

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

OCTOBER 23, 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 Mr. Kona Mann, Chief Compliance Officer\*  
by teleconference) Mr. James Greubel, Program Specialist\*  
Ms. Kristin Varela, Chief Investment Officer\*  
Ms. Sandra Straub, Information Services Systems Supervisor\*  
Ms. Dale Kehau Kanae, Recording Secretary/Administrative Assistant\*  
Ms. Lori Kim, Administrative Assistant  
Ms. Andrea Gasper, Administrative Assistant\*

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. Dave Collins, RSM US 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 meeting.

INTERNAL AUDIT UPDATE  
REPORT BY KMH LLP ON  
THE CURRENT STATUS OF  
ACTIVITIES COMPLETED  
DURING Q3, 2024, AND AN  
UPDATE ON THE  
COMPLETION STATUS OF  
MANAGEMENT ACTION  
PLANS FOR PAST INTERNAL  
AUDIT OBSERVATIONS AND  
RECOMMENDATIONS

KMH LLP’s Peter Hanashiro and Tyson Suehiro attended the meeting in person and presented oral and written reports to the Committee of KMH LLP’s Internal Audit Update Report and Follow-Up Review Report on the Current Status of Previously “Cleared” Internal Audit Observations and Recommendations and discussed in part, and summary:

INTERNAL AUDIT UPDATE REPORT  
EXECUTIVE SUMMARY

*Administrative and Other Matters*  
*Status on Current Projects*

- Follow-Up Review
- Virtual Chief Information Security Officer (vCISO)
- Continuous Monitoring Tool Development – Part 2
- Investment Manger Selection and Evaluation Review
- Risk Assessment Re-Evaluation and Audit Plan

SUMMARY RESULTS OF REPORTS COMPLETED

*2024 Follow-Up Review*

- Background and Project Objectives
- Summary of Results

2024 INTERNAL AUDIT PLAN RESULTS SUMMARY

MANAGEMENT ACTION DASHBOARD

MANAGEMENT ACTION PLANS – COMPLETION STATUS

CUMULATIVE OBSERVATION ANALYSIS

ISSUED REPORTS FINDING STATUS

There was no action required of the Committee for this agenda item.

FOLLOW-UP REVIEW  
REPORT BY KMH LLP ON  
THE CURRENT STATUS OF  
PREVIOUSLY “CLEARED”  
INTERNAL AUDIT  
OBSERVATIONS AND  
RECOMMENDATIONS

FOLLOW-UP REVIEW  
EXECUTIVE SUMMARY

*Background*  
*Project Objectives*  
*Overall Assessment and Conclusion*

FOLLOW-UP REVIEW PROCESS

*Follow-Up Review Process – Overview*  
*Reports Selected and Number of Findings*

FINDINGS REVIEWED AND SUMMARY OF RESULTS

*Summary of Follow-Up Review Results*

INVESTMENT AND RISK MONITORING AND REPORTING  
REVIEW

FINANCIAL REPORTING PROCESS REVIEW

INVESTMENT CONSULTANT SELECTION AND EVALUATION  
REVIEW

COMMUNICATIONS AND COMMUNITY RELATIONS REVIEW

HR – PERSONNEL DEVELOPMENT & RETENTION REVIEW

BENEFIT ESTIMATES & FINAL BENEFIT CALCULATION

PROCESSING REVIEW

The Committee requested KMH LLP include the finding ratings in the table of Summary of Follow-Up Review Results, reference pg. 10 of the report.

FOLLOW-UP REVIEW  
REPORT BY KMH LLP ON  
THE CURRENT STATUS OF  
PREVIOUSLY “CLEARED”  
INTERNAL AUDIT  
OBSERVATIONS AND  
RECOMMENDATIONS  
(CONT’D)

On a motion made by Vice Chair Barfield, seconded by Trustee Ley, and unanimously carried, the Committee accepted KMH LLP’s Follow-Up Review Report on the Current Status of Previously “Cleared” Internal Audit Observations and Recommendations and will be presenting it to the Board for their approval at the next Board meeting of November 12, 2024.

COMPLIANCE SUPPORT  
STAFF REPORT ON GENERAL  
DUTIES AND CURRENT AND  
FUTURE PROJECTS

Chief Compliance Officer (CCO) Kona Mann requested that his Compliance Support Staff Report on General Duties and Current and Future Projects be deferred, however, noted that some of the current projects being worked on would be discussed in Executive Session.

REPORT BY PROGRAM  
SPECIALIST ON THE  
IMPLEMENTATION OF THE  
ADOBE EXPERIENCE  
MANAGER FOR PURPOSES  
OF IMAGING EFFICIENCY

Program Specialist (PS) James Greubel presented an oral and written report to the Committee on the Implementation of the Adobe Experience Manager for Purposes of Imaging Efficiency and discussed:

PROJECT RECAP & EXECUTIVE SUMMARY  
PROCESS DISCOVERY FOR ERS  
ROADMAP & RECOMMENDATIONS  
DEMONSTRATION  
ESTIMATED COST  
NEXT STEPS

There was no action required of the Committee for this agenda item.

APPROVAL OF MINUTES  
- JUNE 25, 2024

On a motion made by Vice Chair Barfield, seconded by Trustee Ley, and unanimously carried, the Committee approved the minutes of the June 25, 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, Chief Investment Officer Kristin Varela, Deputy Chief Investment Officer Anthony Goo, Chief Compliance Officer Kona Mann, Program Specialist James Greubel, Information Services Systems Supervisor Sandra Straub, Recording Secretary/Administrative Assistant Dale Kehau Kanae and Administrative Assistants 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)(4), (6), and (8), to consider and consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities, on information that must be kept confidential pursuant to State law, and to consider sensitive matters related to the Roadmap Report as part of the Internal Audit’s Virtual Chief Information Security Officer Project; an Update on the Implementation of ERS’ Compliance Program on Risk Assessment, Policies & Procedures, and Third-Party Risk

Management; an Update on Cyber Security; and to make a decision on the approval of Executive Session Minutes.)

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 2:48 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 Administrative Assistant 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)(4), and (6), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to the Roadmap Report prepared as part of the Internal Audit's Virtual Chief Information Security Officer (vCISO) Project.
- Pursuant to HRS §92-5(a)(4) and (6), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to an Update on the Implementation of ERS' Compliance Program on Risk Assessment, Policies & Procedures, and Third-Party Risk Management.
- Pursuant to HRS §92-5(a)(4) and (6), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to Cyber Security Updates.
- Pursuant to HRS §92-5 (a)(8), to review and approve Executive Session Minutes of June 25, 2024.

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4) AND (6), TO CONSIDER AND CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES, AND TO CONSIDER SENSITIVE MATTERS RELATED TO THE ROADMAP REPORT PREPARED AS PART OF THE INTERNAL AUDIT'S VIRTUAL CHIEF INFORMATION SECURITY OFFICER (vCISO) PROJECT

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4) AND (6), TO CONSIDER AND CONSULT WITH THE BOARD'S ATTORNEYS ON QUESTIONS AND ISSUES PERTAINING TO THE BOARD'S POWERS, DUTIES, PRIVILEGES, IMMUNITIES, AND LIABILITIES, AND TO CONSIDER SENSITIVE MATTERS RELATED TO AN UPDATE ON THE IMPLEMENTATION OF ERS'

COMPLIANCE PROGRAM ON RISK  
ASSESSMENT, POLICIES &  
PROCEDURES, AND THIRD-PARTY  
RISK MANAGEMENT

EXECUTIVE SESSION, PURSUANT  
TO HRS §92-5(a)(4) AND (6), TO  
CONSIDER AND CONSULT WITH  
THE BOARD'S ATTORNEYS ON  
QUESTIONS AND ISSUES  
PERTAINING TO THE BOARD'S  
POWERS, DUTIES, PRIVILEGES,  
IMMUNITIES, AND LIABILITIES,  
AND TO CONSIDER SENSITIVE  
MATTERS RELATED TO CYBER  
SECURITY UPDATES

EXECUTIVE SESSION  
PURSUANT TO HRS §92-5(a)(8),  
TO REVIEW AND APPROVE  
EXECUTIVE SESSION MINUTES  
OF JUNE 25, 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 3:58 p.m.

Chair Chan announced that while in Executive Session, the Committee discussed matters related to the Roadmap Report as part of the Internal Audit's Virtual Chief Information Security Officer Project, an Update on the Implementation of ERS' Compliance Program on Risk Assessment, Policies & Procedures, and Third-Party Risk Management, matters related to Cyber Security Updates, and approval of the Executive Session Minutes of June 25, 2024.

ADJOURNMENT

On a motion made by Vice Chair Barfield, seconded by Trustee Ley, and unanimously carried, Chair Chan adjourned the meeting at 4:00 p.m.

**REDACTED SIGNATURE**

Thomas Williams  
Executive Director

TW:dkik