

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

NOVEMBER 8, 2021

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

Trustees present:
(by teleconference) Mr. Emmit Kane, Chair
Mr. Vincent Barfield
Dr. Catherine Chan
Dr. Genevieve Ley
Mr. Lance Mizumoto
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
Mr. Bart Asato, 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. Ian Wetzel, Investment Officer – Real Assets
Mr. Andrew Chen, Investment Specialist
Ms. Gerri Konishi, Member Home Loan Assistant
Ms. Diana Gomes, Secretary
Ms. Dale Kehau Kanae, Recording Secretary
Ms. Lori Kim, Secretary
Ms. Andrea Gasper, Secretary

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

Guests present:
(by teleconference) Mr. Colin Bebee, Meketa Investment Group, Inc.

Public present:
(by teleconference) Mr. Kevin Balaod, Journalist, Pageant Media
Ms. Lindsay Saienni, FIN News
Ms. Stacey Tagala
Mr. Alex Tanase
Mr. Dane Wicker, Staff, State Senate

QUORUM/CALL TO ORDER

Although quorum was not initially achieved (Chair Kane, Vice Chair Barfield, Trustees Ley and Mizumoto), Chair Kane proceeded with the regular meeting of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) at 10:14 a.m. for informational purposes only until quorum is achieved. Chair Kane requested each Trustee identify themselves and confirm that they are the only ones present at their remote location while attending the meeting. Each of the Trustees present confirmed same. Trustees not present will be advised of agenda items they missed while they were absent. (Trustees not present will be notified by these minutes).

PUBLIC COMMENT

Chair Kane called for public comment. There were five (5) members of the public present by teleconference, however, none of the public present had any comments. There was also no public written testimony received for this meeting.

QUORUM

(Quorum was achieved when Trustees Chan and Yap entered the meeting at 10:17 a.m. by joining the teleconference.)

EXECUTIVE DIRECTOR'S REPORT

Executive Director (ED) Williams gave an oral presentation of his report to the Board as follows:

- Securities Litigation Policy previously removed from the Investment Policy Statement is now established as a part of the Employees Retirement System Policies and Procedures.
- Interviews are being conducted for the Chief Compliance Officer.
- An immutable backup is being developed by our Information Services Branch and is anticipated to be installed in February 2022.
- Trustee Barfield requested clarification of an account referred to as "Trustee Discretionary Account" used to fund investments; receive distributions and employer and employee contributions; pay expenses and benefits. After research and further consideration, the account instead will be renamed to "ERS Operating Account" as the previous name was misleading.
- An interview requested by a Honolulu Civil Beat reporter with various ERS staff was held regarding Pension Spiking of the Honolulu Police Department Employees. The reporter will be writing an article in the near future.
- A request has been drafted and sent to Governor Ige regarding procurement of a Compensation Consultant recently approved by the Board.
- Work-related travel has been suspended, however, ERS would like to resume necessary travel, details to be discussed with the B&F Director.
- Dr. Gerald McKenna from the Medical Board passed away and a replacement will be identified; however, the two remaining Board members will continue and may solicit other medical expertise as needed. The Administrative Rules, in the process for public hearing would permit use of other alternatives besides a Medical Board.
- The Council of Institutional Investors, of which the Board are members, have reminded ERS that all activities are free of charge to the Board. The Board is encouraged to attend the upcoming spring conference on Trustee education.
- ERS has received a 2021 Award for Funding and Administration from the Public Pension Coordinating Council represented by the National Association of State Retirement Administrators, the National Council on Teacher Retirement, and the National Conference on Public Employee Retirement Systems.
- A request was sent to Attorney General Clare Connors regarding replacement of Tax Counsel that may require use of out-of-state service providers.
- Pictures of the ERS Halloween activity were shared with the Board.

The Board suggested having responses ready regarding the upcoming Honolulu Civil Beat article on Pension Spiking of the Honolulu Police Department, as well as using the article to help support legislative efforts.

QUORUM/CALL TO ORDER (CONT'D)

A quorum being present by Trustee Chan and Yap joining the meeting (Chair Kane, Vice Chair Barfield, Trustees Chan, Ley, Mizumoto, and Yap), Chair Kane proceeded with the regular meeting of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) at 10:36 a.m. and requested Trustee Chan and Yap identify themselves and confirm that they are the only one present at their remote location while attending the meeting. Trustees Chan and Yap confirmed same.

QUORUM/CALL TO ORDER
(CONT'D)

On a motion made by Trustee Mizumoto, seconded by Trustee Yap, 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 Emergency Proclamation Related to the COVID -19 Response, dated August 5, 2021, in order to implement social distancing measures.

DEPUTY EXECUTIVE
DIRECTOR'S OPERATIONS
REPORT

Deputy Executive Director (DED) Margol gave updates to the Board on ERS staffing and projects of Administration, Accounting, Information Services, Retirement Benefits and Staff Support Services Branches as presented in the October 2021 Monthly Operations Report.

DED Margol also shared with the Board that ERS Board Election results will be presented at the next meeting.

DISCUSSION OF 2022
EMPLOYEES'
RETIREMENT SYSTEM
BOARD OF TRUSTES
MEETINGS, ELECTION OF
OFFICERS, AND
COMMITTEE
ASSIGNMENTS

Chair Kane requested the Board members consider for 2022, the Chair, Vice Chair, and Committee Assignments to be proposed and decided at the January meeting. If members have any preferences, please let the Chair know. Chair Kane also expressed hope that Governor Ige will appoint a Trustee to fill the final Board member vacancy.

Chair Kane listed some housekeeping items to be discussed in the January meeting: Fiduciary Duty, Conflicts of Interest, Ethics, and Sunshine Law.

Chair Kane discussed the 2022 Schedule of ERS Board of Trustees Meetings as presented.

On a motion made by Vice Chair Barfield, seconded by Trustee Yap, and unanimously carried, the Board accepted the 2022 Schedule of ERS Board of Trustees Meetings as presented.

REPORTS BY THE
ADMINISTRATIVE &
AUDIT, COMPENSATION
REVIEW, GOVERNANCE
POLICY, INVESTMENT
AND KAAPALI AD HOC,
AND LEGISLATIVE
COMMITTEES

Administrative & Audit Committee Chair Yap, **Compensation Review Committee** Chair Ley, **Governance Policy Committee** Chair Kane, and **Legislative Committee** Chair Chan each stated that there were no items to be reported.

Investment and KAAPALI Ad Hoc Committees (Committee) Chair Barfield reported to the Board that at the Committee meeting on October 25, 2021, educational items were presented by Saba Capital on Tail Hedging and Gateway Investment Advisers, LLC on PutWrite Account Review. The standard staff reports were reviewed from staff, market overview, and activities in the risk classes. In executive session, confidential matters involving pipeline and manager updates were discussed.

Regarding the sale of the remaining KAAPALI parcel, there are no new updates and the process is still proceeding.

(Public participation concluded by ending the teleconference link.)

Chair Kane identified all the participants in Executive Session, the Board and staff members are listed on the Executive Session minutes. Board members confirmed that no other persons are in the room while they are on the teleconference.

ENTER EXECUTIVE
SESSION

On a motion made by Trustee Mizumoto, seconded by Trustee Ley and unanimously carried, the Board entered into Executive Session at 10:51 a.m.

APPROVAL OF EXECUTIVE
SESSION CONFIDENTIAL
SUPPLEMENTAL MINUTES
– SEPTEMBER 13, 2021

APPROVAL OF EXECUTIVE
SESSION MINUTES
– OCTOBER 12, 2021

EXIT EXECUTIVE SESSION

On a motion made by Vice Chair Barfield, seconded by Trustee Mizumoto, and unanimously carried, the Board exited Executive Session at 10:55 a.m.

APPROVAL OF MINUTES
– OCTOBER 12, 2021

On a motion made by Trustee Mizumoto, seconded by Vice Chair Barfield, and unanimously carried, the Board approved the Minutes of October 12, 2021.

ADJOURNMENT

On a motion made by Trustee Mizumoto, seconded by Trustee Ley, and unanimously carried, Chair Kane adjourned the meeting at 10:56 a.m.

REDACTED SIGNATURE

Thomas Williams
Executive Director

TW:dkik