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

AUGUST 19, 2026

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

Trustees present: (City Financial Tower by teleconference)	Mr. David Louie, Chair* Dr. Seth Colby, Vice Chair* Mr. Vincent Barfield* (in person)* Ms. Darlene Blakeney*
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*
Attorneys present: (by teleconference)	Ms. Jenny Nakamoto, Deputy Attorney General* Ms. Lori Tanigawa, Deputy Attorney General* Ms. Nietzsche Tolan, Deputy Attorney General*
Guests present: (City Financial Tower by teleconference)	Mr. Peter Hanashiro, KMH LLP* 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 (Vice Chair Colby, and Trustees Barfield and Blakeney), Vice Chair Colby 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 1:00 p.m. and identified Trustee Barfield as attending in person and requested Trustees attending remotely to confirm that they are the only ones present at their remote location while attending the meeting. Each of the Trustees present confirmed same. Vice Chair Colby 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

Vice Chair Colby 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.

COMPLIANCE OFFICE UPDATE ON ENTERPRISE

Chief Compliance Officer (CCO) Kona Mann discussed with the Committee his former and current role and presented an oral and written report on the Compliance Office Update and discussed in summary:

GOVERNANCE, RISK, AND MODERNIZATION PROJECT COMPLIANCE OFFICE UPDATE ON ENTERPRISE GOVERNANCE, RISK, AND MODERNIZATION PROJECT (CONT'D)

TODAY'S GOVERNANCE DISCUSSION

Orientation and Reporting Model

- What the Committee Should Know
- How Governance Reporting Fits Together

ERM Development Roadmap

- Risk & Resilience Program Roadmap – RSM Workstreams
- Why This is Not Yet a Current-State ERM Report

Risk Universe

- Preliminary Enterprise Risk Universe – Complete Inventory

Near-Term Enterprise Priorities

- Preliminary View
- Governance-Human Resources
- Cybersecurity
- Employer Reporting
- Contracting & Procurement
- Financial Reporting/ACFR
- Modernization/Legacy PAS

Modernization Outlook

- Modernization Timeline – General Sequencing

The Committee requested, if the Financial Reporting/ACFR is delayed, could it be noted (i.e., closing is delayed by 90 days) to better understand the current state.

The Committee also requested an executive summary page or a one-page dashboard for the Committee and Board to see details on the top risks, the changes that have happened since the last meeting, any new urgent items to be aware of, any degradation and risks in our management of them, a general status, and a page highlighting the challenges and how they will be addressed and solved.

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

(Chair David Louie joined the meeting by teleconference at 1:45 p.m. and confirmed that he was the only one present at his location while attending the meeting.)

INTERNAL AUDIT UPDATE REPORT BY KMH LLP ON THE CURRENT STATUS OF ACTIVITIES COMPLETED DURING JULY AND AUGUST 2026, AND AN UPDATE ON THE COMPLETION STATUS OF MANAGEMENT ACTION PLANS FOR PAST NON-INFORMATION TECHNOLOGY INTERNAL AUDIT OBSERVATIONS AND RECOMMENDATIONS

KMH LLP's (KMH) Peter Hanashiro and Tyson Suehiro (attended in person), and RSM US LLP's (RSM) Alfred Ko, Ty Smith, and Alicia Preddy attended the meeting by teleconference, and presented an oral and written report to the Committee of KMH's Internal Audit Update Report by KMH LLP on the Current Status of Activities Completed During July and August 2026, and an Update on the Completion Status of Management Action Plans for Past Non-Information Technology Internal Audit Observations and Recommendations and discussed in summary:

EXECUTIVE SUMMARY

Administrative and Other Matters
Risk Assessment Re-Evaluation and Two-Year Audit Plan
Internal Audit Support and Remediation Activities Update (July 2026)

INTERNAL AUDIT UPDATE REPORT BY KMH LLP ON THE CURRENT STATUS OF ACTIVITIES COMPLETED DURING JULY AND AUGUST 2026, AND AN UPDATE ON THE COMPLETION STATUS OF MANAGEMENT ACTION PLANS FOR PAST NON-INFORMATION TECHNOLOGY INTERNAL AUDIT OBSERVATIONS AND RECOMMENDATIONS (CONT'D)	*Support Tasks in Process (August 2026)* ERS PRIORITY IMPROVEMENT AREAS SUMMARY REPORTS WITH OPEN NON-IT INTERNAL AUDIT FINDING REMEDIATION NON-IT INTERNAL AUDIT FINDING REMEDIATION – PROGRESS NON-IT INTERNAL AUDIT FINDING REMEDIATION – TASK AND SUB-TASK DETAIL 2026 INTERNAL AUDIT PLAN RESULTS SUMMARY The Committee requested, as in past meetings, that any target date change be lined out but not deleted and any new date added, for historical purposes. Deputy Executive Director (DED) Wesley Machida presented an oral and written report to the Committee on an Internal Audit Finding: Human Resources – Personnel Development and Retention and discussed Succession Planning for the ERS and referenced a 2024 Succession Plan that was presented to the Human Resources Committee on October 27, 2025. In particular, DED Machida discussed a Succession Plan for the Accounting Branch and recommended options to be considered over the short-term (3-12 months) and long-term (1 year+). These reports were provided for the Committees information, and no action was required. The Internal Audit Update Report by KMH LLP will be presented at the next Board Meeting.
PUBLIC COMMENT	Vice Chair Colby again called for public comment. There was no public present by teleconference or in person, therefore, no public comment.
APPROVAL OF MINUTES - JULY 8, 2026	On a motion made by Trustee Barfield, seconded by Chair Louie and unanimously carried, the Committee approved both the regular Minutes and Executive Session minutes of the July 8, 2026, meeting as presented.
APPROVAL OF EXECUTIVE SESSION MINUTES - JULY 8, 2026	(Vice Chair Colby 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. Vice Chair Colby provided the reason to enter into Executive Session: 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 involving Information Security, Technology Risk Management, and the protection of ERS Information Assets.)
ENTER EXECUTIVE SESSION	On a motion made by Chair Louie, seconded by Trustee Barfield, and unanimously carried, the Committee entered into Executive Session at 2:17 p.m.

(Vice Chair Colby 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 sensitive matters related to Cyber Security that involves Information Security, Technology Risk Management, and the protection of Employees' Retirement System Information Assets, and 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 such matters.

EXECUTIVE SESSION, PURSUANT TO HRS §92-5(a)(4) AND (6), TO CONSIDER SENSITIVE MATTERS RELATED TO CYBER SECURITY THAT INVOLVES INFORMATION SECURITY, TECHNOLOGY RISK MANAGEMENT, AND THE PROTECTION OF EMPLOYEES' RETIREMENT SYSTEM INFORMATION ASSETS, AND 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 SUCH MATTERS

EXIT EXECUTIVE SESSION

On a motion made by Trustee Barfield, seconded by Chair Louie, and unanimously carried, the Committee exited Executive Session at 2:42 p.m.

Vice Chair Colby announced that while in Executive Session, the Committee discussed sensitive matters related to Cyber Security that involves Information Security, Technology Risk Management, and the protection of Employees' Retirement System Information Assets of which no action was taken.

ADJOURNMENT

On a motion made by Trustee Barfield, seconded by Chair Louie, and unanimously carried, Vice Chair Colby adjourned the meeting at 2:43 p.m.

REDACTED SIGNATURE

Kalbert Young
Executive Director

dkik