

DEPARTMENT OF HUMAN RESOURCES  
**CITY AND COUNTY OF HONOLULU**  
880 SOUTH KING STREET 10<sup>TH</sup> FLOOR • HONOLULU, HAWAII 96813  
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PETER B. CARLISLE  
MAYOR



NOEL T. ONO  
DIRECTOR

January 28, 2011

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

Dear Chair Rhoads and Members:

Subject: House Bill No. 174  
Relating to Employees' Retirement System

The Departments of Budget and Fiscal Services and Human Resources support House Bill 174, as it provides for county representation on the Employees' Retirement System (ERS) Board of Trustees.

The counties comprise four of the five public employers contributing to the ERS, but have no votes on its board. The proposed amendment adds a county representative to the board.

The decisions of the ERS board significantly affect the City and all the counties, our employees, and our retirees. 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. This inequity can be corrected through this proposal.

The City fully understands that a county representative—like all other board members—would have a fiduciary responsibility to the beneficiaries of the system. We also believe, however, that in this very challenging time the board would benefit from the addition of a county perspective as they consider and formulate strategies to overcome those challenges.

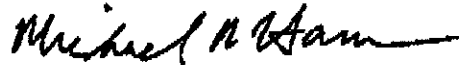
The Honorable Karl Rhodes, Chair  
and Members of the Committee on Labor and  
Public Employment  
The House of Representatives  
Page 2  
January 28, 2011

For the reasons stated, we strongly support passage of this bill, and thank the committee for the opportunity to present testimony.

Yours truly,



Noel T. Ono, Director  
Department of Human Resources



Michael R. Hansen, Acting Director  
Department of Budget and Fiscal Services

TESTIMONY BY WESLEY K. MACHIDA  
ADMINISTRATOR, EMPLOYEES' RETIREMENT SYSTEM  
STATE OF HAWAII  
TO THE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 174

JANUARY 28, 2011

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

Chair Rhoads and Members of the Committee:

H.B. 174 proposes to include county representation on the membership of the Board of Trustees of the Employees' Retirement System.

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.

Hawai'i State Association of Counties (HSAC)  
Counties of Kaua'i, Maui, and Hawai'i, and City & County of Honolulu

TESTIMONY OF DEREK S. K. KAWAKAMI  
PRESIDENT, HAWAII STATE ASSOCIATION OF COUNTIES

HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT  
January 28, 2011, 2010 AT 9:00 A.M.  
CONFERENCE ROOM 309, STATE CAPITOL

- House Bill No. 174, Relating to the Employers' Retirement System (ERS)

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 H.B. 174, which proposes amend Section 88-24 of the Hawai'i Revised Statutes to include county representation on the membership of the Board of Trustees of the Employees' Retirement System (ERS).

This proposal consists of ten trustees: the State Director of Finance, five of whom shall be members of the system, three of whom shall be general employees, and one member appointed by the mayors of the Counties and approved by HSAC. By adding a trustee to the board of trustees of the ERS to represent the interests of the Counties will ensure that the board has representation with the knowledge and expertise of county finances and the county workforce when making decisions.

Thank you for this opportunity to submit this testimony.

Mahalo nui loa,

*Derek S.K. Kawakami*

Derek S.K. Kawakami (4)  
HSAC President

LP

Council Chair  
Danny A. Mateo

Vice-Chair  
Joseph Pontanilla

Council Members  
Gladys C. Baisa  
Robert Carroll  
Elle Cochran  
Donald G. Couch, Jr.  
G. Riki Hokama  
Michael P. Victorino  
Mike White



Director of Council Services  
Ken Fukuoka

**COUNTY COUNCIL**  
COUNTY OF MAUI  
200 S. HIGH STREET  
WAILUKU, MAUI, HAWAII 96793  
[www.maui-county.gov/council](http://www.maui-county.gov/council)

January 27, 2011

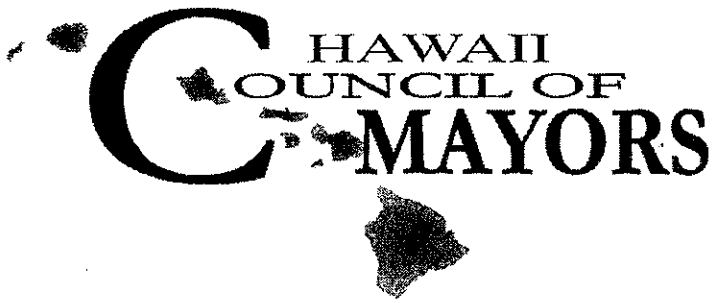
TO: The Honorable Karl Rhoads, Chair  
House Committee on Labor & Public Employment

FROM: Joseph Pontanilla, Treasurer *Joseph Pontanilla*  
Hawaii State Association of Counties

SUBJECT: **HEARING OF JANUARY 28, 2011; TESTIMONY IN SUPPORT OF HB 174,  
RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM**

Thank you for the opportunity to testify in support of this important measure. The purpose of this measure is to increase the members on the Employees' Retirement System (ERS) Board of Trustees from 8 to 10. It further establishes county representation on the ERS Board of Trustees.

I am aware that the President of the Hawaii State Association of Counties (HSAC) has submitted testimony, on behalf of HSAC, in support of this measure, which is in the HSAC Legislative Package. As the Treasurer of HSAC, I concur with the testimony submitted by the President, and urge you to support this measure.



Testimony of the

**Hawaii Council of Mayors**

Bernard Carvalho, Jr., Mayor of Kauai County  
Peter Carlisle, Mayor of the City and County of Honolulu  
Billy Kenoi, Mayor of Hawaii County  
Alan Arakawa, Mayor of Maui County

Before a Hearing of the  
**House Committee on Labor and Public Employment**  
January 28, 2011  
Conference Room 309

**House Bill 174, Relating to the Employees' Retirement System**

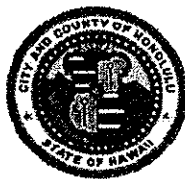
On behalf of the Hawaii Council of Mayors, I would like to offer our support for House Bill 174, which amends Section 88-24 of the Hawaii Revised Statutes to adjust the membership of the Employees' Retirement System's board of trustees to provide for county representation.

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



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



Mayor Peter Carlisle  
City and County of Honolulu  
530 South King Street  
Honolulu, Hawaii'i 96813



Mayor Bernard Carvalho, Jr.  
County of Kaua'i  
4444 Rice Street  
Lihu'e, Hawaii'i 96766



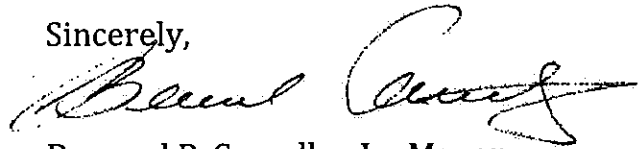
Mayor Alan Arakawa  
County of Maui  
200 South High Street, 9<sup>th</sup> Floor  
Wailuku, Hawaii 96793

board decisions, but the state is the only public employer represented. This inequity can be addressed 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 its consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Bernard Carvalho, Jr.", with a stylized flourish at the end.

Bernard P. Carvalho, Jr., Mayor  
County of Kauai

LATE

TESTIMONY BY KALBERT K. YOUNG  
INTERIM DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 174

January 28, 2011

RELATING TO THE EMPLOYEES' RETIREMENT SYSTEM

House Bill No. 174 increases the members on the Employees' Retirement System Board of Trustees from eight to ten and allows for one member of the Board of Trustees to represent the counties.

The Department of Budget and Finance supports the general intent of this measure to have one county representative on the Board of Trustees.