

STAND. COM. REP. NO. 4083

Honolulu, Hawaii

MAY 03 2022

RE: GOV. MSG. NO. 575

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Labor, Culture and the Arts, to which was referred Governor's Message No. 575, submitting for study and consideration the nomination of:

BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM

G.M. No. 575 LANCE MIZUMOTO,
for a term to expire 01-01-2026,

begs leave to report as follows:

Your Committee reviewed the personal history, resume, and statement submitted by Lance Mizumoto for service on the Board of Trustees of the Employees' Retirement System.

Your Committee received testimony in support of the nomination for the appointment of Lance Mizumoto from the Employees' Retirement System and three individuals.

Upon review of the testimony, your Committee finds that Mr. Mizumoto's extensive experience in Hawaii's banking industry qualifies him to be nominated for appointment to the Board of Trustees of the Employees' Retirement System. Mr. Mizumoto has forty years of experience with various financial institutions in Hawaii. He is currently the Executive Vice President and Chief Lending Officer at First Hawaiian Bank's Wholesale Banking Group, overseeing the bank's Commercial Real Estate, Corporate Banking, Business Services, and Automobile Dealer divisions, and its leasing subsidiary. Mr. Mizumoto's professional experience also includes serving as the President and Chief Banking Officer of Central Pacific Bank from 2014 to 2016, during which time he was

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responsible for all customer-facing areas of the bank and the development of the bank's strategic plan. Mr. Mizumoto graduated from Pearl City High School and earned his Bachelor of Business Administration degree in Marketing and Management from the University of Hawaii at Manoa and his Master of Business Administration degree from Chaminade University. He is also a graduate of Pacific Coast Banking School, where he developed his banking and leadership skills.

Your Committee also notes that Mr. Mizumoto has a thorough understanding of the role and responsibilities of a board member through his service on various boards, including the Board of Education from 2015 to 2018. He is currently a member of the Chaminade University Board of Regents and the University's Investment Committee. Mr. Mizumoto also serves as a board member for the Public Schools of Hawaii Foundation and Arthritis Foundation of Hawaii. Mr. Mizumoto's dedication to public service also shows in his four-year service as a reserve officer with the Hawaii Air National Guard.

Your Committee acknowledges the testimony of the Employees' Retirement System, stating that Mr. Mizumoto has been serving on its Board of Trustees on an interim basis since July 27, 2021, participating actively on its Investment, Legislative, and Administrative and Audit Committees. Your Committee further notes the System's testimony that Mr. Mizumoto's unique combination of Hawaii roots, academic achievement, and executive experience in the banking industry has enabled him to make measurable contributions to the Board's deliberations and decision making.

Your Committee appreciates the Employees' Retirement System's testimony addressing your Committee's concerns over the possible conflict of interest arising from Mr. Mizumoto's service on the System's Board of Trustees and its Investment Committee while being an employee of First Hawaiian Bank. Your Committee acknowledges that the Employees' Retirement System's outstanding investment with First Hawaiian Bank has been long-standing and its decision to make the investment preceded Mr. Mizumoto's tenure on its Board. Your Committee notes that the System's decisions to invest with local financial institutions such as Bank of Hawaii and First Hawaiian Bank are delegated to the System's Chief Investment Officer through its Executive Director and are made largely by its investment staff. The staff will invest the System's funds up to a certain percentage of the public market and will present the investments as a fait accompli to the Investment



Committee, which will in turn report the results to the full Board. It was further explained that, for those types of investments for which the Investment Committee does make recommendations, the recommendations are presented to the full Board for their consideration, and if there is any appearance of conflict of interest, the subject Trustees would recuse themselves from voting on the matter. Therefore, the Employees' Retirement System does not see the opportunity or likelihood of conflict of interest arising from Mr. Mizumoto's appointment to its Board.

Furthermore, your Committee notes that section 88-24(3), Hawaii Revised Statutes, requires the Board of Trustees of the Employees' Retirement System to have at least three citizens of the State who are not public employees, of which two must have at least three years of experience providing financial services, including investments, to public, corporate, or private institutional clients. The appointment of Mr. Mizumoto will satisfy this statutory requirement.

Based on the foregoing, your Committee believes that Mr. Mizumoto's extensive experience in Hawaii's banking industry and on various boards, as well as his dedication to serving the public, will continue to contribute greatly to the Board of Trustees of the Employees' Retirement System. Your Committee therefore recommends that Lance Mizumoto be appointed to the Board of Trustees of the Employees' Retirement System as a citizen of the State pursuant to section 88-24(3), Hawaii Revised Statutes.

As affirmed by the record of votes of the members of your Committee on Labor, Culture and the Arts that is attached to this report, your Committee, after full consideration of the background, experience, and qualifications of the nominee, has found the nominee to be qualified for the position to which nominated and recommends that the Senate advise and consent to the nomination.

Respectfully submitted on
behalf of the members of the
Committee on Labor, Culture and
the Arts,




BRIAN T. TANIGUCHI, Chair



The Senate
 Thirty-First Legislature
 State of Hawai'i

Record of Votes
Committee on Labor, Culture and the Arts
LCA
Advise and Consent

Governor's Message No.:* 575	Committee Referral: LCA	Date: 2/23/2022		
<input type="checkbox"/> The Committee is reconsidering its decision				
The Recommendation is: <input checked="" type="checkbox"/> Advise and Consent 2340 <input type="checkbox"/> Not Advise and Consent 2345				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)	✓			
CHANG, Stanley	✓			
KEOHOKALOPE, Jarrett				✓
FEVELLA, Kurt	✓			
TOTAL	4	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one Governor's Message per Record of Votes