

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

OCTOBER 20, 2025

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

Trustees present: Dr. Catherine Chan, Chair*
(City Financial Tower Mr. Vincent Barfield, Vice Chair*
by teleconference) Mr. Luis Salaveria (in person)*

Trustee absent: Dr. Genevieve Ley

Staff present: Mr. Thomas Williams, Executive Director*
(City Financial Tower Ms. Gail Strohl, Deputy Executive Director*
by teleconference) Ms. Kristin Varela, Chief Investment Officer*
Mr. Kona Mann, Chief Compliance Officer*
Mr. James Greubel, Program Specialist*
Ms. Shanna Sakagawa, Program Specialist*
Mr. Keith Miyamoto, Information Services Branch Manager*
Ms. Sandra Straub, Information Services Systems Supervisor*
Ms. Lori Kobayashi, Retirement Benefits Branch Manager
Ms. Dale Kehau Kanae, Recording Secretary/Administrative Assistant*
Ms. Andrea Gasper, Administrative Assistant*

Attorneys present: Ms. Nietzsche Tolan, Deputy Attorney General*
(by teleconference) Ms. Diane Wong, Deputy Attorney General*

Guests present: Mr. Lewis Ward, Gabriel Roeder Smith & Company
(City Financial Tower Mr. Peter Hanashiro, KMH LLP*
by teleconference) Mr. Tyson Suehiro, KMH LLP*
Mr. Alfred Ko, RSM US LLP*
Ms. Alicia Preddy, RSM US LLP*
Mr. Ty Smith, RSM US LLP*

*Attended Executive Session

QUORUM/CALL TO ORDER

A quorum being present (Chair Chan, Vice Chair Barfield, and Trustee Salaveria), Chair Chan called the meeting of the Administrative and Audit Committee (Committee) of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 1:06 p.m. and identified the Trustees attending in person and requested Trustees attending remotely confirm that they are the only ones present at their remote location while attending the meeting. Each of the Trustees present confirmed same. Chair Chan reminded the Committee to please be sure that they are visible on their video cameras and that they remain on while the meeting is in session.

PUBLIC COMMENT

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

DISCUSS EMPLOYEES’
RETIREMENT SYSTEM’S
DRAFT FUNDING POLICY
DISCUSS EMPLOYEES’
RETIREMENT SYSTEM’S
DRAFT FUNDING POLICY
(CONT’D)

INTERNAL AUDIT UPDATE
REPORT BY KMH LLP ON
THE CURRENT STATUS OF
ACTIVITIES COMPLETED
DURING Q3, 2025, AND AN
UPDATE ON THE
COMPLETION STATUS OF
MANAGEMENT ACTION
PLANS FOR PAST INTERNAL
AUDIT OBSERVATIONS AND
RECOMMENDATIONS

Gabriel Roeder Smith & Company’s Lewis Ward attended the meeting by teleconference and presented an oral and written report to the Committee on an Employees’ Retirement System’s (ERS) Draft Funding Policy.

On a motion made by Vice Chair Barfield, seconded by Trustee Salaveria, and unanimously carried, the Committee accepted the ERS Draft Funding Policy, as presented, and will present it for approval by the Board at the next meeting.

KMH LLP’s Peter Hanashiro and Tyson Suehiro, and RSM US LLP’s Alfred Ko, Ty Smith, and Alicia Preddy attended the meeting by teleconference and presented an oral and written report to the Committee of KMH LLP’s Internal Audit Update Report on the Current Status of Activities Completed During Q3, 2025, 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

- Contracting & Procurement Review
- Enterprise Risk Management (ERM) Capability Roadmap and Training
- Business Continuity Plan – Tabletop Exercise
- Virtual Information Security Officer (vISO) Initiative – Roadmap Implementation
- Proposed Changes to 2025 Internal Audit Plan

2025 INTERNAL AUDIT PLAN RESULTS SUMMARY
2025 INTERNAL AUDIT PLAN – PROPOSED CHANGES
MANAGEMENT ACTION DASHBOARD
MANAGEMENT ACTION PLANS – COMPLETION STATUS
CUMULATIVE OBSERVATION ANALYSIS
ISSUED REPORTS FINDING STATUS

The Committee suggested, as a part of the next tabletop exercise, one focused on Cyber Security Breach be considered and that exercises be done annually.

The Committee sternly reminded executive management, as stated at the last meeting, to continue to update comments on the status of findings particularly the high-risk rated outstanding items and to include accurate targeted completion dates. The Committee also reiterated that executive management has been asked, on several occasions by the Committee and Board, to take responsibility for outstanding items identified as theirs and continued extensions or errors of reported completion dates were no longer acceptable. The Committee clarified with executive management the meaning of “Targeted Completion Date(s)” and asked if they clearly understood that it meant the date the finding would be completed. Executive management in attendance acknowledged that they understood. The Committee requested executive management review all “Targeted Completion Date(s)” and report accurate dates going forward. Executive management acknowledged and agreed to review and amend any necessary dates.

INTERNAL AUDIT UPDATE REPORT
BY KMH LLP ON THE CURRENT
STATUS OF ACTIVITIES
COMPLETED DURING Q3, 2025, AND
AN UPDATE ON THE COMPLETION
STATUS OF MANAGEMENT ACTION
PLANS FOR PAST INTERNAL AUDIT
OBSERVATIONS AND
RECOMMENDATIONS (CONT'D)

COMPLIANCE SUPPORT
STAFF REPORT AND UPDATE
ON IMPLEMENTATION OF
ERS' COMPLIANCE
PROGRAM ON RISK
ASSESSMENT, POLICIES &
PROCEDURES, AND THIRD-
PARTY RISK MANAGEMENT

REPORT ON LAUNCH OF
V3LOCITY PENSION
ADMINISTRATION SYSTEM
UPGRADE

APPROVAL OF MINUTES
- AUGUST 21, 2025

PUBLIC COMMENT

Mr. Hanashiro reminded the Committee that once a date has been extended twice it would then be reported as being overdue.

The Committee further requested that although being reported in Executive Session, the separate report on Information Technology status of findings should be referenced within the Internal Audit Report.

On a motion made by Vice Chair Barfield, seconded by Trustee Salaveria, and unanimously carried, the Committee accepted KMH LLP's 2025 Internal Audit Update Report with proposed changes, as presented, and recommended it be presented to the Board for approval at the next Board meeting.

Chief Compliance Officer Kona Mann presented an oral report to the Committee on the Compliance Support Staff Report and Update on Implementation of ERS' Compliance Program on Risk Assessment, Policies & Procedures, and Third-Party Risk Management and discussed in summary:

EXECUTIVE SUMMARY

Key Highlights

Next Steps

ERS COMPLIANCE & RISK MANAGEMENT PROGRAM

IT Policy Development & Road Mapping

AuditBoard Implementation Project

RFP Development

Migration Project Management

The Committee requested a written report be provided prior to meetings going forward.

This staff report and update was provided for the Committee's information, and no action was required.

Information Services Branch Chief Keith Miyamoto provided an oral report to the Committee on the Launch of V3LOCITY Pension Administration System Upgrade and discussed in summary:

OVERVIEW

V3LOCITY MIGRATION KEY FEATURES

PROJECT COST

PROJECTED V3LOCITY MIGRATION SCHEDULE

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

On a motion made by Trustee Salaveria, seconded by Vice Chair Barfield (with a comment noting page 4 of the minutes, regarding executive management's responsibility to follow-up on the outstanding items within the Internal Audit Report, making it clear it's an on-going effort to tighten up the process) and unanimously carried, the Committee approved the minutes of the August 21, 2025, meeting as presented.

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

(Chair Chan identified all the participants in Executive Session, the Board, ERS Staff, Deputy Attorneys General, and Guests are identified with an asterisk on these minutes and listed on the Executive Session Minutes. Participants of Executive Session met virtually in a separate breakout room while public participants remained in the main room.

Chair Chan provided the reason to enter into Executive Session: Executive Session, pursuant to HRS §92-5(a)(4), (6), and (8), to consider and consult with the Board’s attorneys on questions and issues pertaining to the Board’s powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to Cyber Security Updates; Enterprise Risk Management Updates; Business Continuity Plan; and-to make a decision on the Approval of Executive Session Minutes.)

ENTER EXECUTIVE SESSION

On a motion made by Trustee Salaveria, seconded by Vice Chair Barfield, and unanimously carried, the Committee entered into Executive Session at 2:28 p.m.

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

- 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) 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 Enterprise Risk Management Updates.
- 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 a Business Continuity Plan “Tabletop Exercise” and Update.
- Pursuant to HRS §92-5 (a)(8), to review and approve Executive Session Minutes of August 21, 2025.

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) 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
ENTERPRISE RISK MANAGEMENT
UPDATES

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 A
BUSINESS CONTINUITY PLAN
“TABLETOP EXERCISE” AND
UPDATE

EXECUTIVE SESSION PURSUANT
TO HRS §92-5(a)(8), TO REVIEW AND
APPROVE EXECUTIVE SESSION
MINUTES OF AUGUST 21, 2025

EXIT EXECUTIVE SESSION

On a motion made by Trustee Salaveria, seconded by Vice Chair Barfield, and unanimously carried, the Committee exited Executive Session at 3:00 p.m.

Participants of the Executive Session in the virtual breakout room were moved to the main room with the public participants.

Chair Chan announced that while in Executive Session, the Committee discussed matters related to Updates on Cyber Security and Enterprise Risk Management, of which neither had any action taken. Due to time constraints, the Update related to Business Continuity Plan “Tabletop Exercise” was deferred to the next meeting, and the Committee approved the Executive Session Minutes of August 21, 2025.

ADJOURNMENT

On a motion made by Vice Chair Barfield, seconded by Trustee Salaveria, and unanimously carried, Chair Chan adjourned the meeting at 3:02 p.m.

REDACTED SIGNATURE

Thomas Williams
Executive Director

TW:dkik