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

JULY 8, 2026

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

Trustees present: (City Financial Tower by teleconference)	Mr. David Louie, Chair* (in person) Dr. Seth Colby, Vice Chair* Mr. Vincent Barfield* Ms. Darlene Blakeney* Dr. Amanda Lowrey
Staff present: (City Financial Tower by teleconference)	Mr. Kalbert Young, Executive Director* Mr. Wesley Machida, Interim Deputy Executive Director* Mr. Anthony Goo, Interim Chief Investment Officer* Mr. Kona Mann, Chief Compliance Officer* Mr. James Greubel, Program Specialist* Ms. Shanna Sakagawa, Program Specialist* Mr. Keith Miyamoto, Information Systems Branch Manager* Ms. Dale Kehau Kanae, Recording Secretary/Administrative Assistant* Ms. Lori Kim, Administrative Assistant* Ms. Andrea Gasper, Administrative Assistant
Attorneys present: (by teleconference)	Ms. Lori Tanigawa, Deputy Attorney General* Ms. Nietzsche Tolan, Deputy Attorney General* Ms. Diane Wong, Deputy Attorney General*
Guests present: (City Financial Tower by teleconference)	Mr. Joe Newton, Gabriel Roeder Smith & Company Mr. Lewis Ward, Gabriel Roeder Smith & Company Mr. Tyson Suehiro, KMH LLP* Mr. Alfred Ko, RSM US LLP* Mr. Ty Smith, RSM US LLP*
Public present:	Mr. Ryan Kagimoto
	*Attended Executive Session

QUORUM/CALL TO ORDER

A quorum being present (Chair Louie, Vice Chair Colby, and Trustees Barfield and Blakeney), Chair Louie called the meeting of the Administrative and Audit Committee (Committee) of the Board of Trustees (Board) of the Employees' Retirement System of the State of Hawaii (ERS) to order at 2:32 p.m. and identified himself as 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 Louie 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. Trustee Lowrey also attended the meeting by teleconference but did not participate in either deliberation or voting.

PUBLIC COMMENT

Chair Louie called for public comment. There was no public present in person, however, one (1) member of the public attended by teleconference and had no comment. There was also no written public testimony received for this Committee meeting.

UPDATE ON TRUSTEE ELECTION AND ANNOUNCE NEW BOARD MEMBER	Executive Director (ED) Kalbert Young Updated the Committee on the Trustee Election. A vacancy on the Board was created when Trustee Bennett Yap retired from government service on March 1, 2026. A notice for candidate nominations for a General Member Trustee was published in local newspapers and communications sent to general employee union organizations with a deadline to submit names by June 19, 2026. Only one nomination was received by the deadline from the Hawaii Government Employees Association of Dr. Amanda Lowrey and ERS has deemed and declared her to be duly and legally elected. Trustee Lowrey has been sworn in with the Oath of Office this morning and is subject to the Chair's assignment of Committees. ED Young acknowledged Trustee Lowrey's attendance and offered her an opportunity to address the Committee. Trustee Lowrey shared with the Committee that she is excited to serve on the Board, has a lot to learn, will have a lot of questions, and appreciates everyone's help with her on-boarding. Committee Chair Louie and Trustees attending congratulated and welcomed Trustee Lowrey to the ERS Board and thanked her for her service.
PRELIMINARY ANNUAL ACTUARIAL VALUATION REPORT BY GABRIEL ROEDER SMITH & COMPANY FOR THE YEAR ENDING JUNE 30, 2026	Gabriel Roeder Smith & Company's Joe Newton and Lewis Ward attended the meeting by teleconference and presented an oral and written report to the Committee on a Preliminary Annual Actuarial Valuation Report for the Year Ending June 30, 2026, a mid-year update, and discussed in summary: *Legislation – Act 134 (SLH 2026 – SB 3096)* *Projected 2026 Actuarial Valuation Results* *Projection of Funding Period from 2016 Legislative Impact Statement vs Actual Valuation Outcomes* *Actual vs Projected UAAL* *Funding Period* *Comparison of 7% and 6% Future Actual Returns* *Summary* On a motion made by Trustee Blakeney, seconded by Vice Chair Colby, and unanimously carried, the Committee accepted the Preliminary Annual Actuarial Valuation Report by Gabriel Roeder Smith & Company for the year ending June 30, 2026, as presented, and recommended it be presented to the Board for approval at the next Board meeting. Messrs. Newton and Ward left the meeting by ending their teleconference.
INTERNAL AUDIT UPDATE REPORT BY KMH LLP ON THE CURRENT STATUS OF ACTIVITIES COMPLETED DURING Q1 AND Q2, 2026, AND AN UPDATE ON THE COMPLETION STATUS OF MANAGEMENT ACTION PLANS FOR PAST NON-INFORMATIONAL TECHNOLOGY INTERNAL	KMH LLP's (KMH) Peter Hanashiro and Tyson Suehiro (attended in person), and RSM US LLP's (RSM) Alfred Ko attended the meeting by teleconference, and presented an oral and written report to the Committee of KMH's Internal Audit Update Report on the Current Status of Activities Completed During Q1 and Q2, 2026, and an Update on the Completion Status of Management Action Plans for Past Non-Informational Technology Internal Audit Observations and Recommendations and discussed in summary: EXECUTIVE SUMMARY *Administrative and Other Matters* *Status on Current Projects*

AUDIT OBSERVATIONS AND RECOMMENDATIONS

- Contracting & Procurement Review
- Benefit Claims & Refund and Retiree Overpayments Processing Review
- Virtual Information Security Officer (vISO) Initiative
- Optro (GRC Tool) Management Training

2026 INTERNAL AUDIT PLAN RESULTS SUMMARY

KMH's Mr. Hanashiro informed the Committee that other items in the report will be discussed in detail in Executive Session. Any action by the Committee of this report will also be done in Executive Session.

The Committee shared their concern of not being able to rely on targeted completion dates within the report. ED Young responded to the Committee that ERS Administration will work on a truer targeted completion date, once subtasks by KMH are validated and identified, to be able to progress towards an earlier completion date.

The Committee requested if the dashboard within the report could include the original date of the finding. The Committee also requested the findings be prioritized starting with the most critical.

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

Chief Compliance Officer (CCO) Kona Mann presented an oral and written 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
Security Policy Development & Road Mapping
AuditBoard Implementation Project
Procurement of Data and Analytics Consulting Services
ERS Modernization Project Management

ERS MODERNIZATION PROJECT
Overall Project Status
Progress Since Last Update
Key Outstanding Activities

ERS MODERNIZATION PROJECT – CRITICAL ACTIVITIES
Majesco Migration
Vendor Coordination
Linea Readiness Activities

ERS MODERNIZATION PROJECT – EXECUTIVE FOCUS
Management Remains Focused On
Organizational Readiness

The Committee requested a dashboard to be able to quickly identify prioritized critical risks that show progress with mitigation plans to reduce risks, timelines, and completion dates of all ERS risks including Cyber Security and Investments.

COMPLIANCE SUPPORT STAFF REPORT AND UPDATE ON IMPLEMENTATION OF ERS' COMPLIANCE PROGRAM ON RISK ASSESSMENT, POLICIES & PROECUDURES, AND THIRD-PARTY RISK MANAGEMENT (CONT'D)	CCO Mann also presented a risk dashboard to the Committee showing ERS' top six high- to medium-risk findings taken from a list managed with the support of RSM US LLP. Three of the six non-Information Technology (IT) risk findings are Employer Reporting (Unidentified member, errors and delays), Human Resources (Insufficient staff/Staff mobility – Lack of staff), and Procurement and Contracting (Unable to secure services and resources). Plans to mitigate findings were listed. The other three IT-related risk findings will be reported in Executive Session. The Committee again requested CCO Mann produce a dashboard of all ERS risks be made available to the Committee and Board and presented at the next Committee meeting. The Committee noted that the request of a risk dashboard has been discussed at the last three or four Committee meetings and the Committee has not received anything substantial. CCO Mann and ED Young acknowledged the Committee's request of an ERS risk dashboard to be presented at the next Committee meeting. This staff report and update was provided for the Committee's information, and no action was required. This report will also be presented at the next Board Meeting.
APPROVAL OF MINUTES - FEBRUARY 11, 2026 APPROVAL OF EXECUTIVE SESSION MINUTES - FEBRUARY 11, 2026	On a motion made by Trustee Barfield, seconded by Vice Chair Colby and unanimously carried, the Committee approved both the regular Minutes and Executive Session minutes of the February 11, 2026, meeting as presented, noting a correction on the Executive Session Minutes that Trustee Barfield did not attend as he was not a member of the Committee and could only attended public session.
PUBLIC COMMENT	Chair Louie again called for public comment. There was no public present in person, however, one (1) member of the public attended by teleconference and had no comment. (Chair Louie 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 Louie provided the reason to enter into Executive Session: Executive Session, pursuant to HRS §92-5(a)(4), (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 involving Information Security, Technology Risk Management, and the protection of ERS Information Assets; the Internal Audit Resource Reallocation; and the Risk Dashboard involving Cyber Security, Information Security, Technology Risk Management, Security Vulnerabilities, and related Mitigation Activities.)
ENTER EXECUTIVE SESSION	On a motion made by Vice Chair Colby, seconded by Trustee Blakeney, and unanimously carried, the Committee entered into Executive Session at 3:42 p.m.

(Chair Louie 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 that involves Information Security, Technology Risk Management, and the protection of Employees' Retirement System Information Assets.
- Pursuant to HRS §92-5(a)(4) and (6), to consider and consult with the Internal Auditors and the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to the Internal Audit Resource Reallocation.
- Pursuant to HRS §92-5(a)(4) and (6), to consider and consult with the Board's attorneys on questions and issues pertaining to the Board's powers, duties, privileges, immunities, and liabilities, and to consider sensitive matters related to the Risk Dashboard that involves Cyber Security, Information Security, Technology Risk Management, Security Vulnerabilities, and related Mitigation Activities.

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 THAT INVOLVES INFORMATION SECURITY, TECHNOLOGY RISK MANAGEMENT, AND THE PROTECTION OF EMPLOYEES' RETIREMENT SYSTEM INFORMATION ASSETS

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

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

CYBER SECURITY, INFORMATION SECURITY, TECHNOLOGY RISK MANAGEMENT, SECURITY VULNERABILITIES, AND RELATED MITIGATION ACTIVITIES	
EXIT EXECUTIVE SESSION	On a motion made by Trustee Barfield, seconded by Vice Chair Colby, and unanimously carried, the Committee exited Executive Session at 4:52 p.m. Participants of the Executive Session in the virtual breakout room were moved to the main room with the public participants. Chair Louie announced that while in Executive Session, the Committee discussed sensitive matters related to Cyber Security information and plans, of which no action was taken; the Committee discussed the Internal Audit Resource Reallocation plans, of which no action was taken; and the Committee was presented information on the Risk Dashboard, that involves Cyber Security, Information Security, Technology Risk Management, Security Vulnerabilities, and related Mitigation Activities of which no action was taken.
ADJOURNMENT	On a motion made by Vice Chair Colby, seconded by Trustee Blakeney, and unanimously carried, Chair Louie adjourned the meeting at 4:55 p.m.

REDACTED SIGNATURE

Kalbert Young
Executive Director

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