.	S 1/25/2021: Referred to PSM, JDC.	KOUCHI (Introduced by request of another party)	PSM, JDC	Monitor
5	SB458	Department of Defense; State Activation; Active Duty Military Pay; Basic Allowance for Housing; Service Credit	RELATING TO ACTIVE DUTY MILITARY ENTITLEMENTS.	Requires the State to pay, without delay, military personnel called to active duty at the same rate as their active duty counterparts; provide basic housing allowance; provide service credit for time on active duty; and allow state and county employees to count the time called to active duty in the State toward retirement.	S 1/25/2021: Passed First Reading.	KEITH-AGARAN, LEE, NISHIHARA, WAKAI		Oppose
6	SB590	University of Hawaii; Optional Retirement System	RELATING TO THE UNIVERSITY OF HAWAII.	Restricts the eligible membership of the UH optional retirement system to employees of the board of regents. Requires the board of regents to choose at least three companies to provide investment products under the UH optional retirement system. Automatically enrolls UH employees to the state employee's retirement system unless they opt to enroll in the UH optional retirement system within ninety days of employment. Prohibits UH employees from transferring from the UH optional retirement system to the state employees' retirement system. Requires UH to make annual contributions for its employees within the optional retirement system. Allows the retirement benefits of the UH optional retirement system to be subject to collective bargaining negotiations for the bargaining unit for personnel other than UH faculty.	S 1/25/2021: Passed First Reading.	KIM, FEVELLA, INOUE, KEITH-AGARAN, MISALUCHA, Dela Cruz, Kidani, Moriwaki, Riviere, San Buenaventura, Wakai		Monitor

ERS Benefit Related as of 01-26-2021 LC								
	Bill No	Subject	Title	Summary	Status	Introduced	Comp	Recommendation
1	HB271	ERS; Compensation; Overtime; Appropriations	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Expands the definition of compensation to include overtime payments earned by essential workers during an unspecified period of time. Appropriates moneys to fund additional employees' retirement system costs.	H 1/22/2021: Introduced and Pass First Reading.	SAIKI (Introduced by request of another party)		Oppose
2	HB749	Employees' Retirement System; Average Final Compensation; Base Pay; Furloughs; Pay Reduction	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Adjusts the method of determining average final compensation by specifying that base pay shall not be reduced by furloughs or pay reductions.	H 1/25/2021: Pending introduction.	TOKIOKA		Comment w/concerns (unfunded liability)
3	HB935	Employees' Retirement System; Post retirement allowances	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Amends post retirement allowances for new employees.	H 1/25/2021: Pending introduction.	SAIKI (Introduced by request of another party)	SB1089	Comment w/concerns (calculation)
4	HB936	Employees' Retirement System; Unused Sick Leave Credit for Public Employees	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Changes the formula for crediting unused sick leave to retirement benefits for public employees who become members of the Employees' Retirement System after June 30, 2021.	H 1/25/2021: Pending introduction.	SAIKI (Introduced by request of another party)	SB1090	Supprt
5	SB673	ERS; Compensation; Overtime; Appropriations	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Expands the definition of compensation to include overtime payments earned by essential workers during an unspecified period of time. Appropriates moneys to fund additional employees' retirement system costs.	S 1/25/2021: Passed First Reading.	TANIGUCHI		Oppose

ERS Felony Forfeiture Related as of 01-26-2021							
	Bill No	Subject	Title	Summary	Status	Introduced	Recommendation
1	HB670	Employees' Retirement System; Retirement Benefits; Felony Convictions; Forfeiture	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Authorizes forfeiture of certain ERS benefits, pursuant to court order, for state or county employees and designated beneficiaries who are convicted of an employment-related felony.	H 1/25/2021: Introduced and Pass First Reading.	NAKASHIMA	Comment
2	SB633	Employees' Retirement System; Retirement Benefits; Felony Convictions; Forfeiture	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Authorizes forfeiture of certain ERS benefits, pursuant to court order, for state or county employees and designated beneficiaries who are convicted of an employment-related felony.	S 1/25/2021: Passed First Reading.	KEITH-AGARAN, KIDANI, MISALUCHA, NISHIHARA, RHOADS, WAKAI	Comment
3	SB781	Law Enforcement Officers; ERS; Felony Offenses	RELATING TO LAW ENFORCEMENT.	Authorizes forfeiture of certain employees' retirement system benefits for law enforcement officers who are convicted of an employment-related crime. Requires law enforcement officers under investigation for a felony offense to be placed on unpaid administrative leave, and if convicted, be permanently barred from employment as a law enforcement officer, private detective, or guard.	S 1/25/2021: Passed First Reading.	CHANG, ACASIO, LEE, MISALUCHA, MORIWAKI, Ihara, Shimabukuro	Comment
4	SB912	Employees' Retirement System; Retirement Benefits; Felony Convictions; Forfeiture	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Authorizes a court to order the forfeiture of Employees' Retirement System (ERS) benefits of an ERS member, former member, or retirant upon conviction of the individual for a felony related to the State or county employment of the individual. Authorizes designated beneficiaries to receive ERS benefits upon the death of the ERS member, former member, or retirant convicted of the felony.	S 1/25/2021: Passed First Reading.	MISALUCHA, CHANG, IHARA, INOUE, LEE, RHOADS, RIVIERE, SAN BUENAVENTURA, WAKAI, Baker, Fevella, Gabbard, Kidani, Shimabukuro	Comment

ERS Investment Related as of 01/26/2021						
Bill No	Subject	Title	Summary	Status	Introduced	Recommendation
1 HB557	Employees' Retirement System; Investments; Divestment; Renewable Energy Sources	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Requires the employees' retirement system to reevaluate its investments in coal, oil, natural gas, oil or natural gas services, and pipeline companies and over the next five years, divest of holdings in any companies that have a majority of its holdings invested in fossil fuels, rather than clean renewable energy sources.	H 1/25/2021: Introduced and Pass First Reading.	LOWEN, ICHIYAMA, KAPELA, LOPRESTI, MARTEN, MCKELVEY, MIZUNO, NAKAMURA, PERRUSO, WILDBERGER, Tam	Oppose
2 HB681	Department of Budget and Finance; Linked Investment Program; Agricultural Loans; Financial Institutions; Appropriation	RELATING TO MANAGEMENT OF STATE FUNDS.	Establishes linked investments to provide loan funds for agriculture and authorizes the State to invest in linked investments. Appropriates funds to the department of budget and finance to hire one position to administer the linked investment program.	H 1/25/2021: Introduced and Pass First Reading.	NAKASHIMA, ILAGAN, KAPELA, KITAGAWA, SAIKI, TARNAS, YAMASHITA, Luke	DELETE
3 SB488	Company Divestment; Coal; Oil; Gas; Fossil Fuels; Employees' Retirement System	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Requires the board of trustees of the Employees' Retirement System to reevaluate its existing future investments in coal, oil, natural gas, oil and natural gas services, and pipeline companies; divest, at appropriate times over the next five years, the public fund's holdings in any such companies that have not invested more in clean renewable energy sources, such as photovoltaics and wind power, than in fossil fuels or are not set up for favorable long term investment returns by having clear plans to abandon fossil fuels by 2030; search and evaluate potential future investment funds with indirect holdings devoid of coal, oil, natural gas, oil or natural gas services, and pipeline companies; and submit annual reports to the legislature.	S 1/25/2021: Passed First Reading.	GABBARD, ACASIO, CHANG, MORIWAKI, Baker, Ihara, Shimabukuro	Oppose
4 SB801	Sustainable Investing; Environmental, Social, And Governance Investing; Socially Responsible Investing; Public Investment Funds	RELATING TO SUSTAINABLE INVESTING.	Requires a public investment fund to develop, publish, and implement socially responsible investment policies applicable to the management of all public funds under the public investment fund's control and submit an annual report to the legislature on disclosing its investments in accord with environmental, social, and governance investing and socially responsible investment policies.	S 1/25/2021: Passed First Reading.	MORIWAKI	Oppose

ERS Related Misc as of 01-26-2021							
Bill No	Subject	Title	Summary	Status	Introduced	Referred	Recommendation
Employer Reporting							
1	HB148	City and County of Honolulu Mayor's Package; Employees' Retirement System	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Requires the employees' retirement system to submit to the legislature certain annual reports through 2026. Extends the effective date of certain sections of Act 87, Session Laws of Hawaii 2015, to 1/1/2026 to provide state and county departments and agencies with additional time to comply with new employees' retirement system reporting standards.	H 1/22/2021: Introduced and Pass First Reading.	SAIKI (Introduced by request of another party)	Comment w/ Concerns
2	SB431	City and County of Honolulu Mayor's Package; Employees' Retirement System	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Requires the employees' retirement system to submit to the legislature certain annual reports through 2026. Extends the effective date of certain sections of Act 87, Session Laws of Hawaii 2015, to 1/1/2026 to provide state and county departments and agencies with additional time to comply with new employees' retirement system reporting standards.	S 1/25/2021: Referred to LCA, WAM.	KOUCHI (Introduced by request of another party) LCA, WAM	Comment w/ Concerns
Pension Payments							
3	HB759	Employees' Retirement System; Benefits; Financial Institutions Trust Accounts	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Specifies that employees' retirement system payment of refunds and benefits may be paid into individual, joint, and trust accounts of financial institutions.	H 1/25/2021: Pending introduction.	BRANCO, BELATTI, MARTEN, MORIKAWA, TARNAS	Oppose
Board Sunshine Law							
4	SB9	Sunshine Law; Interactive Conference Technology; State of Emergency; Permitted Interactions; Addresses	RELATING TO BOARD MEMBERS.	Authorizes, until June 30, 2022, boards to exclude the public from the meeting locations where board members are physically present if the board meetings are held by interactive conference technology during a state of emergency due to a contagious illness. Permits two or more members of a board to attend state of the city, state of the county, state of the State, or state of the judiciary addresses with certain restrictions. Requires meetings held by interactive conference technology to recess, rather than terminate, when audio communication cannot be maintained and may reconvene only when audio communication is reestablished.	S 1/22/2021: Referred to GVO, JDC.	CHANG GVO, JDC	Monitor

ERS Related as of 01/27/2021 UPDATE							
	Bill No	Subject	Title	Summary	Status	Introduced	Recommendation
1	HB1200	Boards and Commissions; State Officers and Employees	RELATING TO GOVERNMENT.	Prohibits the appointment of state officers and employees to boards and commissions unless otherwise provided.	H 1/26/2021: Pending introduction.	SAIKI	Monitor
2	HB1205	Sustainable Investing; Environmental, Social, And Governance Investing; Socially Responsible Investing; Public Investment Funds	RELATING TO SUSTAINABLE INVESTING.	Requires a public investment fund to develop, publish, and implement socially responsible investment policies applicable to the management of all public funds under the public investment fund's control and submit an annual report to the legislature on disclosing its investments in accord with environmental, social, and governance investing and socially responsible investment policies.	H 1/26/2021: Pending introduction.	WILDBERGER, DECOITE, GANADEN, KAPELA, LOPRESTI, PERRUSO, TAM, Marten, Matsumoto	Oppose
3	HB1229	Employees' Retirement System; Sick Leave; Service Credit	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Caps the service credit for unused sick leave for employees who become members of the employees' retirement system on or after 7/1/2021 at a maximum credit of ninety days. Specifies that any unused sick leave in excess of ninety days shall be forfeited.	H 1/26/2021: Pending introduction.	BRANCO, CULLEN, JOHANSON, B. KOBAYASHI, LUKE, SAYAMA, TARNAS, Matayoshi, Tam	Comment

ERS Initiated as of 01/26/2021							
	Bill No	Subject	Title	Summary	Status	Introduced	Comp
1	HB928	Employees' Retirement System; Compensation	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Amends the definition of compensation for retirement benefits.	H 1/25/2021: Pending introduction.	SAIKI (Introduced by request of another party)	SB1082
2	HB929	Employees' Retirement System; Hawaii Domestic Relations Orders	RELATING TO QUALIFIED DOMESTIC RELATIONS ORDERS.	Clarifies benefits to alternate payees, advisory review determinations of Hawaii Domestic Relations Orders and the priority of multiple orders.	H 1/25/2021: Pending introduction.	SAIKI (Introduced by request of another party)	SB1083
3	HB930	Employees' Retirement System; Investment Records	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 investment function.	H 1/25/2021: Pending introduction.	SAIKI (Introduced by request of another party)	SB1084
4	HB931	Employees' Retirement System; Service-Connected Disability; Accidental Death	RELATING TO EMPLOYEES' RETIREMENT SYSTEM BENEFITS.	Clarifies the Employees' Retirement System's eligibility requirement definitions for service-connected disability and accidental death benefits.	H 1/25/2021: Pending introduction.	SAIKI (Introduced by request of another party)	SB1085
5	SB1082	Employees' Retirement System; Compensation	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Amends the definition of compensation for retirement benefits.	S 1/27/2021: Introduced.	KOUCHI (Introduced by request of another party)	HB928
6	SB1083	Employees' Retirement System; Hawaii Domestic Relations Orders	RELATING TO QUALIFIED DOMESTIC RELATIONS ORDERS.	Clarifies benefits to alternate payees, advisory review determinations of Hawaii Domestic Relations Orders and the priority of multiple orders.	S 1/27/2021: Introduced.	KOUCHI (Introduced by request of another party)	HB929
7	SB1084	Employees' Retirement System; Investment Records	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 investment function.	S 1/27/2021: Introduced.	KOUCHI (Introduced by request of another party)	HB930
8	SB1085	Employees' Retirement System; Service-Connected Disability; Accidental Death	RELATING TO EMPLOYEES' RETIREMENT SYSTEM BENEFITS.	Clarifies the Employees' Retirement System's eligibility requirement definitions for service-connected disability and accidental death benefits.	S 1/27/2021: Introduced.	KOUCHI (Introduced by request of another party)	HB931