

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

APRIL 21, 2023

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

Trustees present: Dr. Genevieve Ley, Chair*
(by teleconference) Mr. Vincent Barfield, Vice Chair*
Dr. Catherine Chan*

Trustee absent: Mr. Luis Salaveria

Staff present: Mr. Thomas Williams, Executive Director*
(City Financial Tower Ms. Kanoe Margol, Deputy Executive Director*
by teleconference) Ms. Kristin Varela, Chief Investment Officer*
Ms. Dale Kehau Kanae, Recording Secretary*
Ms. Lori Kim, Secretary
Ms. Andrea Gasper, Secretary

Attorney present: Ms. Lori Tanigawa, Deputy Attorney General*
(by teleconference)

Public present: Mr. Jason E. Sabas

*Attended Executive Session

QUORUM/CALL TO
ORDER

A quorum being present (Chair Ley, Vice Chair Barfield, and Trustee Chan), Chair Ley called the Human Resources Committee (HR Committee or Committee) of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 2:00 p.m. and identified the Trustees present and had them confirm that they are the only ones present at their remote location and that no one else was able to listen in on their teleconference while attending the meeting.

On a motion made by Vice Chair Barfield, seconded by Trustee Chan, and unanimously carried, the Committee voted to hold a meeting allowing Trustees and members of the public to participate by interactive conference technology, pursuant to HRS § 92-3.7, with at least one meeting location open to the public that has audiovisual connection.

PUBLIC COMMENT

Chair Ley called for public comment. There was only one (1) member of the public present by teleconference, however, no public comment. There was also no written public testimony received for this Committee meeting.

REVIEW THE ACTIVITIES
AND TIMELINE OF THE
HUMAN RESOURCES
COMMITTEE

Chair Ley presented for discussion, by the Committee, the activities and timeline of the Human Resources Committee. Chair Ley shared a revised timeline and discussed the upcoming scheduled meetings and activities stating that after completion of performance appraisals for the Investment Officers, Chief Investment Officer, Branch Chiefs, Deputy Executive Director, and Executive Director, the Committee would recommend for approval by the Board, at its next meeting, a compensation increase structure and that the Board also delegate to the Committee the authority to proceed with the necessary steps. Executive Director (ED) Thomas Williams shared changes to

the timeline to be updated for the next meeting. The Committee members had no further comments to the timeline.

DISCUSS POSSIBLE
UPDATES TO THE
MERCER
COMPENSATION STUDY

ED Williams discussed with the Committee the Mercer Compensation Study that was completed last year and stated that the study will be discussed in detail in executive session. ED Williams highlighted that the Study included compensation increases retroactive to 2020 to close some of the gap and move toward the targeted median, and also shared the projected salary increase averages for 2023. Chief Investment Officer (CIO) Kristin Varela also discussed with the Committee the risks associated with managing the pension plan and its investment portfolio, and risks of retaining talent as one of the largest needs to manage. In considering the coming year, it is important to understand what the competitive landscape looks like.

DISCUSS BUDGET
OPTIONS FOR EXEMPT
STAFF COMPENSATION

This agenda item was discussed as part of Executive Session Agenda Item 1.

PUBLIC COMMENT

Chair Ley called for public comment. The Public attending by teleconference had no comment and no members of the public were present, therefore, no public comment.

(Chair Ley identified attendees of the Executive Session, Committee members Chair Ley, Vice Chair Barfield, and Trustee Chan; ERS staff ED Thomas Williams, Deputy Executive Director Kanoe Margol, Chief Investment Officer Kristin Varela; and Deputy Attorney General (DAG) Lori Tanigawa. All attendees affirmed that no other persons were in their rooms or able to listen in on their audio or audiovisual connection while they were on the teleconference.

Chair Ley provided the reason to enter into Executive Session:

Executive Session, pursuant to HRS § 92-5(a)(2) and (4), to discuss the performance evaluation and compensation recommendations of Chapter 76, HRS exempt investment staff of the Employees' Retirement System, and to evaluate such staff, as may be necessary, where matters affecting privacy will be involved, and to consult with the Board's attorneys on questions and issues pertaining to the Committee's powers, duties, privileges, immunities, and liabilities, and to make a decision on the approval of executive session minutes which are confidential under state law.

Before exiting the meeting, Board Secretary Dale Kehau Kanae confirmed that no unauthorized persons were in the conference room or able to listen in by audio or audiovisual connection while on the teleconference. DAG Tanigawa was the notetaker of the remainder of the meeting. Attendees are noted with an asterisk on these minutes and listed on the Executive Session Minutes.)

ENTER EXECUTIVE
SESSION

On a motion made by Vice Chair Barfield, seconded by Trustee Chan, and unanimously carried, the Committee entered into Executive Session at 2:15 p.m.

(Public participation concluded by ending the teleconference link.)

EXECUTIVE SESSION

- Pursuant to HRS§ 92-5(a)(2) and (4), to discuss the performance evaluation and compensation recommendations of Chapter 76, HRS exempt investment staff of the Employees' Retirement System, and to evaluate such staff, as may be necessary, where matters affecting privacy will be involved, and to consult with the Board's attorneys on questions and issues pertaining to the Committee's powers, duties, privileges, immunities, and liabilities; appropriate action.

APPROVAL OF EXECUTIVE
SESSION MINUTES
– APRIL 6, 2023

DISCUSSES BUDGET
OPTIONS FOR EXEMPT
STAFF COMPENSATION

EXECUTIVE SESSION, PURSUANT
TO HRS§ 92-5(a)(2) AND (4), TO
DISCUSS THE PERFORMANCE
EVALUATION AND
COMPENSATION
RECOMMENDATIONS OF
CHAPTER 76, HRS EXEMPT
INVESTMENT STAFF OF THE
EMPLOYEES' RETIREMENT
SYSTEM, AND TO EVALUATE
SUCH STAFF, AS MAY BE
NECESSARY, WHERE MATTERS
AFFECTING PRIVACY WILL BE
INVOLVED, AND TO CONSULT
WITH THE BOARD'S ATTORNEYS
ON QUESTIONS AND ISSUES
PERTAINING TO THE
COMMITTEE'S POWERS, DUTIES,
PRIVILEGES, IMMUNITIES, AND
LIABILITIES; APPROPRIATE
ACTION

EXIT EXECUTIVE
SESSION

On a motion made by Trustee Chan, seconded by Vice Chair Barfield, and
unanimously carried, the Committee exited Executive Session at 3:26 p.m.

APPROVAL OF MINUTES
– APRIL 6, 2023

On a motion made by Trustee Chan, seconded by Vice Chair Barfield, and
unanimously carried, the Committee approved the Minutes of the April 6,
2023, meeting as presented.

ADJOURNMENT

On a motion made by Vice Chair Barfield, seconded by Trustee Chan, and
unanimously carried, Chair Ley adjourned the meeting at 3:29 p.m.

REDACTED SIGNATURE

Thomas Williams
Executive Director

TW:dkik