

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

MARCH 10, 2025

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

Trustees present: Mr. Emmitt Kane, Chair (in person)\*  
(by teleconference) Mr. Vincent Barfield\*  
Dr. Catherine Chan\*  
Dr. Genevieve Ley\*  
Mr. David Louie\*  
Mr. Bennett Yap\*

Trustees absent: Mr. Lance Mizumoto, Vice Chair  
Mr. Luis Salaveria

Staff present: Mr. Thomas Williams, Executive Director\*  
(City Financial Tower Ms. Gail Strohl, Deputy Executive Director\*  
by teleconference) Mr. Kona Mann, Chief Compliance Officer\*  
Mr. James Greubel, Program Specialist\*  
Ms. Shanna Sakagawa, Program Specialist\*  
Ms. Lori Kobayashi, Retirement Benefits Branch Manager\*  
Mr. Keith Miyamoto, Information Services Branch Manager\*  
Mr. Larry Wolfe, Accounting Manager  
Ms. Kristin Varela, Chief Investment Officer\*  
Mr. Anthony Goo, Deputy Chief Investment Officer\*  
Mr. Aaron Au, Investment Officer – Private Equity\*  
Ms. Christine Chang, Investment Officer – Diversifying Strategies\*  
Mr. Andrew Chen, Investment Officer – Credit Markets  
Ms. Lynn Kamimoto, Investment Officer – Risk  
Mr. Ian Wetzel, Investment Officer – Real Assets  
Ms. Gerri Konishi, Member Home Loan Assistant  
Ms. Masayo Zabinski, Accountant  
Ms. Dale Kehau Kanae, Recording Secretary/Administrative Assistant\*  
Ms. Lori Kim, Administrative Assistant\*  
Ms. Andrea Gasper, Administrative Assistant\*  
Ms. Diana Gomes, Administrative Assistant

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

Guests present: Mr. Mitesh Pabari, Hamilton Lane Advisors, LLC\*  
(by teleconference) Mr. Matt Silverio, Hamilton Lane Advisors, LLC\*  
Mr. Michael Iosua, Imanaka Asato, LLLC  
Mr. Peter Hanashiro, KMH LLP  
Mr. Tyson Suehiro, KMH LLP  
Mr. Michael Canty, Labaton Keller Sucharow LLP (in person)  
Ms. Hui Chang, Labaton Keller Sucharow LLP (in person)  
Mr. Jonathan Daffron, Man Group  
Mr. Brendan Kelleher, Man Group  
Mr. Colin Bebee, Meketa Investment Group, Inc.\*  
Mr. Alfred Ko, RSM US LLP  
Mr. Andrew Betz, Stafford Capital Partners (in person)\*  
Mr. Rick Fratus, Stafford Capital Partners (in person)\*

Public present: Mr. Matthew Cook  
(by teleconference) Mr. Joe Ebisa, With Intelligence

Public present:  
(by teleconference) (cont'd)

Ms. Megan Huseman  
Ms. Phyllis Ida, HSTA Representative (retired)  
Mr. Jonathan Leibowitz

\*Attended Executive Session.

#### QUORUM/CALL TO ORDER

A quorum being present (Chair Kane, Trustees Barfield, Ley, Louie, and Yap), Chair Kane called the regular meeting of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 9:30 a.m. and 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.

#### PUBLIC COMMENT

Chair Kane called for public comment. There was no public present in person, however, five (5) members of the public were present by teleconference, but they had no public comment. Also, no written testimony was received for this meeting.

#### LABATON KELLER SCHAROW LLP AND IMANAKA ASATO LLC – EDUCATION: SECURITIES MONITORING AND LITIGATION

Executive Director Thomas Williams gave the Board a brief introduction of ERS' Monitoring and Securities Litigation Program and Deputy Attorney General Jenny Nakamoto introduced Labaton Keller Scharow LLC's Mr. Michael Canty, Ms. Hui Chang, and Imanaka Asato LLC's Mr. Michael Iosua who attended the meeting in person and presented an oral and written report to the Board on Education: Securities Monitoring and Litigation and discussed in summary:

##### OVERVIEW

*Securities Litigation and the PSLRA*

*PSLRA History and Requirements*

*Securities Cases Under the PSLRA*

*Impact of Institutional Investor Participation*

*Federal Securities Class Action Lifecycle*

*Portfolio Monitoring*

*Labaton Keller Sucharow: About the Firm*

After their presentation, Ms. Chang, and Messrs. Canty and Iosua left the meeting.

(Trustee Catherine Chan joined the meeting by teleconference at 10:05 a.m.)

#### EXECUTIVE DIRECTOR'S REPORT ON THE ADMINISTRATION OF THE SYSTEM WITH RESPECT TO SIGNIFICANT DEVELOPMENTS IN INVESTMENTS, POLICY, POTENTIAL LEGISLATION, AND REGULATORY MATTERS

Executive Director (ED) Williams gave an oral report to the Board on the Administration of the System with Respect to Significant Developments in Investments, Policy, Potential Legislation, and Regulatory Matters as follows:

- Congratulated and welcomed Trustee David Louie and announced that he was confirmed by the State Legislature on Friday, March 7, 2025.
- As reported at the last Board meeting, the 100<sup>th</sup> anniversary celebration of ERS is being planned by a committee comprised of retirees, Executive Directors, and Trustees for April 22, 2025, and possibly another event in June. A centennial logo has been established and is included with the Board documents for this meeting. Articles will be shared in the Holomua featuring past and present Trustees, Executive Directors, and retirees. The anniversary will also be highlighted at the Investment Summit in September on Kauai.
- Also reported at the last Board meeting, the annual actuarial presentation was presented by Gabriel, Roeder, Smith & Company and was also presented to the State Legislature, employee organizations, EUTF staff, and ERS staff.

EXECUTIVE DIRECTOR'S  
REPORT ON THE  
ADMINISTRATION OF THE  
SYSTEM WITH RESPECT  
TO SIGNIFICANT  
DEVELOPMENTS IN  
INVESTMENTS, POLICY,  
POTENTIAL LEGISLATION,  
AND REGULATORY  
MATTERS (CONT'D)

- ERS staff have been working on the pension administration system migration from V3 to V3locity. Assessment, cost, and contract discussions continue, however, migration is anticipated to commence starting in July and may take two to two and one-half years to complete.
- In Executive Session, mediation with regard to an investment has been settled in a favorable manner and will be discussed in detail.
- As of January 28, 2025, Deputy Attorney General (DAG) Elmira Tsang has resigned from the Attorney General's (AG) Office and will be joining the City & County of Honolulu's Ethics Commission as the Assistant Executive Director starting February 18, 2025. ED Williams is working with the AG's office to identify and secure a replacement and ensure a smooth transition of DAG Tsang's assignments currently being covered by the remaining DAGs. DAG Jenny Nakamoto will be handling the monitoring of the securities litigation.
- Regarding Labaton Keller Scharow LLP, they are considered a premier litigation monitoring firm, 2<sup>nd</sup> in the country, and a report reflecting that statement can be made available to the Board for their information.
- In an effort to integrate and collaborate with community organizations, ERS staff met with the administration of The Queen's Medical Center to discuss their contemplating an issuance of bonds to support their efforts across the state. ERS will continue discussions and assistance.
- A list of Legislative bills impacting ERS has been submitted as a part of the report by the Legislative Committee and the status of each bill will be discussed in detail.
- Two items were inadvertently excluded from the ERS Budget submitted within Budget & Finance to the legislature, \$630K for routine equipment replacement and acquisition of a Chief Information Security Officer. ED Williams has asked the respective Legislative Offices to include the two items, with the support of Director of Budget & Finance, Trustee Salaveria and are hopeful it will be approved.
- ERS Office renovations, expansion of the Investment Office on the 15<sup>th</sup> Floor, and the design and creation of a common area on the 12<sup>th</sup> Floor next to Conf. Rm. 12A that will utilize the space of the adjoining kitchen and Conf Rm 12B.
- Hiring has been a challenge, and Deputy Executive Director Gail Strohl will discuss in detail what ERS is doing in her Operations Report. An Executive Order signed by the Governor to implement Operation Hire Hawaii, an outreach initiative featuring an expedited state hiring process, fast-tracking qualified candidates into job opportunities throughout state agencies allowing agencies to review candidates and make a conditional job offer within 14 days of receiving an individual's application. ERS will be participating in upcoming planned Work Fairs.
- Regarding the Budget and the uncertainty of the federal environment relating to Medicaid and Medicare, and how it may affect the State and the ERS, an assessment of implementations would require consultation with legal counsel for discussion in Executive Session of potential fiscal impacts to the ERS.

DEPUTY EXECUTIVE  
DIRECTOR'S REPORT ON  
THE OPERATIONS OF THE  
SYSTEM WITH RESPECT  
TO ISSUES AFFECTING  
MEMBER SERVICES,  
ACCOUNTING, AND  
INFORMATION SYSTEMS

Deputy Executive Director (DED) Gail Strohl reported to the Board on the February 2025 Monthly Operations Report and highlighted some of the major achievements of the branches, and mentioned in particular, the status of staffing recruitment and the recent hiring for a position starting March 17, 2025, which will be removed from the vacancy list for the next report. DED Strohl also reported to the Board that ERS is participating in a job fair to be held on March 28, 2025, for targeted positions, and will also be participating in the Operation Hire Hawaii as mentioned by ED Williams. ERS staff is also exploring adding a section to the ERS Website to show available ERS positions

DEPUTY EXECUTIVE  
DIRECTOR'S REPORT ON  
THE OPERATIONS OF THE  
SYSTEM WITH RESPECT  
TO ISSUES AFFECTING  
MEMBER SERVICES,  
ACCOUNTING, AND  
INFORMATION SYSTEMS  
(CONT'D)

RETIREMENT BENEFITS  
BRANCH REPORT ON  
GENERAL DUTIES,  
CURRENT AND FUTURE  
PROJECTS, GOALS, AND  
ACHIEVEMENTS

DISCUSS 2025 BOARD OF  
TRUSTEES ELECTION OF  
OFFICERS AND  
COMMITTEE  
ASSIGNMENTS

REPORT OF ACTIVITY BY  
THE GOVERNANCE  
POLICY COMMITTEE

REVIEW AND APPROVE  
THE GOVERNANCE  
POLICY COMMITTEE  
CHARTER

REPORT OF ACTIVITY BY  
THE ADMINISTRATIVE &  
AUDIT COMMITTEE  
CHAIR

REVIEW AND APPROVE  
THE ADMINISTRATIVE  
AND AUDIT COMMITTEE,  
INTERNAL AUDIT, AND  
ETHICS & COMPLIANCE  
CHARTERS TO INCLUDE  
EVALUATION OF  
COMMITTEE  
PERFORMANCE FOR 2024

within which would link to the Department of Human Resources to complete an application. DED Strohl further reported that the status of all vacancies were reviewed with the Administrative Resources Office (ARO) of Budget & Finance and ERS staff will continue to work collaboratively to fill the positions. DED Strohl noted a correction to the Operations Report on page 7 of The Finals Report under:

1. Highlights
  - o 122 cases were finalized and paid in ~~December~~ February.

Retirement Benefits Branch (RBB) Manager Lori Kobayashi gave an oral and written report to the Board on a brief overview of the services the Retirement Benefits Branch provides and discussed:

- Overview
- Core Activities
- 2024 Accomplishments
- 2025 Upcoming Projects
- RBB Staffing
- Challenges

As there have been many challenges with the hiring of personnel throughout ERS, the Board requested a presentation on the hiring process be given by ARO of Budget & Finance. ED Williams will schedule the presentation.

Chair Kane discussed with the Board the Election of Officers and Committee Assignments, as presented, of the elected Chairs and Vice Chairs of each Committee noting that there were minimal changes from 2024, the only change being the Legislative Committee. (The revised 2025 ERS Board Officers & Committee Assignments list is attached to these minutes for clarification.)

On a motion made by Trustee Ley, seconded by Trustee Chan, and unanimously carried, the Board approved the 2025 Board of Trustees of the Employees' Retirement System Officers & Committee Assignments, as presented.

Governance Policy Committee (Committee) Chair Kane reported to the Board that as agreed to in the Board Meeting of March 11, 2024, the Committee would remain in abeyance until such time as it is deemed necessary to convene.

Chair Kane also reported that there were no changes made to the Governance Policy Committee Charter. (The Charter is attached to these minutes for clarification.)

Administrative & Audit Committee (Committee) Chair Chan reported to the Board that the Committee last met on February 18, 2025.

Committee Chair Chan reported to the Board, as presented, the edits to the Administrative & Audit Committee, Internal Audit, and Ethics & Compliance Charters. (The Charters are attached to these minutes for clarification.)

On a motion made by Committee Vice Chair Barfield, seconded by Trustee Ley, and unanimously carried, the Board accepted the edits as recommended by the Committee and approved the Administrative & Audit Committee Charter as presented.

On a motion made by Trustee Yap, seconded by Committee Vice Chair Barfield, and unanimously carried, the Board accepted the edits as recommended by the Committee and approved the Internal Audit Charter as presented.

On a motion made by Committee Vice Chair Barfield, seconded by Trustee Yap, and unanimously carried, the Board accepted the edits as recommended by the Committee and approved the Ethics & Compliance Charter as presented.

INTERNAL AUDIT  
UPDATE REPORT BY  
KMH LLP ON THE  
CURRENT STATUS OF  
ACTIVITIES COMPLETED  
DURING Q4, 2024, AND  
AN UPDATE ON THE  
COMPLETION STATUS OF  
MANAGEMENT ACTION  
PLANS FOR PAST  
INTERNAL AUDIT  
OBSERVATIONS AND  
RECOMMENDATIONS

KMH LLP's Peter Hanashiro, Tyson Suehiro and RSM US LLP's Alfred Ko joined the meeting by teleconference and presented an oral and written report to the Board on KMH LLP's Internal Audit Report and the Current Status of Activities Completed During Q4, 2024, and an Update on the Completion Status of Management Action Plans for Past Internal Audit Observations and Recommendations and discussed in summary:

INTERNAL AUDIT UPDATE REPORT  
EXECUTIVE SUMMARY

*Administrative and Other Matters*

*Status on Current Projects*

- Virtual Chief Information Security Officer
- Investment Manager Selection and Evaluation Review
- Contracting & Procurement Review
- Risk Assessment Re-Evaluation & Two-Year Internal Audit Plan

RECESS

Chair Kane called a recess at 11:16 a.m. due to the loss of public audiovisual communication to the meeting.

REONVENE

A quorum being present (Chair Kane, Trustees Barfield, Chan, Ley, Louie, and Yap) Chair Kane reconvened the meeting at 11:23 a.m. as public audiovisual communication was restored.

PUBLIC COMMENT

Chair Kane called for public comment. There was no public present in person and there was no written testimony received for this meeting, however, there were two (2) public joining by teleconference with public comments.

Ms. Megan Huseman, a Sign Language Interpreter with Sorenson Communications (Sorenson), addressed the Board on behalf of client families and fellow interpreters requesting ERS, who is investing in Blackstone owners of Sorenson, urge Blackstone to hold Sorenson accountable ensuring that employees have the right to unionization without fear of retaliation. Employment at Sorenson has declined and thereby the quality of services to clients has been insufficient.

Mr. Matthew Cook, an associate of The Office and Professional Employees International Union (OPEIU) also addressed the Board and shared the same concerns as Ms. Huseman adding that OPEIU has attempted to meet with Sorenson management on behalf of Sorenson employees, and Sorenson has refused. Mr. Cook also requested the Board urge Blackstone to contact Sorenson about stricter labor standards.

Chair Kane thanked Ms. Huseman and Mr. Cook for their comments.

REPORT OF ACTIVITY BY  
THE ADMINISTRATIVE &  
AUDIT COMMITTEE  
CHAIR (CONT'D)

RISK ASSESSMENT RE-  
EVALUATION AND  
PROPOSED TWO-YEAR

KMH LLP's Peter Hanashiro continued reporting to the Board that the Risk Assessment Re-Evaluation and Two-Year Internal Audit Report was presented

INTERNAL AUDIT  
REPORT BY KMH LLP.  
THE EVALUATION AND  
PLAN CONTAIN  
PROPOSED ASSURANCE,  
ADVISORY, AND OTHER  
PROJECTS FOR 2025 AND  
2026

to and accepted by the Committee, and if there were no questions requested the Board's approval.

Committee Vice Chair Barfield brought to the Board's attention the critical concerns within the Internal Audit Report that are unacceptable and that should be addressed by the Board utilizing an action plan for all HIGH-risk challenges especially in the technology area and the transition of the new virtual Chief Information Security Officer.

Mr. Hanashiro and Mr. Ko responded to the concerns commenting that the HIGH-risk challenges will be addressed and worked on with ERS staff. As part of a plan, a security committee will be formed and will meet periodically to actively address any concerns.

On a motion made by Committee Vice Chair Barfield, seconded by Trustee Yap, and unanimously carried, the Board approved the Risk Assessment Re-Evaluation and Proposed Two-Year Internal Audit Report as accepted and recommended by the Committee, as presented.

COMPLIANCE SUPPORT  
STAFF QUARTERLY  
UPDATE REPORT ON THE  
IMPLEMENTATION OF  
ERS' COMPLIANCE  
PROGRAM,  
GOVERNANCE, RISK,  
AND COMPLIANCE  
PLATFORM, AND RISK  
STRATEGY

Chief Compliance Officer (CCO) Kona Mann presented an oral and written report to the Board on the Quarterly Update Report on the Implementation of ERS' Compliance Program, Governance, Risk, and Compliance Platform, and Risk Strategy and discussed in summary:

EXECUTIVE SUMMARY

*Key Highlights*

*Next Steps*

ERS COMPLIANCE PROGRAM

*Strategy*

*Risk Management*

*Culture*

*Accountability*

RISK DASHBOARD (Draft)

This quarterly report was provided for the Board as an update and no action was required.

UPDATE ON EMPLOYER  
REPORTING OF PAYROLL  
INFORMATION  
REQUIRED BY ACT 87,  
SLH 2015

Program Specialist (PS) James Greubel and CCO Mann presented an oral report to the Board on an Update on the Employer Reporting of Payroll Information Required by Act 87, SLH 2015.

PS Greubel discussed the annual report submitted to the Legislature for 2024, accomplishments included a recurring differential memo issued as a result of various meetings with the employers, on-going meetings continue regarding temporary hazard pay, and acquisition of a third party to help assist ERS in reviewing data.

CCO Man discussed that ERS staff has met with KMH LLP and have reviewed the compliance reporting standards that will be going to employers and are turning over communications and reporting to KMH LLP, a memo to be sent out. A proposal by KMH LLP to utilize a workflow through Smartsheet, a work management platform to standardize and simplify reporting.

This update was provided for the Board's information and no action was required.

PROPOSED TIMETABLE  
OUTLINING THE  
PROCESS OF THE 2026  
TRUSTEE(S) ELECTION  
FOR A GENERAL  
EMPLOYEE AND A  
RETRANT

DED Strohl presented to the Board an oral report of a Proposed Timeline Outlining the Process of the 2026 Trustee(s) Election for a General Employee and a Retirant.

REPORT BY THE HUMAN  
RESOURCES COMMITTEE  
CHAIR

Human Resources Committee (Committee) Chair Barfield reported to the Board that the Committee last met on February 19, 2025, and that he was re-elected as Committee Chair and Trustee Ley was also re-elected as the Committee Vice Chair.

REVIEW AND APPROVE  
THE HUMAN RESOURCES  
COMMITTEE CHARTER  
TO INCLUDE  
EVALUATION OF  
COMMITTEE  
PERFORMANCE FOR 2024

Committee Chair Barfield also reported that the Committee reviewed and accepted the Human Resources Committee Charter noting that there were no revisions. Chair Barfield requested the Board approve the Charter as presented. (The Charter is attached to these minutes for clarification.)

On a motion made by Committee Chair Barfield, seconded by Committee Vice Chair Ley, and unanimously carried, the Board approved the Human Resources Committee Charter as accepted and recommended by the Committee, as presented.

REVIEW THE ACTIVITIES  
AND TIMELINE OF THE  
HUMAN RESOURCES  
COMMITTEE

Committee Chair Barfield also reported, as presented, a review of the Activities and Timeline of the Human Resources Committee noting that there would be additional meetings to address the exempt leadership recruitment to be discussed in detail in Executive Session.

DISCUSS THE  
RECRUITMENT,  
PROCESS, AND TIMELINE  
FOR EXECUTIVE  
LEADERSHIP SEARCH

DISCUSS THE  
COMPENSATION PLAN

Committee Chair Barfield further reported that the Committee decided to update the Compensation Plan with data provided by Mercer Advisors instead of doing an annual survey. Once the updated Compensation Plan is completed, it will be provided to the Board for approval.

REPORT BY THE  
LEGISLATIVE  
COMMITTEE

Legislative Committee (Committee) Chair Ley reported to the Board that the Committee last met on February 13, 2025.

REVIEW AND APPROVE  
THE LEGISLATIVE  
COMMITTEE CHARTER  
TO INCLUDE  
EVALUATION OF  
COMMITTEE  
PERFORMANCE FOR 2024

Committee Chair Ley reported that the Committee reviewed and accepted the Legislative Committee Charter noting that there were no revisions. Chair Ley requested the Board approve the Charter as presented. (The Charter is attached to these minutes for clarification.)

Chair Kane stated, since there were no revisions, the Charter was approved as presented.

Committee Chair Ley also reported on the Committee's performance for 2024 by reviewing the past activities of the Committee.

REVIEW AND APPROVE  
THE PROPOSED BOARD'S  
POSITION ON BILLS  
RELATING TO THE  
EMPLOYEES'  
RETIREMENT SYSTEM

Program Specialist (PS) James Greubel presented to the Board, the Proposed Board's Position on Bills Relating to the Employees' Retirement System for the 2025 Legislative Session as Recommended by the Committee (Included on Schedule A and on the ERS Initiated, Membership & Benefits Related, and Miscellaneous lists). PS Greubel also gave an updated status of the Bills

FOR THE 2025  
LEGISLATIVE SESSION  
AS RECOMMENDED  
(INCLUDED ON  
SCHEDULE A)

reported since the Committee meeting that included ERS position changes and an added Bills below as follows:

SB 442	Relating to Government	<del>Monitor</del> Provide Comments
SB 1543	Relating to Government Accountability	<del>Provide Comments</del> Oppose
SB 935	Relating to Government	Provide Comments (added to list)

On a motion made by Committee Chair Ley, seconded by Vice Chair Yap, and unanimously carried, the Board approved the Positions on Bills Relating to the Employees' Retirement System for the 2025 Legislative Session as Recommended by the Committee (Schedule A and lists presented (updated from the lists distributed to the Board) are attached to these minutes for clarification.)

IDENTIFY AND DISCUSS  
FUTURE LEGISLATIVE  
PROPOSALS  
DETERMINED TO BE  
NECESSARY OR  
DESIRABLE FOR THE  
SYSTEM'S  
INVESTMENTS,  
ADMINISTRATION,  
AND/OR OPERATIONS

Committee Chair Ley further reported that the Committee had no Future Legislative Proposals Determined to be Necessary or Desirable for the System's Investments, Administration, and/or Operations, however, requested any suggestions from the Board would be welcomed.

The Board had no new suggestions.

REPORT BY THE  
INVESTMENT COMMITTEE

In the absence of Investment Committee (Committee) Chair Mizumoto, Vice Chair Yap reported to the Board that the Committee last met on February 18, 2025, and the Committee re-elected Chair Mizumoto, and Vice Chair Yap.

REVIEW AND APPROVE  
THE INVESTMENT  
COMMITTEE CHARTER  
TO INCLUDE  
EVALUATION OF  
COMMITTEE  
PERFORMANCE FOR 2024

Committee Vice Chair Yap reported that the Committee reviewed and accepted the Investment Committee Charter noting that there were no revisions. Vice Chair Chair Yap requested the Board approve the Charter as presented. (The Charter is attached to these minutes for clarification.)

Chair Kane stated, since there were no revisions, the Charter was approved as presented.

Committee Vice Chair Yap also reported that the Committee reviewed its performance for 2024, stating that it performed effectively.

Committee Vice Chair Yap further reported that the Committee viewed and discussed presentations on Adoption of Annual Investment Committee Workplan, Total Fund Performance Review for Period Ending December 31, 2024, Alternative Asset Class Review: Diversifying Strategies Quarterly Review for Period Ending December 31, 2024, and Education: Risk Budgeting (cont'd). Chief Investment Officer (CIO) Kristin Varela gave an introduction to each of the following reviews:

REVIEW TOTAL FUND  
PERFORMANCE FOR  
PERIOD ENDING  
DECEMBER 31, 2024

Meketa Investment Group Inc.'s (Meketa) Colin Bebee joined the meeting by teleconference and presented an oral and written report to the Board on the Total Fund Performance for period ending December 31, 2024, and highlighted:

#### INTRODUCTION

*Portfolio Valuation*

*ERS Total Fund Relative Performance*

*Asset Allocation vs. Target*

*Hawaii ERS vs. Public Fund Peers*

*Risk-Adjusted Performance of Hawaii ERS vs. Median Public Fund*

*Annualized Return vs. Annualized Standard Deviation, and Annualized Risk-Return*



REVIEW TOTAL FUND  
PERFORMANCE FOR  
PERIOD ENDING  
DECEMBER 31, 2024  
(CONT'D)

- 3-Years Ending, and 5-Years Ending, December 31, 2024

#### ERS PORTFOLIO REVIEW

##### *Performance Attribution vs. Policy Benchmarks*

- 3 -Year, and 5-Year Ending December 31, 2024

This report was provided for the Board's information, and no action was required.

REVIEW ROTATING  
ALTERNATIVE ASSET  
CLASS, DIVERSIFYING  
STRATEGIES FOR PERIOD  
ENDING DECEMBER 31,  
2024

Investment Officer – Diversifying Strategies Christine Chang and Man Group's Jonathan Daffron and Brendan Kelleher joined the meeting by teleconference with Meketa's Mr. Bebee and presented an oral and written report to the Board on the Rotating Alternative Asset Class, Diversifying Strategies – Liquid Defensive and Liquid Diversifying for Period Ending December 31, 2024, and highlighted:

#### ANNUAL HIGHLIGHTS

##### *Performance, Risk & Exposures, and Operations*

#### PERFORMANCE vs. BENCHMARK

##### *January 1 to December 31, 2024*

#### COMPONENT PERFORMANCE AND CONTRIBUTION

##### *Annual Component Net Performance and Net Contribution (Jan 1 – Dec 31, 2024)*

#### MANAGER PERFORMANCE

##### *Manager Net Performance (Jan 1 – Dec 31, 2024)*

#### COMPONENT CAPITAL ALLOCATIONS

##### *Year-End and Historical Component Capital Allocations*

This report was provided for the Board's information, and no action was required.

After their presentation, Man Group's Messrs. Daffron and Kelleher left the meeting by ending their teleconference.

DISCUSS AND APPROVE  
BUDGET RELATING TO  
THE EMPLOYEES'  
RETIREMENT SYSTEM  
2025 INVESTMENT  
SUMMIT

Deputy CIO (DCIO) Anthony Goo presented to the Board the Budget Relating to the ERS 2025 Investment Summit.

DCIO Goo reported on last year's 2024 Investment Summit that was budgeted for \$63,573.00 and the actual cost was \$59,000.00, which consisted of 160 participants, and registration fees collected exceeded \$35,000.00 which will be held in a savings account to be applied to the 2025 Investment Summit.

DCIO Goo further reported that the 2025 ERS Investment Summit will be held on the Island of Kaua'i at the Grand Hyatt Kauai Resort & Spa in Poipu from September 23-26, 2025. Properties were evaluated based on several criteria, such as location, conference and business center facilities, catering options, accessibility, audio/visual capabilities, hotel room quality and availability, and recreational opportunities. Three properties were chosen for further review based on initial proposals, capabilities, and reputation in hosting conferences. A budget of \$72,000.00 for the 2025 Investment Summit is being requested by the Board.

On a motion made by Trustee Barfield, seconded by Committee Vice Chair Yap, and unanimously carried, the Board approved the 2025 ERS Investment Summit to be held at the Grand Hyatt Kauai Resort & Spa with a budgeted amount of \$72,000.00, as presented.

APPROVAL OF MINUTES  
– NOVEMBER 12, 2024

On a motion made by Trustee Barfield, seconded by Trustee Ley, and unanimously carried, the Board approved the Minutes of January 13, 2025, as presented.

PUBLIC COMMENT

Chair Kane called for public comment. There were no public comments from public members attending.

Chair Kane identified all the participants in Executive Session, the Board, staff members, Deputy Attorneys general, and Guests are identified with an asterisk on these minutes and listed on the Executive Session Minutes.

Chair Kane provided the reason to enter into Executive Session:

Executive Session, pursuant to HRS §92-5(a)(2), (3), (4), (6), and (8), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, with respect to: Securities Monitoring and Litigation; to consider sensitive matters related to Cyber Security Updates; an Update on the Closure of Weiss Asset Management; an Update on Stanley Capital Partners Fund Investment; Updates on Ongoing Litigation Cases; the Recruitment and Evaluation of Executive Leadership and Management Staff; and to discuss and to make a decision on the approval of Executive Session and Confidential Executive Session Minutes of January 13, 2025, which are confidential under State law.

ENTER EXECUTIVE  
SESSION

On a motion made by Trustee Ley, seconded by Trustee Yap, and unanimously carried, the Board entered into Executive Session at 12:45 p.m.

(Public participation concluded by ending the teleconference link.)

All attendees participating by teleconference affirmed that no other persons were in their rooms or able to listen in on their audio or audiovisual connection. Recording Secretary Dale Kehau Kanae confirmed that no unauthorized persons were in the conference room or able to listen in via audio or audiovisual connection while on the teleconference.

Chair Kane announced that Executive Session Items would be taken out of order starting with Executive Session Items 4, 5, 6, 9, and 10.

EXECUTIVE SESSION

- Pursuant to HRS §92-5(a)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities with respect to an Update on Stanley Capital Partners Fund Investment.
- Pursuant to HRS §92-5(a)(4) and (8), to consider information that must be kept confidential pursuant to State law, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to an Update on Ongoing Litigation; appropriate action for Robin J. Benedict, Civil No. 19-1-0253.
- Pursuant to HRS §92-5(a)(4) and (8), to consider information that must be kept confidential pursuant to State law, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to an Update on Ongoing Litigation; appropriate action for Kirk L. Flores, Sr., Civil No.3CCV-24-0000028.
- Pursuant to HRS §92-5(a)(8), to Review and Approve Executive Session Minutes of January 13, 2025.
- Pursuant to HRS §92-5(a)(8), to Review and Approve Confidential Executive Session Minutes of January 13, 2025.
- Pursuant to HRS §92-5(a)(4), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to Securities Monitoring and Litigation.

EXECUTIVE SESSION  
(CONT'D)

- 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)(4), to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities and liabilities with respect to an Update on the Closure of Weiss Asset Management.
- Pursuant to HRS §92-5(a)(4) and (8), to consider information that must be kept confidential pursuant to State law, and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to an Update on Ongoing Litigation for Cynthia Giebink vs. ERS, Civil No. 2CCV-23-0000113.
- Pursuant to HRS § 92-5(a)(2), (3) and (4), to consider the hire, evaluation, dismissal, or discipline of employee(s), where consideration of matters affecting privacy will be involved; to deliberate concerning the authority of persons designated by the Board to conduct labor negotiations; and to consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities with respect to the Recruitment and Evaluation of Executive Leadership and Management Staff.

EXECUTIVE SESSION,  
PURSUANT TO HRS §92-5(a)(4),  
TO CONSULT WITH THE  
BOARD'S ATTORNEYS ON  
QUESTIONS AND ISSUES  
PERTAINING TO THE BOARD'S  
POWERS, DUTIES, PRIVILEGES,  
IMMUNITIES AND LIABILITIES  
WITH RESPECT TO AN UPDATE  
ON STANLEY CAPITAL  
PARTNERS FUND INVESTMENT

EXECUTIVE SESSION,  
PURSUANT TO HRS §92-5(a)(4)  
AND (8), TO CONSIDER  
INFORMATION THAT MUST BE  
KEPT CONFIDENTIAL  
PURSUANT TO STATE LAW,  
AND TO CONSULT WITH THE  
BOARD'S ATTORNEYS ON  
QUESTIONS AND ISSUES  
PERTAINING TO THE BOARD'S  
POWERS, DUTIES, PRIVILEGES,  
IMMUNITIES, AND LIABILITIES  
WITH RESPECT TO AN UPDATE  
ON ONGOING LITIGATION;  
APPROPRIATE ACTION FOR  
ROBIN J. BENEDICT, CIVIL NO.  
19-1-0253

EXECUTIVE SESSION,  
PURSUANT TO HRS §92-5(a)(4)  
AND (8), TO CONSIDER  
INFORMATION THAT MUST BE  
KEPT CONFIDENTIAL  
PURSUANT TO STATE LAW,  
AND TO CONSULT WITH THE  
BOARD'S ATTORNEYS ON  
QUESTIONS AND ISSUES  
PERTAINING TO THE BOARD'S  
POWERS, DUTIES, PRIVILEGES,  
IMMUNITIES, AND LIABILITIES  
WITH RESPECT TO AN UPDATE  
ON ONGOING LITIGATION;  
APPROPRIATE ACTION FOR  
KIRK L. FLORES, SR., CIVIL NO.  
3CCV-24-0000028

EXECUTIVE SESSION,  
PURSUANT TO HRS §92-5(a)(8),  
TO REVIEW AND APPROVE  
EXECUTIVE SESSION MINUTES  
OF JANUARY 13, 2025

EXECUTIVE SESSION,  
PURSUANT TO HRS §92-5(a)(8),  
TO REVIEW AND APPROVE THE  
CONFIDENTIAL EXECUTIVE  
SESSION MINUTES OF JANUARY  
13, 2025

EXECUTIVE SESSION,  
PURSUANT TO HRS §92-5(a)(4),  
TO CONSIDER AND CONSULT  
WITH THE BOARD'S  
ATTORNEYS ON QUESTIONS  
AND ISSUES PERTAINING TO  
THE BOARD'S POWERS, DUTIES,  
PRIVILEGES, IMMUNITIES, AND  
LIABILITIES WITH RESPECT TO  
SECURITIES MONITORING AND  
LITIGATION

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)(4),  
TO CONSULT WITH THE  
BOARD'S ATTORNEYS ON  
QUESTIONS AND ISSUES  
PERTAINING TO THE BOARD'S  
POWERS, DUTIES, PRIVILEGES,  
IMMUNITIES, AND LIABILITIES  
WITH RESPECT TO AN UPDATE  
ON THE CLOSURE OF WEISS  
ASSET MANAGEMENT

EXECUTIVE SESSION,  
PURSUANT TO HRS §92-5(a)(4)  
AND (8), TO CONSIDER  
INFORMATION THAT MUST BE  
KEPT CONFIDENTIAL  
PURSUANT TO STATE LAW,  
AND TO CONSULT WITH THE  
BOARD'S ATTORNEYS ON  
QUESTIONS AND ISSUES  
PERTAINING TO THE BOARD'S  
POWERS, DUTIES, PRIVILEGES,  
IMMUNITIES, AND LIABILITIES  
WITH RESPECT TO AN UPDATE  
ON ONGOING LITIGATION FOR  
CYNTHIA GIEBINK vs. ERS,  
CIVIL NO. 2CCV-23-0000113

EXIT EXECUTIVE SESSION

On a motion made by Trustee Ley, seconded by Trustee Barfield, and  
unanimously carried, the Board exited Executive Session at 1:24 p.m.

(Trustee Louie left the meeting by ending his teleconference at 1:24 p.m. Quorum was maintained with Chair Kane, Trustees Barfield, Chan, Ley, and Yap in attendance.)

Chair Kane announced that while in Executive Session, the Board discussed an Update on Stanley Capital Partners Fund Investment, was Updated on Ongoing Litigation cases regarding Robin J. Benedict, Civil No. 19-1-0253 and Kirk L. Flores, Sr., Civil No. 3CCV-24-0000028, and took appropriate action; and the Board also approved the Executive Session and Confidential Executive Session Minutes of January 13, 2025.

Chair Kane also announced that due to the meeting needing to end at 1:30 p.m., Executive Session Items 1, 2, 3, 7, and 8 were deferred to the next Board meeting.

ADJOURNMENT

On a motion made by Trustee Ley, seconded by Trustee Barfield, and unanimously carried, Chair Kane adjourned the meeting at 1:25 p.m.

**REDACTED SIGNATURE**

Thomas Williams  
Executive Director

TW:dkik

**2025**  
**BOARD OF TRUSTEES OF THE**  
**EMPLOYEES' RETIREMENT SYSTEM**  
**OF THE STATE OF HAWAII**  
**OFFICERS & COMMITTEE ASSIGNMENTS**

**BOARD MEMBERS**

**Emmit Kane, Chair**  
**Lance Mizumoto, Vice Chair**  
Vincent (Vince) Barfield  
Catherine Chan  
Genevieve (Genny) Gines Ley  
David Louie  
Luis Salaveria  
Bennett Yap

**ADMINISTRATIVE & AUDIT COMMITTEE** (2/18/25)

**Catherine Chan, Chair**  
**Vincent (Vince) Barfield, Vice Chair**  
Genevieve (Genny) Gines Ley  
Luis Salaveria

**HUMAN RESOURCES COMMITTEE** (2/19/25)

**Vincent (Vince) Barfield, Chair**  
**Genevieve (Genny) Gines Ley, Vice Chair**  
Catherine Chan  
David Louie

**INVESTMENT COMMITTEE** (2/18/25)

**Lance Mizumoto, Chair**  
**Bennett Yap, Vice Chair**  
Vincent (Vince) Barfield  
Emmit Kane

**LEGISLATIVE COMMITTEE** (2/13/25)

**Genevieve (Genny) Gines Ley, Chair**  
**Bennett Yap, Vice Chair**  
Lance Mizumoto  
David Louie

**GOVERNANCE POLICY COMMITTEE**

**Emmit Kane, Chair**  
*(Board Chair)*  
**Lance Mizumoto, Vice Chair**  
*(Board Vice Chair &  
Investment Committee Chair)*  
Vincent (Vince) Barfield  
*(Human Resources Committee Chair)*  
Catherine Chan  
*(Administrative & Audit Committee Chair)*  
Genevieve (Genny) Gines Ley  
*(Legislative Committee Chair)*



**Employees' Retirement System of the State of Hawaii  
BOARD OF TRUSTEES  
GOVERNANCE POLICY COMMITTEE CHARTER**

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**I. PURPOSE**

The purpose of the Governance Policy Committee (“Committee”) is to carry out the responsibilities delegated to it by the Board of Trustees of the Employees’ Retirement System of the State of Hawaii (“Board”) relating to research, implementation and monitoring of best practices for governance toward fulfillment of fiduciary duties, oversight of investment policies and guidelines, and the efficient, effective administration of the Employees’ Retirement System of the State of Hawaii (“ERS”).

**II. COMMITTEE MEMBERSHIP**

The Committee shall be composed of the Chairpersons of the standing committees of the Board. The Board Chair and Board Vice Chair will be the Governance Policy Committee Chair and Vice Chair, however, if the Board Vice Chair is not a chair of a standing committee, the Governance Committee will appoint the Board Vice Chair as a member and to serve as Vice Chair of the Committee. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation. The Board may remove any member from the Committee at any time with or without cause.

**III. MEETINGS**

The Committee shall meet at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee may invite such members of management and advisors to its meetings as it deems appropriate. The Committee shall review this Charter periodically and recommend any proposed changes to the Board for approval.



**Employees' Retirement System of the State of Hawaii  
BOARD OF TRUSTEES  
GOVERNANCE POLICY COMMITTEE CHARTER**

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**IV. AUTHORITY AND RESPONSIBILITIES**

The Committee shall have the following authority and responsibilities regarding the administration of the ERS:

- To review the ERS's Governance Plans and Procedures.
- To assign and provide direction to the Executive Director and Deputy Executive Director on priorities and actions to successfully execute the governance responsibilities of the Administrative Branch.
- To review and draft governance policies, guidelines and recommendations for the Boards consideration.

The Committee shall have the following authority and responsibilities regarding ERS Legislation:

- To recommend and review proposed legislation relating to the ERS governance introduced by the ERS and by other parties, and to assign and provide direction for the Executive Director and Deputy Executive Director on priorities and actions to successfully support such legislative goals and responsibilities of the ERS.
- To recommend support, opposition, or monitor of proposed legislation relating to the ERS governance to the full Board for its consideration.

**V. OUTSIDE ADVISORS**

The Committee shall have the authority, in its sole discretion, to obtain the advice of any ERS consultant or ERS service provider as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall have the authority, in its sole discretion, to obtain the advice and the assistance of ERS's legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall not be required to implement





**Employees' Retirement System of the State of Hawaii  
BOARD OF TRUSTEES  
GOVERNANCE POLICY COMMITTEE CHARTER**

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or act consistently with the advice or recommendations of its consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter. The consultant(s), outside counsel and any other advisors retained by, or providing advice to, the Committee (other than the ERS's in-house counsel) shall be independent as determined in the discretion of the Committee.

**VI. PERFORMANCE EVALUATION**

The Committee shall conduct aperiodic evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

*Adopted and Approved by the Board of Trustees: December 9, 2019, September 14, 2020, April 11, 2022, March 13, 2023, March 11, 2024, March 10, 2025*  
*Revised and Accepted by the Governance Policy Committee: July 24, 2020, March 28, 2022, March 7, 2023*



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**ADMINISTRATIVE & AUDIT COMMITTEE CHARTER**

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**I. PURPOSE**

The Administrative & Audit Committee (“Committee”) of the Employees’ Retirement System (“ERS”) of the State of Hawaii is a committee of the Board of Trustees (“Board”). Its primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- A. The integrity of the ERS’s financial statements, accounting and financial reporting processes including internal and external audits;
- B. The ERS’s compliance with legal and regulatory requirements;
- C. The qualifications, independence and the performance of the ERS’s Internal and External Auditors;
- D. Monitoring the performance of the systems of internal controls established by Management and the Board;
- E. The business practices and ethical standards of the ERS;
- F. The review and monitoring of the administration of the ERS; and
- G. The review and monitoring of the Compliance Program.

The Committee provides an avenue of open and free communication between the Board, the Internal Auditors, the External Auditors, the Chief Compliance Officer, and Management of the ERS.

**II. COMMITTEEMEMBERSHIP**

- A. The membership of the Committee shall consist of at least three members of the Board.
- B. The Board members of the Committee shall be appointed annually by the Board Chair. Committee appointments can be changed at the discretion of the Board Chair at any time. In the event of a vacancy (due to member resignation, removal, or death), the Board Chair will appoint a replacement to serve the remainder of the term.



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**ADMINISTRATIVE & AUDIT COMMITTEE CHARTER**

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- C. The members of the Committee shall be responsible for electing its Chair and Vice Chair.

**III. MEETINGS**

- A. The Committee must meet at least three (3) times per year or more frequently as circumstances require, with prior notice and publication of the agenda as provided by law.
- B. The Committee may ask members, ERS Management, advisors, and others to attend Committee meetings to provide pertinent information as necessary.

**IV. AUTHORITY**

The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. In the conduct of any investigation, the Committee shall have the authority to seek information it requires from ERS employees, Management, and external parties; and to engage advisors, or otherwise obtain independent legal, accounting, consulting, or other professional services it requires, at the expense of the ERS, with the approval of the Board.

**V. RESPONSIBILITIES**

The Committee provides oversight of various ERS functions: Administration, Risk Assessment, Internal Audits, External Audits, and Others. In fulfilling its oversight responsibilities, Committee members need to maintain an independent stance. Members of the Committee shall be considered independent if they have no relationship to the ERS that may interfere with the exercise of their fiduciary responsibilities.



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**ADMINISTRATIVE & AUDIT COMMITTEE CHARTER**

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It is the duty of the Committee to report regularly to the Board with respect to any issues that arise concerning:

- A. The quality or integrity of the ERS's financial statements;
- B. The ERS's compliance with legal or regulatory requirements;
- C. The performance and independence of the ERS's External Auditors;
- D. The performance of the internal audit function;
- E. The allegations of serious suspected misconduct;
- F. Or any other matter within the scope of the Committee's function.

In carrying out its oversight responsibilities, the Committee's practices/procedures should remain flexible in order to best react to changing conditions and assure the Board that the risk assessment process, the accounting and financial reporting processes, internal controls, and internal and external auditing are in accordance with all related requirements and are of the highest quality.

Oversight Responsibilities Regarding Administration:

- A. Annually review the ERS strategic goals and objectives adopted by the Board and if appropriate, recommend any changes.
- B. Monitor Administration's implementation of these strategic goals and objectives.
- C. Provide direction to the Executive Director (ED) and Deputy Executive Director (DED) on priorities and actions to successfully execute the responsibilities of the Administrative Branch.
- D. Monitor compliance with administrative policies.
- E. Review and monitor the operating budget and provide recommendations to the full Board as necessary.

Oversight Responsibilities Regarding Risk Assessment:

- A. Inquire of Management, the Internal Auditors, and the External Auditors about significant risks or exposures.



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**ADMINISTRATIVE & AUDIT COMMITTEE CHARTER**

---

- B. Meet with the necessary parties to discuss the results of periodic risk assessments and obtain a clear understanding of the risk assessment process.
- C. Assess the steps Management has taken to minimize significant risks or exposures to the ERS.

Oversight Responsibilities Regarding Internal Audits:

- A. Where appropriate, oversee the procurement of internal auditing services and recommend to the Board:
  - 1. The Internal Auditor to be nominated;
  - 2. Approval of fees for the Internal Auditor; and
  - 3. The discharge of the Internal Auditor.
- B. Review the adequacy and effectiveness of the ERS's accounting and financial controls (including information technology and security controls) with:
  - 1. Personnel (from financial, accounting, and information systems);
  - 2. Internal and External Auditors; andelicit any recommendations to improve the system of internal controls or particular areas where new or more detailed controls or procedures are desirable.
- C. Obtain an understanding of any corrective actions to be taken with regard to controls and procedures.
- D. Recommend to the Board any co-sourcing or outsourcing internal audit services.
- E. Review the ERS Internal Audit Charter, including the independence and authority of the internal audit function, and its reporting obligations, qualifications, and staffing for the calendar year, and recommend its approval to the Board.
- F. Review the annual Internal Audit Plan (and all major changes to the plan) and recommend its approval to the Board.
- G. Review the reports and findings/recommendations of the Internal Auditors and the responses of the ERS Management, and monitors completion of Management's action plans.



**Employees' Retirement System of the State of Hawaii**  
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**ADMINISTRATIVE & AUDIT COMMITTEE CHARTER**

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- H. Review a summary of major findings from completed internal audits and a progress report on the execution of the Internal Audit Plan and Management's implementation of action plans.
- I. Support the Chief Audit Executive through regular, direct communications.
- IJ. Meet separately with the Chief Audit Executive<sup>1</sup> and/or Management to discuss any matters that the Committee, or these parties, believe should be discussed privately.
- JK. Review the effectiveness of the internal audit functions, including compliance alignment with the Institute of Internal Auditors' Global International Audit Standards for the Professional Practice of Internal Auditing.
- KL. Report the results of the Internal Audit Plan to the Board. At the invitation of the Committee, the Internal Auditors will attend Board meetings to assist in reporting the results of the Internal Audit Plan and to answer questions.

Oversight Responsibilities Regarding External Audits:

- A. Obtain a basic understanding of government accounting, financial reporting, auditing processes, and critical policies, and ensure that the financial leadership team is qualified and competent.
- B. The State Office of the Auditor is responsible for the procurement of external auditing services and determines:
  - 1. The External Auditor to be nominated;
  - 2. Approval of the audit fees of the External Auditor; and
  - 3. The discharge of the External Auditor.
- C. Review prior year comments from the Government Finance Officers Association (GFOA) in its determination of the ERS's compliance with the requirements for the Certificate of Achievement in Financial Reporting, where applicable.
- D. Review with Management and the External Auditor the draft financial statements to be filed with the GFOA.

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<sup>1</sup> The Chief Audit Executive may be an individual employee or a firm contracted to outsource or co-source the internal audit function.

**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**ADMINISTRATIVE & AUDIT COMMITTEE CHARTER**

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- E. Assess the integrity of the annual financial statements and related disclosures, including significant accounting judgements and estimates.
- F. Review and examine the independence (including any potential conflict of interest) of the External Auditor, including a review of Management consulting services and related fees provided by the External Auditor.
- G. Review with the External Auditor the coordination of audit effort to assure completeness of coverage, reduction of redundant efforts, and the effective use of audit resources.
- H. Review, at least annually, with Management and/or the External Auditor:
  - 1. Scope of the proposed audit for the current fiscal year and the procedures to be utilized.
  - 2. The ERS's annual financial statements and related footnotes.
  - 3. The External Auditor's audit of the financial statements and audit report thereon.
  - 4. The adequacy of the ERS's internal financial controls.
  - 5. Any significant changes required in the External Auditor's scope and audit plan.
  - 6. Other matters related to the conduct of the audit, which are to be communicated to the Committee under Generally Accepted Government Auditing Standards, including audit adjustments made and passed.
  - 7. Judgments about the quality, not just the acceptability of accounting principles and the clarity of the financial disclosures.
  - 8. Any difficulties encountered in the course of the external audits, including any disputes with Management, restrictions on the scope of their work or access to required information.
- I. Consider and review with Management any significant findings during the fiscal year and recommendations of the External Auditor's and Management's responses thereto.
- J. Meet separately with the External Auditor and/or Management to discuss any matters the Committee, or these parties, believe should be discussed privately with the Committee.

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- K. Report the results of the annual external audit to the Board. At the invitation of the Committee, the External Auditor will attend Board meetings to assist in reporting the results of the annual audit and to answer questions.

Oversight Responsibilities Regarding the Ethics and Compliance Program:

- A. Annually review the goals and objectives adopted by the Board and, if appropriate, recommend any changes.
- B. Periodically review the Ethics and Compliance Program Charter and make revisions, if necessary.
- C. Periodically evaluate the program and exercise reasonable oversight with respect to the implementation and effectiveness of the program.

Other Oversight Responsibilities:

- A. Report Committee actions, including any investigative actions, to the Board with such recommendations as the Committee may deem appropriate.
- B. Monitor the implementation of procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, auditing or other matters, including mechanisms for anonymous submission of related concerns by ERS employees or the appropriate bodies.
- C. Consult with the Attorney General on legal matters regarding financial transactions, fraud, or any other issue that could have a significant impact on the annual reports.
- D. Obtain any information and training needed to enhance the Committee members' understanding of the role of Internal and External Auditors, the risk management process, internal controls and a certain level of familiarity in government financial reporting standards and processes.
- E. Obtain the Board's approval of this Charter and, on an annual basis, evaluate the adequacy of this Charter and recommend any proposed changes to the Board for approval.





**Employees' Retirement System of the State of Hawaii**  
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- F. Confirm annually that the Committee has performed its responsibilities as outlined in this Charter.
- G. Coordinate with the Legislative Committee, Investment Committee, Governance Policy Committee, and Human Resources Committee, as deemed necessary.
- H. Perform such other functions as assigned by the Board.

**VI. LIMITATIONS OF THE ADMINISTRATIVE AND AUDIT COMMITTEE'S ROLE**

- A. It is not the duty of the Committee to plan or conduct audits or to determine that the ERS's financial statements are complete, accurate, and in accordance with Generally Accepted Accounting Principles. This is the responsibility of Management and the External Auditors.
- B. While the Committee is responsible for reviewing the ERS's policies and practices with respect to risk assessment and management, it is the responsibility of the Executive Director and Senior Management to determine the appropriate level of the ERS's exposure to risk.

*Adopted and Approved by the Board of Trustees: June 12, 2012, August 10, 2020, April 11, 2022, March 13, 2023, March 11, 2024, March 10, 2025*

*Accepted by the Governance Policy Committee: March 28, 2022, March 7, 2023*

*Revised and Accepted by the Administrative & Audit Committee: July 21, 2020, February 9, 2022, February 22, 2023, January 31, 2024, February 18, 2025*



# Employees' Retirement System of the State of Hawaii BOARD OF TRUSTEES INTERNAL AUDIT CHARTER

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## I. INTRODUCTION

Internal auditing is an independent, risk-based, objective assurance and ~~consulting~~ advisory activity<sup>1</sup> designed to create, protect, and sustain add-value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

The Internal audit function is most effective when:

- Internal auditing is performed by competent professionals in alignment with the Institute of Internal Auditor's Global Internal Audit Standards™, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the Administrative & Audit Committee and Board of Trustees.
- Internal auditors are free from undue influence and committed to making objective assessments.

## II. ROLE OF INTERNAL AUDIT

The Internal Audit function of the Employees' Retirement System ("ERS") is established by the ERS Board of Trustees ("Board") and its responsibilities are defined in this charter which is approved by the Board. The Chief Audit Executive ("CAE"), which may be an individual employee or a firm contracted to outsource or co-source

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<sup>1</sup> As defined by the Institute of Internal Auditors, an *assurance* activity is an examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization, while ~~consulting-an advisory~~ activity refers to ~~advisory consulting~~ and related client service activities intended to add value and improve an organization's processes.



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the internal audit function, reports functionally to the ERS Administrative & Audit Committee (“Committee”) and administratively to the ERS Executive Director (“ED”) or designee. Approval from the Board is required for the hiring, compensation, removal, or replacement of the CAE.

The objectives of Internal Audit are to assist management and employees of the ERS in the effective discharge of their responsibilities by providing them with analyses, appraisals, recommendations, counsel, and information concerning the activities reviewed and to promote effective internal controls at a reasonable cost.

### **III. AUTHORITY**

The CAE and the Internal Audit staff are authorized to:

- A. Review all areas of the ERS;
- B. Have full, free, and unrestricted access to all of the ERS’s activities, records, physical property, and personnel necessary to complete their work. Internal auditors are accountable for confidentiality and safeguarding records and information;
- C. Have full, free, and unrestricted access to the Board, Committee, ED, Deputy ED, Chief Investment Officer, Branch Chiefs, and all members of management;
- D. Allocate resources, set frequencies, select subjects, determine scopes of work, and apply the techniques required to accomplish audit objectives; and
- E. Obtain the necessary assistance of personnel in units of the ERS where they perform audits, as well as other specialized services from within or outside the ERS.

The CAE and the Internal Audit staff are not authorized to:

- F. Perform any operational duties for the ERS;
- G. Initiate or approve accounting transactions external to the internal audit function; nor
- H. Direct the activities of any ERS employee not employed by the internal audit function, except to the extent such employees have been appropriately assigned to auditing teams or to otherwise assist the internal auditors.



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**IV. INDEPENDENCE & OBJECTIVITY**

The CAE will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the CAE determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors have no direct responsibility or any authority over any of the activities or operations that they review. They should not develop and install procedures, prepare records, or engage in activities that would normally be reviewed by internal auditors.

Internal Audit's objectivity is not adversely affected, however, by recommending standards of controls to be applied in developing systems and procedures, or by evaluating existing or planned financial and operating systems and related procedures, and making recommendations for modification and improvements thereto in order to improve controls and/or enhance operational effectiveness.

**V. SCOPE OF WORK**

The scope of ~~work of the Internal Audit function is to determine whether the ERS's-~~  
network-internal audit activities encompasses, but is not limited to, objective examinations of evidence to provide independent assurance and advisory services to ERS and



## Employees' Retirement System of the State of Hawaii BOARD OF TRUSTEES INTERNAL AUDIT CHARTER

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management on the adequacy and effectiveness of risk management, control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure:

- Risks are appropriately identified and managed.
- Interaction with the various governance groups occurs as needed.
- Significant financial, managerial, and operating information is accurate, reliable, and timely.
- Employee actions are in compliance with policies, standards, procedures, and applicable laws and regulations.
- Operations are consistent with established goals and objectives.
- Operations are being carried out effectively, efficiently, ethically, and equitably.
- Resources are acquired economically, used efficiently, and adequately protected.
- Programs, plans, and objectives are achieved.
- Quality and continuous improvement are fostered in the ERS's control process.
- Significant legislative or regulatory issues impacting the ERS are recognized and addressed properly.

Opportunities for improving management control, process efficiency, and the ERS's image may be identified during audits. They will be communicated to the appropriate level of management.

### VI. **RESPONSIBILITIES**

Internal Audit is responsible for the following activities:



**Employees' Retirement System of the State of Hawaii  
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INTERNAL AUDIT CHARTER**

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Standards

- A. ~~The CAE is responsible for ensuring that all activities of the internal audit function are carried out in compliance with the Institute of Internal Auditors' ("IIA") mandatory guidance including the "Definition of Internal Auditing," the "Code of Ethics," and applicable standards found in the "International Standards for the Professional Practice of Internal Auditing."~~ Ensure internal audit engagements are performed, documented, and communicated in alignment with the Global Internal Audit Standards and laws and/or regulations.
- B. Conduct a periodic risk assessment for the ERS and present the results to the Committee.
- C. ~~Develop a flexible annual Internal Audit Plan using an appropriate risk-based methodology~~ Biennially develop a two-year risk-based internal audit plan, which considers risks or control concerns identified by management, and submit the plan to the Committee and the Board for review and approval. Review and adjust the internal audit plan with appropriate approval by the Committee, as necessary.
- D. Implement the annual Internal Audit Plan, as approved, including, and as appropriate, any special tasks or projects requested by management, the Committee, and the Board.

Ethics

- E. Review the adequacy of the ERS's adopted code of conduct activities, including the process to receive, retain, and treat complaints received on accounting and auditing matters.
- F. Monitor management's process for ensuring compliance with Hawaii Revised Statutes – Chapter 84, Standards of Conduct ("State Ethics Code").



**Employees' Retirement System of the State of Hawaii**  
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Monitoring & Follow-Up

- G. Evaluate any plans to correct reported conditions for satisfactory improvement of the business process.
- H. Provide adequate follow-up to ensure corrective action is taken and evaluate its effectiveness before recommending closure of an issue.
- I. Monitor and evaluate the effectiveness of the organization's risk management processes.

Reporting

- J. Prepare and issue a written report following the conclusion of each audit and follow-up audit. This report shall include significant findings, recommendations to management, and management's action plan. A copy of the report will be forwarded to the Committee, ED, Deputy ED, Chief Compliance Officer, and appropriate members of management.
- K. Inform and advise management and the Committee as to significant deficiencies or other substantive issues noted in the course of its activities.
- L. Provide periodic reports on Internal Audit's progress on implementing the annual Internal Audit Plan, including management's progress on addressing previously reported matters, the impact of resource limitations, and significant interim changes.
- M. On a regular basis, the CAE will meet separately with the Committee to discuss any matters that is deemed necessary by the Committee or Internal Audit.

Other

- N. Conduct special examinations at the request of management or the Committee.
- O. Perform consulting services, beyond internal auditing assurance services, to assist management in meeting its objectives. Examples may include facilitation, consultation on internal control improvement initiatives, training, and advisory services.



**Employees' Retirement System of the State of Hawaii**  
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- P. Assist in the investigation of significant suspected fraudulent activities within the organization and notify management and the Committee of the results.
- Q. Evaluate and assess significant merging/consolidating functions and new or changing services, processes, operations, and control processes coincident with their development, implementation, and/or expansion.
- R. Keep the Committee informed of emerging trends and successful practices in internal auditing.
- S. Review this Internal Audit Charter on an annual basis to ensure the purpose, authority, and responsibilities of Internal Audit continue to be adequate in accomplishing its objectives. Modify as appropriate and submit to the Committee and ED for review and approval.

*Adopted and Approved by the Board of Trustees: June 12, 2012, April 11, 2022, March 13, 2023, March 11, 2024, March 10, 2025*

*Accepted by the Governance Policy Committee: March 28, 2022, March 7, 2023*

*Revised and Accepted by the Administrative & Audit Committee: June 9, 2020, February 22, 2023, January 31, 2024, February 18, 2025*





# Employees' Retirement System of the State of Hawaii BOARD OF TRUSTEES ETHICS & COMPLIANCE CHARTER

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## **I. INTRODUCTION**

The Employees' Retirement System ("ERS") Ethics and Compliance function is an independent monitoring, advisory, review, and reporting activity established within ERS to assist the organization in fulfilling its mission, vision, and fiduciary responsibilities by complying with laws, regulations, and ERS policies, for which oversight has been assigned. The function strives to ensure, promote and support an organizational culture that builds ethics and compliance awareness into the daily business processes for ERS. ERS's Compliance Program will accomplish this mission by monitoring business activities, policies and procedures, and by establishing an infrastructure that provides additional assurance to management that program areas are in compliance.

The Chief Compliance Officer ("CCO") is authorized to engage in independent reviews and activities for the development and implementation of a comprehensive system of operational controls to prevent illegal, unethical, or improper conduct and to implement compliance policies and procedures relating to standards of ethics and conduct for ERS' Board, employees, and vendors.

## **II. ROLES & RESPONSIBILITIES**

Under the direction of the Executive Director ("ED") and involvement of the Leadership Team<sup>1</sup>, and oversight of the Board, the CCO:

- A. Pursuant to the Ethics and Compliance Program Charter, manages day-to-day operation of the compliance program;
- B. Monitor and assess the Policy Management Framework and oversee the completion of the Policy Lifecycle;

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<sup>1</sup> The Leadership Team is comprised of the Deputy Executive Director, Branch Chiefs, Chief Investment Officer, and Deputy Chief Investment Officer.



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- C. Assesses and audits ERS' controls and compliance with all applicable laws, statutes, administrative rules, regulations and best practices outlined in policies;
- D. Collaborates with other divisions to implement compliance policies and procedures and to direct compliance issues to appropriate channels for investigation and resolution;
- E. Collaborates with the Information Technology Branch Chief to build a strategic security program and coordinates all phases of security projects from requirement definition to design, architecture, implementation, testing, support, and maintenance;
- F. Develops and periodically reviews and updates standards of ethics and conduct to ensure that continuing effective guidance is provided to the Board, management, and employees;
- G. Coordinates with the Department of the Attorney General on legal matters so that ERS may faithfully execute its duties and responsibilities;
- H. Coordinate with the Internal Auditor to monitor and provide independent oversight over the implementation of the approved annual Internal Audit Plan;
- I. Coordinates with management, the Committee, and the Board on any special tasks or projects aligned with the long-term interests of ERS;
- J. Ensures that compliance issues and concerns within the organization are being appropriately evaluated, investigated, and resolved;
- K. Coordinate audit efforts with those of the ERS's external auditors and other regulatory agencies;
- L. Responds to alleged violations of rules, regulations, policies, procedures, and standards of ethics and conduct by evaluating and, if necessary, recommending the initiation of investigative procedures;
- M. Develops and oversees a system for uniform handling of such violations;
- N. Identifies potential areas of compliance vulnerability and risk;
- O. Develops/implements corrective action plans for resolution of problematic issues and provides general guidance on how to avoid or deal with similar situations in the future;



**Employees' Retirement System of the State of Hawaii**  
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- P. Works in coordination with management and the Branch Chiefs to develop, maintain, and test the disaster recovery, business continuity, risk management and access control needs of the organization;
- Q. Provides reports as directed or requested to keep the Board, Administrative & Audit Committee, and management informed of the operation and progress of compliance efforts;
- R. Ensures proper reporting of violations or potential violations to duly authorized enforcement agencies as appropriate and/or required; and
- S. Works with the Board, Administrative & Audit Committee, Internal Auditor, Department of the Attorney General, and management to develop an effective compliance training program for Board Members, managers, and employees, including appropriate introductory training for new employees.

In carrying out these responsibilities, the CCO shall:

- A. Ensure objectivity and independence;
- B. Remain free of actual or perceived conflicts of interest;
- C. Discharge professional responsibilities with due care, competence, and diligence;.
- D. Have access to all functions, records, property, and personnel necessary to complete responsibilities; and
- E. Have full and free access to the Board and the Administrative & Audit Committee.

### **III. CHARTER REVIEW & HISTORY**

The Administrative & Audit Committee shall, on behalf of the Board, review this Charter at least annually to ensure it remains relevant and appropriate.

*Adopted and Approved by the Board of Trustees: March 13, 2023, March 11, 2024, March 10, 2025*  
*Accepted by the Governance Policy Committee: March 7, 2023*  
*Introduced and Accepted by the Administrative & Audit Committee: February 22, 2023, January 31, 2024, February 18, 2025*



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**HUMAN RESOURCES COMMITTEE CHARTER**

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**I. PURPOSE**

The Human Resources Committee (“Committee”) of the Employees’ Retirement System (“ERS”) of the State of Hawaii is a committee of the Board of Trustees (“Board”). Its primary function is to provide oversight of Human Resources Management and to determine and recommend compensation for executive and exempt positions in the ERS for Board approval based on annual performance assessments.

**II. COMMITTEE MEMBERSHIP**

The Committee shall consist of no more than four (4) trustees. The members of the Committee shall be appointed by the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation. The Board may remove any member from the Committee at any time with or without cause.

**III. MEETINGS**

The Committee shall meet at least one (1) time a year at such times and places as it deems necessary to fulfill its responsibilities. After each meeting, the Committee shall report to the Board regarding its actions and recommendations. The Committee may invite ERS officers and employees to its meetings as it deems appropriate. Except as otherwise directed by the Committee, the Executive Director, Deputy Executive Director, the Chief Investment Officer, and exempt Investment Office staff shall not be present at Committee meetings at which their compensation or performance is discussed or determined.



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**HUMAN RESOURCES COMMITTEE CHARTER**

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**IV. AUTHORITY AND RESPONSIBILITIES**

The Committee shall elect from its members a Chairperson and Vice Chairperson. The Committee shall have the following authority and responsibilities:

- To oversee the Executive Director's execution of the human resources management function within the State's policy framework and Budget & Finance's directives and guidance.
- To review, approve, and monitor, the annual goals and objectives of the Executive Director, Deputy Executive Director, and Chief Investment Officer as adopted by the Board. Successful accomplishment of the goals and objectives shall be the basis of compensation recommendations for the Executive Director and the Chief Investment Officer.
- Evaluate at least annually the Executive Director's, Deputy Executive Director's, and Chief Investment Officer's performance relative to the goals and objectives of their positions and those of the ERS.
- The Committee shall make recommendations to the Board regarding the compensation of the Executive Director and Chief Investment Officer.
- The Committee shall consult with the Executive Director on the goals and objectives applicable to the Deputy Executive Director, Chief Investment Officer, and exempt Investment Office staff.
- To review at least annually the Executive Director's and Chief Investment Officer's performance evaluations of exempt Investment Office staff's goals and objectives of staff's positions and those of the ERS.
- The Committee shall consult with the Executive Director and Chief Investment Officer regarding compensation recommendations for exempt Investment Office staff. The Committee shall make recommendations to the Board regarding the compensation of exempt Investment Office staff.
- To review with the Executive Director the implementation of performance goals and Committee recommendations at mid-year.



**Employees' Retirement System of the State of Hawaii**  
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- To review and make recommendations to the Board regarding the adoption, amendment, or termination of employment agreements and severance arrangements or plans, including any benefits to be provided in connection with the appointment of the Executive Director and Chief Investment Officer. To develop and recommend to the Board for approval a succession plan ("Succession Plan"), to review the Succession Plan periodically with the Executive Director, to develop and evaluate potential candidates for the Executive Director, Deputy Executive Director, and Chief Investment Officer positions, and to recommend to the Board any changes to, and any candidates for succession under, the Succession Plan.
- To review the Training and Development Plan annually with the Executive Director and report on plan implementation to the Board.

**V. OUTSIDE ADVISORS**

The Committee shall have the authority, in its sole discretion, to select, retain and obtain the advice of compensation consultants as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall set the compensation, and oversee the work, of each compensation consultant. The Committee shall have the authority, in its sole discretion, to retain and obtain the advice and assistance of legal counsel and other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall set the compensation, and oversee the work, of its legal counsel and other advisors. The Committee shall not be required to implement or act consistently with the advice or recommendations of its compensation consultant(s), legal counsel, or other advisors, and the authority granted in this Part V shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter.



**Employees' Retirement System of the State of Hawaii  
BOARD OF TRUSTEES  
HUMAN RESOURCES COMMITTEE CHARTER**

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**VI. PERFORMANCE EVALUATION**

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

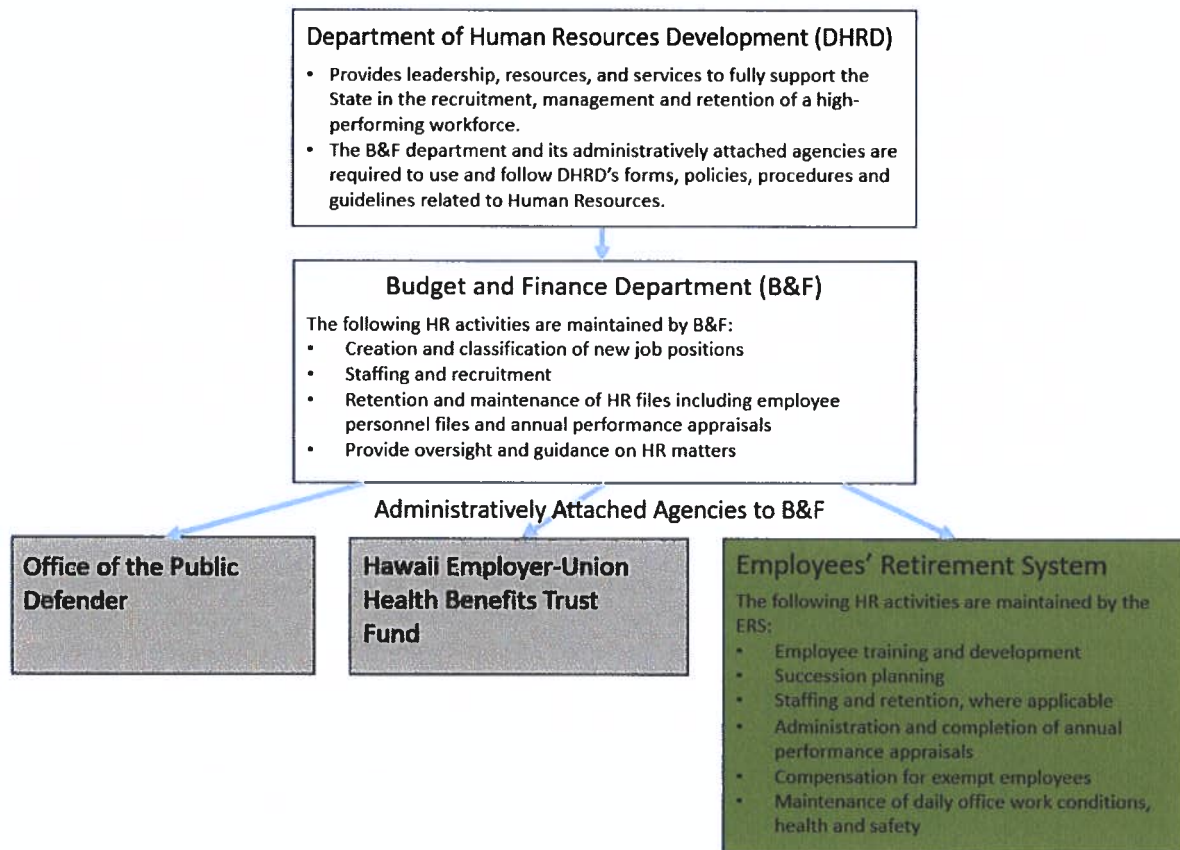
*Adopted and Approved by the Board of Trustees: April 10, 2017, August 10, 2020, April 11, 2022, March 13, 2023, March 11, 2024, March 10, 2025*  
*Accepted by the Governance Policy Committee: March 28, 2022, March 7, 2023*  
*Revised and Accepted by the Compensation Review/Human Resources Committee: March 23, 2020, February 25, 2021, February 10, 2022, February 6, 2023, February 12, 2024, February 19, 2025*

*Attached for Reference:*

*Page 2, Human Resources Personnel Development and Retention Review, Internal Audit Report, September 2020, Report No.: STA011-XX-XX*

The Performance Appraisal System is the annual employee review process required by the State of Hawaii (Section 76-41, Hawaii Revised Statutes). The purpose of the system is to evaluate the performance of employees in the civil service system and to improve employee performance. The ERS' managers and supervisors are responsible for performing and completing annual reviews of their staff member. Once completed, the employee performance appraisal forms are submitted to B&F. B&F is responsible for the tracking, collection and file maintenance of the performance appraisal form. Copies of each performance appraisal are provided to the ERS and individual employees. This process is the primary performance management tool used by the ERS to provide periodic feedback to its employees.

### Human Resources Role Hierarchy for the Employees' Retirement System



The updated ERS Strategic Plan includes certain strategic HR initiatives. One of the Plan's Objectives is to "Maintain Plan Sustainability" and it includes the strategic initiative to "Optimize Operational Effectiveness." The measures and targets related to this initiative include:

- Develop, implement and maintain new and ongoing comprehensive staff training plan
  - Make job appropriate training available to all staff
- Institute an annual staff resources assessment, including a succession plan to maintain operational effectiveness
  - Assess staff resources annually, including a succession plan by FY 2020, updated annually





**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**LEGISLATIVE COMMITTEE CHARTER**

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**I. PURPOSE**

The Legislative Committee (“Committee”) of the Employees’ Retirement System (“ERS”) of the State of Hawaii is a committee of the Board of Trustees (“Board”). Its primary function is to assist the Board in fulfilling its fiduciary oversight responsibilities by reviewing and advising on recommendations on proposed legislation.

**II. COMMITTEE MEMBERSHIP**

The Committee shall consist of no fewer than three (3) trustees. The members of the Committee shall be appointed by the Board. The members of the Committee shall be appointed for a one-year term and shall serve for such term or terms as the Board may determine or until earlier resignation. The Board may remove any member from the Committee at any time with or without cause.

**III. MEETINGS**

The Committee shall meet at least one (1) time a year at such times and places as it deems necessary to fulfill its responsibilities. The Committee shall report regularly to the Board regarding its actions and make recommendations to the Board as appropriate. The Committee may invite such members of management and advisors to its meetings as it deems appropriate. The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.

**IV. AUTHORITY AND RESPONSIBILITIES**

The members of the Committee shall elect its Chairperson and Vice Chairperson.



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**LEGISLATIVE COMMITTEE CHARTER**

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The Committee shall have the following authority and responsibilities regarding ERS Legislation:

- To review and approve annually the ERS's goals and objectives applicable to the legislative process.
- To review proposed legislation introduced by the ERS and by other parties, and to assign and provide direction for the Executive Director and Deputy Executive Director on priorities and actions to successfully support the legislative goals and responsibilities of the ERS.
- To recommend support or opposition of proposed legislation to the full Board for its consideration.

**V. OUTSIDE ADVISORS**

The Committee shall have the authority, in its sole discretion, to obtain the advice of any ERS consultant or ERS service provider as necessary to assist with the execution of its duties and responsibilities as set forth in this Charter. The Committee shall have the authority, in its sole discretion, to obtain the advice and assistance of ERS's legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall not be required to implement or act consistently with the advice or recommendations of its consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter. The consultant(s), outside counsel and any other advisors retained by, or providing advice to, the Committee (other than the ERS's in-house counsel) shall be independent as determined in the discretion of the Committee.



**Employees' Retirement System of the State of Hawaii  
BOARD OF TRUSTEES  
LEGISLATIVE COMMITTEE CHARTER**

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**VI. PERFORMANCE EVALUATION**

The Committee shall conduct an annual evaluation of the performance of its duties under this charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it deems appropriate.

*Adopted and Approved by the Board of Trustees on February 13, 2017, August 10, 2020, April 11, 2022, March 13, 2023, March 11, 2024, March 10, 2025*  
*Accepted by the Governance Policy Committee: March 28, 2022, March 7, 2023*  
*Revised and Accepted by the Legislative Committee: August 10, 2020, February 7, 2022, January 31, 2023, February 2, 2024, Feb 13, 2025*

ERS Initiated as of 3/10/2025										
#	Bill No	Subject	Title	Summary	Status as of 3/10/2025	Introducer(s)	Refer	Comp	Active or Dead	ERS Position
1	<a href="#">HB1041 HD1</a>	Employees' Retirement System; Required Beginning Dates; Automatic Payments	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Amends statutory language to conform the requirements of beginning dates and automatic cashout requirements with the Internal Revenue Code of 1986, as amended. Effective 7/1/3000. (HD1)	H 2/11/2025: Passed Second Reading as amended in HD 1 and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Representative(s) Cochran, Ward excused (2).  First Decking Deadline 2/28/2025. Bill was not scheduled for a hearing by FIN	NAKAMURA (Introduced by request of another party)	LAB, FIN	<a href="#">SB1360</a>	Dead	Support
2	<a href="#">HB1042 HD1</a>	Employees' Retirement System; Employer Reporting	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER REPORTING REVIEW.	Extends the due date of payment to the Employees' Retirement System for departments or agencies of the State or counties that fail to comply with reporting requirements by one year after the review period. Changes the time frame for which the Employers' Retirement System must report regarding any department or agency's failure to submit required information to the Employees' Retirement System from the current fiscal year to the previous fiscal year. Effective 7/1/3000. (HD1)	H 2/11/2025: Passed Second Reading as amended in HD 1 and referred to the committee(s) on FIN with none voting aye with reservations; none voting no (0) and Representative(s) Cochran, Ward excused (2).  First Decking Deadline 2/28/2025. Bill was not scheduled for a hearing by FIN	NAKAMURA (Introduced by request of another party)	LAB, FIN	<a href="#">SB1361</a>	Dead	Support
3	<a href="#">SB1360 SD1</a>	Employees' Retirement System; Required Beginning Dates; Automatic Payments	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM.	Amends chapter 88, HRS, to conform to updated required beginning dates and automatic cashout requirements in the Internal Revenue Code of 1986, as amended. (SD1)	H 3/6/2025: Bill scheduled to be heard by LAB on Tuesday, 03-11-25 9:30AM in House conference room 309 VIA VIDEOCONFERENCE.	KOUCHI (Introduced by request of another party)	LAB, FIN	<a href="#">HB1041</a>	Active	Support
4	<a href="#">SB1361</a>	Employees' Retirement System; Employer Reporting	RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM'S EMPLOYER REPORTING REVIEW.	Adds a year between the review period and the billing due date and changes reporting of review results from the current fiscal year to the previous fiscal year.	H 3/6/2025: Bill scheduled to be heard by LAB on Tuesday, 03-11-25 9:30AM in House conference room 309 VIA VIDEOCONFERENCE.	KOUCHI (Introduced by request of another party)	LAB, FIN	<a href="#">HB1042</a>	Active	Support

Membership & Benefits Related as of 3/10/2025										
#	Bill No	Subject	Title	Summary	Status as of 3/10/2025	Introducer(s)	Refer	Comp	Active or Dead	ERS Position
5	<a href="#">HB214 HD1</a>	DOE; ATG; ERS; Retirees; Hawaii Employer-Union Health Benefits Trust Fund; Benefits; School Resource Officers; Investigators; Counties; Report	RELATING TO GOVERNMENT.	Allows a retirant to be employed without reenrollment in the Employees' Retirement System and without loss or interruption of retirement benefits if the retirant is employed as a <b>school resource officer or investigator in positions identified by the Department of Law Enforcement or the Department of the Attorney General</b> , respectively, as a labor shortage or difficult-to-fill positions, subject to certain conditions. Requires the Director of Human Resources of the appropriate state jurisdiction or the human resources management chief executive of each county to include in their annual reports to the Legislature, details on the employment of retirants as school resource officers or investigators. Effective 7/1/3000. (HD1)	S 3/7/2025: The committee(s) on LBT has scheduled a public hearing on 03-10-25 3:00PM; Conference Room 224 & Videoconference.	TAKAYAMA, KILA, KITAGAWA, LA CHICA, MARTEN, MIYAKE, OLDS, SOUZA, TARNAS, TODD	LBT, WAM	<a href="#">SB99</a>	Active	Provide Comments

#	Bill No	Subject	Title	Summary	Status as of 3/10/2025	Introducer(s)	Refer	Comp	Active or Dead	ERS Position
6	<a href="#">SB442 SD1</a>	ATG; ERS; HDOA; Retirees; Hawaii Employer-Union Health Benefits Trust Fund; Benefits; Investigators; Counties; Report	RELATING TO GOVERNMENT.	Allows a retirant to be employed without reenrollment in the Employees' Retirement System (ERS) and without loss or interruption of benefits provided by the ERS or under Chapter 88, HRS, if the retirant is employed as an <b>investigator in a position identified by the Department of the Attorney General or Department of Law Enforcement or an excluded management position of any department as a labor shortage, a difficult-to-fill position, or needed for succession planning</b> , subject to certain conditions. Requires the Director of Human Resources of the appropriate state jurisdiction or the human resources management chief executive of each county to include in their annual reports to the Legislature, details on the employment of retirants as investigators pursuant to this measure. Effective 7/1/2050. (SD1)	H 3/6/2025: Bill scheduled to be heard by LAB on Tuesday, 03-11-25 9:30AM in House conference room 309 VIA VIDEOCONFERENCE.	DELA CRUZ, AQUINO, CHANG, HASHIMOTO, KIDANI, Moriwaki, San Buenaventura	LAB, FIN		Active	Provide Comments
7	<a href="#">SB935 SD2</a>	ERS; Judges; Retirement Allowance; Tier 2 Employees; Credited Service; Benefits; Employer Contributions	RELATING TO GOVERNMENT.	Sets the retirement allowance for a member who first earns credited service as a judge after 6/30/2025, to 1.75 per cent of the judge's average final compensation for each year of credited service as a judge. Reduces the minimum number of years of credited service qualified Tier 2 Employees' Retirement System members must have to be eligible for vested benefit status for service retirement allowance purposes from ten years to five years. Increases employer contributions to offset the resulting liability. (SD2)	H 3/6/2025: Referred to LAB, JHA, FIN, referral sheet 19	KANUHA	LAB, JHA, FIN		Active	Provide Comments

Miscellaneous as of 3/10/2025 (removed companion bills)										
#	Bill No	Subject	Title	Summary	Status as of 3/10/2025	Introducer(s)	Refer	Comp	Active or Dead	ERS Position
8	<a href="#">HB131</a>	Research; Office of Information Practices; Government Records; Disclosure	RELATING TO RESEARCH.	Allows agencies to disclose government records to researchers for certain research purposes.	S 3/4/2025: Referred to GVO, JDC.	TARNAS, BELATTI, GRANDINETTI, IWAMOTO, KAPELA, KITAGAWA, MARTEN, PERRUSO, PIERICK, POEPOE, SOUZA, TAM	GVO, JDC		Active	Monitor
9	<a href="#">HB300 HD1</a>	State Budget	RELATING TO THE STATE BUDGET.	Appropriates funds for the operating and capital improvement budget of the Executive Branch for fiscal years 2025-2026 and 2026-2027.	H 3/10/2025: Reported from FIN (Stand. Com. Rep. No. 1172) as amended in HD 1, recommending passage on Second Reading and placement on the calendar for Third Reading.	NAKAMURA (Introduced by request of another party)	FIN	<a href="#">SB473</a>	Active	Monitor

#	Bill No	Subject	Title	Summary	Status as of 3/10/2025	Introducer(s)	Refer	Comp	Active or Dead	ERS Position
10	<a href="#">HB806 HD1</a>	Fireworks; Department of Law Enforcement; Appropriation	RELATING TO FIREWORKS.	Appropriates funds for the Department of Law Enforcement to conduct sting operations on Oahu to enforce fireworks ordinances or laws. Effective 7/1/3000. (HD1)	S 3/6/2025: Referred to PSM/JDC, WAM.	MATAYOSHI, AMATO, CHUN, GARRETT, IWAMOTO, KILA, KITAGAWA, LA CHICA, LAMOSAO, LEE, M., LOWEN, MARTEN, MIYAKE, OLDS, PERRUSO, PIERICK, POEPOE, SAYAMA, TAKAYAMA, TAKENOUCHI, TAM, TARNAS, TODD	PSM/JDC, WAM		Active	Monitor
11	<a href="#">SB325 SD1</a>	Mandatory Tax Credit; Emergency and Budget Reserve Fund; Other Post-Employment Benefits Trust Fund; Constitution; Appropriations	RELATING TO THE GENERAL FUND.	Provides a tax credit to taxpayers and makes deposits to the emergency and budget reserve fund and other post-employment benefits trust fund pursuant to article VII, section 6, of the Hawaii State Constitution. Appropriates funds. Effective 7/1/2050. (SD1)	H 3/4/2025: Referred to FIN, referral sheet 18	DELA CRUZ	FIN		Active	Monitor
12	<a href="#">SB1543 SD2</a>	External Consultants; Purchasing Agencies; Disclosure Requirements; Spending Caps; Audit; Reports	RELATING TO GOVERNMENT ACCOUNTABILITY.	Requires each purchasing agency to provide justification for hiring external consultants. Caps the amount each agency can spend on external consultants. Requires each agency to seek approval from the Legislature for consulting contracts exceeding a certain dollar amount. Requires each agency to disclose new contracts with external consultants. Requires annual reports to the Legislature. Requires the Compliance Audit Unit to conduct regular audits of agency consultant contracts to assess cost-effectiveness and compliance. Requires each chief procurement officer to ensure that inherent government functions are not delegated to a contractor. Effective 1/1/2491. (SD2)	H 3/6/2025: Referred to LAB, FIN, referral sheet 19	KIM, CHANG, DECOITE, FEVELLA, GABBARD, KIDANI, MCKELVEY, SAN BUENAVENTURA, Dela Cruz, Richards, Wakai	LAB, FIN		Active	Oppose
13	<a href="#">SB1651 SD1</a>	Public Meetings; Board Packets; Notice	RELATING TO PUBLIC MEETINGS.	Requires board packets to be posted three no later than 7:45 a.m. on the third business day before a public meeting. Requires boards to provide notice to persons requesting notification of meetings at the time the board packet is made available for public inspection. Effective 1/1/2491. (SD1)	H 3/4/2025: Referred to LAB, JHA, referral sheet 18	RHOADS	LAB, JHA		Active	Monitor



**Employees' Retirement System of the State of Hawaii**  
**BOARD OF TRUSTEES**  
**INVESTMENT COMMITTEE CHARTER**

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**I. PURPOSE**

The Investment Committee (“Committee”) of the Employees’ Retirement System (“ERS”) of the State of Hawaii is a committee of the Board of Trustees (“Board”). Its primary function is to carry out the policy development and investment decision-making responsibilities delegated by the Board to include specified oversight, review and monitoring of investment decision-making, implementation, process compliance and reporting responsibilities of the Investment Office and its staff, consultants, and advisors.

**II. COMMITTEE MEMBERSHIP**

The Investment Committee of the Board of Trustees of the Employees’ Retirement System of the State of Hawaii shall consist of no more than four (4) Board members who shall be appointed by the Board Chair and approved by the Board. The members of the Committee shall be appointed for one-year terms and shall serve for such term or terms as the Board may determine or until earlier resignation. The Board may remove any member from the Committee at any time with or without cause.

**III. MEETINGS**

The Committee shall in general meet in advance of each Board meeting, except when there is a Special Board meeting, and at such other times and places as the members of the Committee deem necessary to fulfill the Committee’s responsibilities. The Committee shall report regularly to the Board regarding its actions and those of the investment staff and make recommendations to the Board as appropriate. The Committee may invite such member of management to its meetings as it deems appropriate. The Committee shall review this Charter at least annually and recommend any proposed changes to the Board for approval.



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**IV. AUTHORITY AND RESPONSIBILITIES**

Hawaii Revised Statutes (HRS) §88-110 vests authority for investing ERS assets with its Board. The Board, acting within its discretion, has delegated certain specified investment oversight and decision-making authority to the Investment Committee of the Board. The Board retains fiduciary responsibility for all ERS investment and non-investment decisions.

The members of the Committee shall designate from amongst its membership persons to serve as Chair and Vice-Chair.

The Committee shall have the following authority and responsibilities:

- To review and make investment policies and guideline recommendations for the Board's consideration.
- Establish the guidelines applicable to implementation and investment decision-making delegated to investment staff.  
While guidelines are intended to be durable, they may be revised at the Committee's discretion.
- Establish and monitor investment office reporting requirements, process, and policy compliance.
- To review and make recommendations annually about the ERS's goals and objectives applicable to the Investment Office.
- To review and approve ongoing activities of the Investment Office in regards to the goals and objectives and any additional tasks assigned to the Investment Office from the Board.
- To assign and provide direction to the Chief Investment Officer (CIO) and, if applicable, the Executive Director (ED) on priorities and actions to successfully execute the responsibilities of the Investment Office.





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The Committee shall consult with the ED on the goals and objectives applicable to the CIO and Investment Office.

**V. OUTSIDE ADVISORS**

The Committee shall have the authority, in its sole discretion, to obtain the advice of any ERS consultant or ERS service provider for the purposes of carrying out its duties related to the Investment Office and investment activities. The Committee shall have the authority, in its sole discretion, to obtain the advice and assistance of ERS's legal counsel and such other advisors as it deems necessary to fulfill its duties and responsibilities under this Charter. The Committee shall not be required to implement or act upon the advice or recommendations of its consultant, legal counsel or other advisor to the Committee, and the authority granted in this Charter shall not affect the ability or obligation of the Committee to exercise its own judgment in fulfillment of its duties under this Charter. The consultant(s), outside counsel and any other advisors retained by, or providing advice to, the Committee (other than the ERS's in-house counsel) shall be independent as determined in the discretion of the Committee and Board.

**VI. PERFORMANCE EVALUATION**

The Committee shall conduct an annual evaluation of the performance of its duties under this Charter and shall present the results of the evaluation to the Board. The Committee shall conduct this evaluation in such manner as it and the Board deems appropriate.

*Adopted and Approved by the Board of Trustees: September 30, 2013, November 9, 2020, April 11, 2022, July 10, 2023, March 11, 2024, March 10, 2025*  
*Accepted by the Governance Policy Committee: November 5, 2020, March 28, 2022, July 10, 2023*  
*Revised and Accepted by the Investment Committee: January 24, 2022, May 22, 2023, February 20, 2024, February 18, 2025*