

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 849

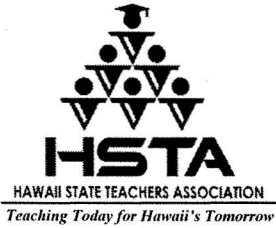
FEBRUARY 3, 2009

Chairperson Rhoads and Members of the Committee:

H.B. 849 proposes to increase the composition of the Board of Trustees of the Employees' Retirement System from eight to twelve and amends the composition and appointment procedures in order to provide for county representation.

The ERS Board of Trustees has not yet had the opportunity to discuss this Bill and accordingly, has not yet taken a position at this time.

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1200 Ala Kapuna Street • Honolulu, Hawaii 96819  
Tel: (808) 833-2711 • Fax: (808) 839-7106 • Web: www.hsta.org

**Roger K. Takabayashi**  
President  
**Wil Okabe**  
Vice President  
**Karolyn Mossman**  
Secretary-Treasurer  
**Mike McCartney**  
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
LABOR & PUBLIC EMPLOYMENT

RE: HB 849 – RELATING TO THE EMPLOYEES’ RETIREMENT SYSTEM

February 3, 2009

ROGER TAKABAYASHI, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Rhoads and Members of the Committee:

The Hawaii State Teachers Association opposes HB 849 which increases the composition of the board of trustees of the Employees Retirement System (ERS) from 8 to 12 and amends the composition and appointment procedures in order to provide for county representation.

The ERS Board of Trustees has a fiduciary obligation to the plan participants (public employees and retirees) and not the employers. HSTA feels the addition of the four county directors of finance would give the employers control of the Board and politicize it. We feel the present composition of the Board works and therefore needs no changing.

We urge the committee to not pass this bill.

Thank you for the opportunity to testify.

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Testimony of the

**Hawaii Council of Mayors**

Bernard Carvalho, Jr., Mayor of Kauai  
 Mufi Hannemann, Mayor of Honolulu  
 Billy Kenoi, Mayor of Hawaii  
 Charmaine Tavares, Mayor of Maui

Before a Hearing of the  
**House Committee on Labor and Public Employment**

February 3, 2009

**House Bill 849, Relating to the Employees' Retirement System**

The Hawaii Council of Mayors supports House Bill 849, which proposes amendments to Section 88-24, Hawaii Revised Statutes, to increase the membership of the board of trustees of the Employees' Retirement System to provide for county representation.

The counties comprise four of the five public employers contributing to the ERS, but have no votes on its board. The proposed amendment adds the county directors of finance as ex-officio, voting members of the board, similar in role and stature to the director of finance of the state.

The decisions of the ERS board significantly affect the counties, our employees, and our retirees. Although the mayors acknowledge the service and contributions of the ERS board, no



Mayor Billy Kenoi  
 County of Hawaii  
 25 Aupuni Street  
 Hilo, Hawaii 96720



Mayor Mufi Hannemann  
 City and County of Honolulu  
 530 South King Street  
 Honolulu, Hawaii 96813



Mayor Bernard Carvalho, Jr.  
 County of Kauai  
 444 Rice Street  
 Lihue, Hawaii 96766



Mayor Charmaine Tavares  
 County of Maui  
 200 South High Street, 9th Floor  
 Wailuku, Hawaii 96793

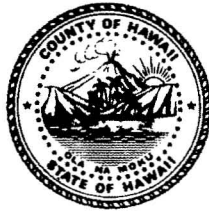
one on the board has direct knowledge of the effect of board decisions on the counties or their employees and retirees. All public employers must fund board decisions, but the state is the only public employer represented. This inequity can be corrected through this proposal.

The counties have always assumed their responsibility for funding the ERS. Our further belief is that we should have voting rights on the ERS board, and that the voting rights should be equal among all public employers.

The HCOM strongly supports passage of this bill, and thanks the committee for the opportunity to present testimony.

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**William P. Kenoi**  
*Mayor*



**William T. Takaba**  
*Managing Director*

**Walter K.M. Lau**  
*Deputy Managing Director*

## County of Hawai'i

891 Ululani Street • Hilo, Hawai'i 96720-3982 • (808) 961-8211 • Fax (808) 961-6553  
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The Honorable Karl Rhoads, Chair  
And Members of the House Committee on Labor and Public Employment  
State Capitol  
415 South Beretania Street  
Honolulu, Hawai'i 96813

RE: House Bill 849, Relating To The Employees' Retirement System

Dear Chair Rhoads and Representatives:

Thank you for the opportunity to submit testimony in support of House Bill No. 849, which proposes amendments to Section 88-24, Hawai'i Revised Statutes to increase the composition of the board of trustees of the Employees' Retirement System (ERS).

This measure would provide for county representation on the ERS board. We welcome that change because the decisions of the ERS board have such a great impact on the counties, their employees and their retirees.

The counties comprise four of the five public employers contributing to the ERS, but currently have no vote on its board. All public employers must fund the board's decisions, but the state is the only public employer represented on the board. This inequity can be corrected through this Bill. The proposed amendments add the county directors of finance as ex-officio, voting members of the board, giving them a role and stature similar to the role held by the director of finance of the State today.

We believe it is wise to include on the ERS board county representatives with direct knowledge of the effect that board decisions have on the counties, their employees and retirees. We also believe the counties should also have voting rights on the ERS board, and that the voting rights should be equal among all public employers.

Thank you for your consideration.

Aloha,

**Billy Kenoi**  
MAYOR

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**TESTIMONY OF THE  
DIRECTOR OF FINANCE  
COUNTY OF KAUA'I**

**TO THE HOUSE COMMITTEE  
ON LABOR & PUBLIC EMPLOYMENT**

**TWENTY-FIFTH LEGISLATURE  
REGULAR SESSION OF 2009**

February 3, 2009  
8:30 a.m.

**TESTIMONY ON HOUSE BILL NO. 849, RELATING TO THE EMPLOYEES'  
RETIREMENT SYSTEM.**

**TO THE HONORABLE KARL RHOADS, CHAIR, AND MEMBERS OF THE COMMITTEE:**

My name is Wallace Rezentes, Jr. Director of Finance, County of Kaua'i (County), submitting testimony in favor of House Bill No. 849. The Bill proposes amendments to Section 88-24, Hawai'i Revised Statutes, to increase the composition of the board of trustees of the Employees' Retirement System (ERS) in order to provide for county representation on the ERS board.

The counties comprise four of the five public employers contributing to the ERS, but it has no vote on its board. The proposed amendments add the county directors of finance as ex-officio, voting members of the board, similar in role and stature to the director of finance of the State.

The decisions of the ERS board significantly affect the counties, and their employees and retirees. Kaua'i County currently sends approximately 8 per cent of its total budget to the ERS as a contribution for its employees and retirees. This cost has increased from approximately \$7.4 million in fiscal year 2006 to over \$9.7 million in this (2009) fiscal year. In a companion measure, House Bill No. 850, the counties, through the Council of Mayors, are proposing county representation on the Employer-Union Health Benefits Trust Fund (EUTF) board of trustees. Representation on the EUTF and ERS boards is important to the County because contributions to these systems represent 18 percent of the County's 2009 budget.

Although we acknowledge the service and contributions of the ERS board, no one on the board has direct knowledge of the effect of board decisions on the counties or their employees and retirees. All public employers must fund board decisions, but the state is the only public employer represented on the board. This limitation is an inequity that can be corrected through this bill.

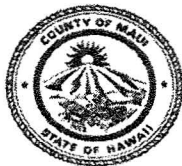
We have always been ready to assume the responsibility of funding the ERS. Our

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further belief is that we should have voting rights on the ERS board, and that the voting rights should be equal among all public employers.

We strongly support passage of this Bill, and thank the Committee for the opportunity to present testimony.

CHARMAINE TAVARES  
Mayor



KALBERT K. YOUNG  
Director of Finance

AGNES M. HAYASHI  
Deputy Director of Finance

COUNTY OF MAUI

**DEPARTMENT OF FINANCE**

200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793

February 2, 2009

Honorable Karl Rhoads, Chair  
and Members, House Committee on Labor & Public Employment  
State House of Representatives  
Hawaii State Capitol, Room 309  
Honolulu, Hawaii 96813

**RE: HB 849-RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

Dear Representative Rhoads and Committee Members:

HB 849 will allow for the opportunity of County Finance Directors to represent their counties on the Board of the Employee Retirement System (ERS). The Counties are major contributors as employers of the ERS.

As employers who are financially impacted and responsible to implement the actions of the Board, it is logical and reasonable to allow County representation. Such participation can be of further benefit by allowing specific County financial perspectives on the Board.

The County of Maui urges your support of HB 849.

Sincerely,

A handwritten signature in black ink, appearing to read "K. Young".

KALBERT K. YOUNG  
Director of Finance

KKY:jlrk

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yamashita1- Kathy

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**From:** Beverly Gotelli [bgotelli@msn.com]  
**Sent:** Monday, February 02, 2009 8:40 AM  
**To:** LABtestimony  
**Subject:** Oppose HB 849 - Tuesday, February 3, 2009 Rm 309 8:30 am

**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

Hearing on February 3, 2009

Room 3009 at 8:30 am

Labor Committee

Chair Karl Rhoads

TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
LABOR

RE: HB 849 RELATING TO THE EMPLOYEES' REIREMENT SYSTEM

Chair Rhoads and Members of the Committee:

My name is Beverly Gotelli a recent retiree and a participant of the Employees' Retirement System. I am in opposition of HB 849 which would increase the composition of the Board of Trustees. The current composition of the Board has been working well and I feel there is no need to make an unnecessary change.

The Employees' Retirement System and I emphasize **employees** is for the benefit of the individuals who were employed by the State and County. By increasing the composition as suggested in this legislation the Board will have more members from the employers' side. This would be unfair as the Board makes hard decisions for the current retirees and future ones.

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I urge the committee to oppose this legislation.

Thank you for the opportunity to testify today.

Beverly Gotelli