

TESTIMONY BY DAVID SHIMABUKURO  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
SENATE BILL NO. 2174  
  
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

MARCH 12, 2010

Chair Rhoads and Members of the Committee:

S.B. 2174 proposes to include county representation on the Board of Trustees of the Employees' Retirement System.

The ERS Board takes no position on this measure but recommends the following amendment to replace lines 3 to 6 on page 3 of the Bill:

"(4) One member appointed by the Hawaii council of mayors, subject to confirmation by the Senate in the same manner as trustees appointed by the governor, to serve for a term of six years, with each term to expire on January 1 of an odd-numbered year."

The phrase "to represent the counties" should be deleted from the language of this Bill because it incorrectly implies that the trustee appointed by the mayors is only responsible for the interests of the counties. A trustee brings with him or her the trustee's experiences and background; however, once appointed, an ERS trustee appointed by the mayors is not only responsible for the interests of the counties, that trustee and the other ERS trustees are responsible for the interests of all ERS members and retirees, and the taxpayers of the State of Hawaii.

For example, although four members of the ERS Board are elected by ERS members and retirants, the statute does not provide that they are elected "to represent members and retirants." The concept that an ERS trustee "represents" only the interests of the constituency that elected or appointed the trustee was expressly rejected by the legislature when a position was created on the Board for an ERS retirant elected by ERS members and retirants. See Senate Standing Committee Report No. 1370, Hawaii Senate Journal (1993).

Chapter 88 also requires that a Governor's appointment of a trustee to the ERS Board of Trustees is subject to the advice and consent of the Senate. Similarly, there should be comparable opportunity for public comment and review of the mayoral appointment with the confirmation by the Senate.

Thank you for the opportunity to testify on this measure.

WRITTEN ONLY

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
SENATE BILL NO. 2174

March 12, 2010

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Senate Bill No. 2174 replaces a public member on the Board of Trustees of the Employees' Retirement System with a member selected by the Council of Mayors.

This department opposes the proposed change to the Board of Trustees of the Employees' Retirement System as the current composition of the board allows for the broadest spectrum of knowledge and experience in making investments, which is the primary function of the board. Pursuant to Chapter 88-24, Hawaii Revised Statutes, the Board of Trustees consists of 8 members: the Director of Finance; 4 members of the system (2 general employees, 1 teacher, and 1 retirant); and 3 citizens of the State (one of whom shall be a responsible officer of a bank authorized to do business within the State, or a person of similar experience).

It should be noted that benefits of the Employees' Retirement System and contribution requirements are determined by statute.

# HAWAII COUNCIL OF MAYORS

Testimony of the

## Hawaii Council of Mayors

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

Before a Hearing of the  
**Senate Committee on Transportation,  
International and Intergovernmental Affairs**

March 10, 2010

## Senate Bill 2174, Relating to the Employees' Retirement System

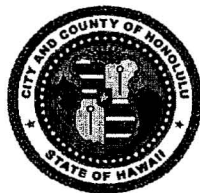
The Hawaii Council of Mayors supports Senate Bill 2174, which amends Section 88-24 of the Hawaii Revised Statutes to adjust the membership of the Employees' Retirement System's board of trustees to provide for county representation.

The counties contribute to the ERS but have no votes on its board. The proposed amendment would enable the mayors to appoint one trustee to represent the county governments.

The decisions of the ERS significantly affect the counties, our employees, and our retirees. Although the mayors 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. This inequity can be addressed through this proposal.



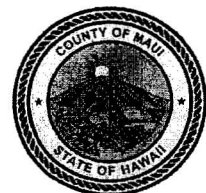
**Mayor Billy Kenoi**  
County of Hawaii  
25 Aupuni Street  
Hilo, Hawaii 96720



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



**Mayor Bernard Carvalho, Jr.**  
County of Kauai  
4444 Rice Street, Suite 235  
Lihue, Hawaii 96766



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

The counties have always assumed their responsibility for funding the ERS. The mayors believe that the county governments should be able to vote on policies and costs we have to bear, and that we should have a role in those decisions that affect us.

The HCOM strongly supports passage of this bill, and thanks the committee for its consideration.

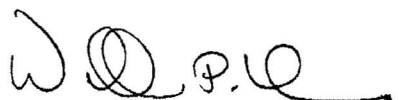
Mahalo.



Bernard P. Carvalho, Jr.  
Mayor of Kauai County



Mufi Hannemann  
Mayor of the City and County of Honolulu



William P. Kenoi  
Mayor of Hawaii County



Charmaine Tavares  
Mayor of Maui County



## HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

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The Twenty-Fifth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Labor & Public Employment

Testimony by  
Hawaii Government Employees Association  
March 12, 2010

**S.B. 2174 – RELATING TO**  
**THE EMPLOYEES'**  
**RETIREMENT SYSTEM.**

The Hawaii Government Employees' Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of S.B. 2174. It would replace a public member on the ERS Board of Trustees with one selected by the Hawaii Council of Mayors to represent the City and County of Honolulu, and the neighbor island counties.

The counties contribute a considerable amount to fund the retirement system, and their employees and retirees represent a significant portion of the system's membership. County representation will ensure that the board possesses knowledge about county finances and the county workforce in making important decisions about benefits. Therefore, they should have membership on the ERS Board of Trustees.

Thank you for the opportunity to testify in support of S.B. 2174.

Respectfully submitted,

Nora A. Nomura  
Deputy Executive Director



Derek S.K. Kawakami, President  
 Kauai County Council  
 4396 Rice Street, Room 206  
 Lihue, Hawaii 96766-1371

# Hawai'i State Association of Counties (HSAC)

Counties of Kauai, Maui, Hawaii, and City & County of Honolulu



Nestor Garcia, Vice President  
 Honolulu City Council  
 530 S. King Street, Room 202  
 Honolulu, Hawaii 96813

**LATE**

## TESTIMONY OF DEREK S. K. KAWAKAMI PRESIDENT, HAWAI'I STATE ASSOCIATION OF COUNTIES

HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT  
 March 12, 2010 AT 10:00 A.M.  
 CONFERENCE ROOM 309, STATE CAPITOL

- **Senate Bill No. 2174: Relating to the Employees Retirement System**

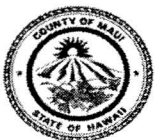
The Honorable Karl Rhoads, Chair, House Committee on Labor & Public Employment and Committee Members:

My name is Derek S. K. Kawakami, and I submit this testimony in my capacity as President of the Hawai'i State Association of Counties (HSAC).

The Hawai'i State Association of Counties is in support of Senate Bill No. 2174 (SB2174), which proposes to include County representation on the membership of the Board of Trustees of the Employees' Retirement System (ERS). This proposal also a part of the Hawai'i Council of Mayors' (HCOM's) legislative package.

Thank you for this opportunity to submit this testimony.

LP



Joseph Pontanilla, Treasurer  
 Maui County Council  
 200 South High Street  
 Wailuku, Hawaii 96793



Dennis "Fresh" Onishi, Secretary  
 Hawai'i County Council  
 25 Aupuni Street  
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