

MINUTES OF THE MEETING OF THE  
ADMINISTRATIVE AND AUDIT COMMITTEE OF THE BOARD OF TRUSTEES OF THE  
EMPLOYEES' RETIREMENT SYSTEM OF THE STATE OF HAWAII

MARCH 4, 2024

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

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

Trustee absent: Mr. Luis Salaveria

Staff present: Mr. Thomas Williams, Executive Director\*  
(City Financial Tower Ms. Kanoë Margol, Deputy Executive Director\*  
by teleconference) Mr. Kona Mann, Chief Compliance Officer\*  
Mr. Bart Asato, Program Specialist\*  
Mr. James Greubel, Program Specialist\*  
Ms. Shanna Sakagawa, Program Specialist\*  
Ms. Kristin Varela, Chief Investment Officer\*  
Ms. Dale Kehau Kanae, Recording Secretary\*  
Ms. Lori Kim, Secretary  
Ms. Andrea Gasper, Secretary\*

Attorneys present: Ms. Jenny Nakamoto, Deputy Attorney General\*  
(by teleconference) Ms. Lori Tanigawa, Deputy Attorney General\*  
Ms. Elmira Tsang, Deputy Attorney General\*  
Ms. Diane Wong, Deputy Attorney General\*

Guests present: Mr. Peter Hanashiro, KMH LLP  
(by teleconference) Mr. Tyson Suehiro, KMH LLP  
Mr. Alfred Ko, RSM US LLP

\*Attended Executive Session

QUORUM/CALL TO ORDER

A quorum being present (Chair Chan, Vice Chair Barfield, and Trustee Ley), Chair Chan called the meeting of the Administrative and Audit Committee (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 Trustee Ley, seconded by Vice Chair Barfield, 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 the HRS §92-3.7, with at least one meeting location open to the public that has audiovisual connection.

PUBLIC COMMENT

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

KMH LLP'S 2024 INTERNAL  
AUDIT REPORT

meeting.

KMH LLP's Peter Hanashiro and Tyson Suehiro attended the meeting in person and RSM US LLP's Alfred Ko attended the meeting by teleconference and presented an oral and written report to the Committee on a review of KMH LLP's 2024 Internal Audit Report and discussed in summary:

EXECUTIVE SUMMARY

*Administrative and Other Matters*

*Status on Current Projects*

- Risk Assessment Refresh & 2024 Internal Audit Plan Update
- Business Continuity Plan – Crisis Communication Plan Development
- Member Enrollment & Re-Enrollment Review
- Continuous Monitoring Tool Development – Part 1

INTERNAL AUDIT PLAN UPDATE PROCESS

*Overview*

- 2023 Added Auditable Areas
- 2023 Adjusted Risk Ratings
- Audit Plan Development
- 2024 Internal Audit Plan Summary

PROPOSED INTERNAL AUDIT PLAN – JAN 1, 2024, THROUGH  
DEC 31, 2024

2023 INTERNAL AUDIT PLAN RESULTS SUMMARY

MANAGEMENT ACTION DASHBOARD

The Committee requested that KMH LLP include in the Business Continuity Plan exercises to be done annually by ERS to test the Plan. KMH LLP will work with ERS staff and keep the Committee and Board informed.

The Committee also requested that delayed and unresolved high-risk items identified in the report continue to be ERS staff's top priority and that specific measures being taken are clearly documented to ensure the Committee and the Board that everything possible is being done to resolve the issues. ED Williams replied that the ERS staff will continue to work diligently, as a top priority with KMH LLP and RSM US LLP, on any delayed and unresolved high-risk items identified in the Plan and will clearly document any proactive measures, resources, and any tools used to resolve the issues.

On a motion made by Vice Chair Barfield, seconded by Trustee Ley, and unanimously carried, the Committee accepted KMH LLP's 2024 Internal Audit Report and will be presenting it to the Board for their approval at the next Board meeting of March 11, 2024.

UPDATES TO THE HAWAII  
ADMINISTRATIVE RULES  
§6-24, ELECTION OF  
MEMBERS AND RETIRANT  
OF THE SYSTEM TO THE  
BOARD OF TRUSTEES  
GOVERNING THE ELECTED  
TRUSTEES NOMINATION  
PROCESS; FOR APPROPRIATE

Deputy Executive Director (DED) Kanoe Margol and Program Specialist (PS) Bart Asato presented an oral and written report to the Committee and discussed the Updates to the Hawaii Administrative Rules §6-24, Election of Members and Retirant of the System to the Board of Trustees Governing the Elected Trustees Nomination Process.

DED Margol gave a brief recap to the Committee that at previous Board meetings and at the last Committee meeting, it was requested

ACTION

that ERS staff update the Hawaii Administrative Rules (HAR) to include additional alternative identification other than the last 4-digits of a members' social security number to be used on the candidate petition form. DED Margol further stated that the Committee also requested ERS staff research services for electronic voting.

PS Asato updated the Committee on options for alternate identification such as ERS alternate identification, and month and day of birth, or both. These would be in addition to other requirements for members/retirant verification, which would remain: name, current mailing address, and current or former employer. ERS staff recommended adding the two options of ERS alternate identification, and month and day of birth. PS Asato also mentioned to the Committee that the process for updating the HAR could take anywhere from six months to a year from start to finish.

The Committee requested an additional option as an identifier, employee identification number, however, ERS staff agreed to consider it only if the information is readily available within the ERS system.

The Committee also requested updating the section regarding publishing the notice to submit a petition by adding other means of advertisement such as social media.

On a motion made by Trustee Ley, seconded by Vice Chair Barfield, and unanimously carried, the Committee accepted and requested that ERS staff move forward with updating the Hawaii Administrative Rules to include options of alternate identification by adding ERS alternate identification, month and day of birth, and if available within the ERS system, employee identification number. The Committee further requested including additional means of advertisement such as social media as it relates to publishing the notice to submit a petition.

PS Asato further updated the Committee on electronic voting stating that ERS staff is requesting meetings with vendors and that procurement of a vendor through the state procurement process typically takes at minimum of six months. ERS staff will continue to proceed and report back to the Committee with further updates.

APPROVAL OF MINUTES  
- JANUARY 31, 2024

On a motion made by Vice Chair Barfield, seconded by Trustee Ley, and unanimously carried, the Committee approved the minutes of the January 31, 2024, meeting as presented.

PUBLIC COMMENT

Chair Chan called for public comment. There was no public present by teleconference or in person, therefore, no public comment.

(Chair Chan identified attendees of the Executive Session, Committee members Chair Chan, Vice Chair Barfield, and Trustee Ley, and ERS staff, Executive Director Thomas Williams, Deputy Executive Director Kanoë Margol, Chief Investment Officer Kristin Varela, Chief Compliance Officer Kona Mann, Program Specialists Bart Asato, James Greubel, and Shanna Sakagawa, Recording Secretary Dale Kehau Kanae and Secretaries Andrea Gasper and Lori Kim; Deputy Attorneys General Jenny Nakamoto, Lori Tanigawa, Elmira Tsang, and Diane Wong.

Chair Chan provided the reason to enter into Executive Session:

Executive Session, pursuant to HRS §92-5(a)(8), to deliberate and make a decision on the approval of Executive Session Minutes which are confidential under State law.)

ENTER EXECUTIVE SESSION

On a motion made by Trustee Ley, seconded by Vice Chair Barfield, and unanimously carried, the Committee entered into Executive Session at 3:05 p.m.

(Chair Chan requested, and all attendees confirmed, 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. Board Secretary Dale Kehau Kanae also confirmed that no unauthorized persons were in the conference room or able to listen in by audio or audiovisual connection while on the teleconference. Attendees are noted with an asterisk on these minutes and listed on the Executive Session Minutes.)

(Public participation concluded by ending the teleconference link.)

- Pursuant to HRS §92-5 (a)(8), to review and approve Executive Session Minutes of January 31, 2024.

EXECUTIVE SESSION  
PURSUANT TO HRS §92-5(a)(8),  
TO REVIEW AND APPROVE  
EXECUTIVE SESSION MINUTES  
OF JANUARY 31, 2024

EXIT EXECUTIVE SESSION

On a motion made by Vice Chair Barfield, seconded by Trustee Ley, and unanimously carried, the Committee exited Executive Session at 3:08 p.m.

Chair Chan announced that while in Executive Session, the Committee discussed approval of the Executive Session Minutes and being cautious about discussing specific confidential details of the report while in regular session.

ADJOURNMENT

On a motion made by Trustee Ley, seconded by Vice Chair Barfield, and unanimously carried, Chair Chan adjourned the meeting at 3:09 p.m.

**REDACTED SIGNATURE**

Thomas Williams  
Executive Director

TW:dkik