

**STATE OF HAWAII
DEFERRED COMPENSATION PLAN
BOARD OF TRUSTEES**

**OPEN SESSION MINUTES
MEETING # 447**

Date: March 3, 2023

Place: Department of Human Resources Development (DHRD)
14th Floor Merit Appeals Board Conference Room
235 S. Beretania Street, State Office Tower
Honolulu, HI 96813

Present: Kalei Rapoza, Chairperson
Brenna Hashimoto, Ex-Officio Member
Roderick Becker, Ex-Officio Member
Lance Larsen Jr., Employee Member
Reiko Matsuyama, Employee Member
Ken Kitamura, Employee Member
Randall Nishiyama, Deputy Attorney General
LiAnn Tokuda, DHRD Staff
Doreen Kuroda, DHRD Staff
Jeffrey Nipp, Segal Marco Advisors
Kevin Malmud, Plan Administrator Staff (Empower)/Honolulu Office
Julie Klassen, Empower
Lisa Hoxha, Empower
Dan Adams, National Life Group (arrived at 9:15 a.m.)
Ata Azarshahi, National Life Group (arrived at 9:15 a.m.)

Others via

Teams Link: David Greengard, Segal Marco Advisors
Carol Blumenthal, Empower
Jeanne Kanai, Empower

Absent: Kalbert Young, Employee Member

Call to Order: There being a quorum present, Chairperson Kalei Rapoza called the meeting to order at 9:00 a.m.

Agenda: The agenda for this meeting was filed with the Office of the Lieutenant Governor, as required by Hawaii Revised Statutes section 92-7.

Agenda

Item # 1: Welcome and Introduction of Incoming Board Member

Chairperson Rapoza welcomed everyone and proceeded with the introductions. He introduced the new incoming Board member, Brenna Hashimoto, who is the Director of the Department of Human Resources Development. Trustee Hashimoto is serving as an Ex-Officio member, replacing former DHRD Director Ryker Wada whose term has ended. Trustee Hashimoto provided some introductory remarks on her background. Chairperson Rapoza continued with the introductions of the Board members, Board staff, and other guest attendees.

Agenda

Item # 2: Public Testimony

There was no one from the public in attendance to offer testimony. Chairperson Rapoza moved on to the next Agenda Item.

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Item # 3: Approval of Minutes No. 446 for the October 13, 2022, meeting

Chairperson Rapoza informed the Board that there is a correction to the minutes that staff had brought to his attention. On page 1, under present via Teams Link, the list of Trustees who were absent for the meeting is missing. The list of absent Trustees at the October 13, 2022, Board Meeting should include Roderick Becker, Ex-Officio Member and Kalbert Young, Employee Member. This was the only correction.

There were no other comments or changes offered by the Board members.

A motion was made by Trustee Matsuyama and seconded by Trustee Kitamura to approve Minutes No. 446, with the corrections as noted. The motion passed unanimously.

Agenda

Item # 4: Plan Administrator's Report, including:

Ms. Klassen presented the Key Plan Data, Plan Demographics Summary, Participation by Department, Asset Allocation by Funds, and Call Center and Participant Website Statistics of the Plan Administrator's Report.

a. Key Plan Data

- The participation for the Plan for the Third Quarter 2022, excluding participation from DOE and UH, is 43.26%.
- Overall Plan participation is 26.20%.
- Empower has several initiatives to improve overall participation in the Plan, including webcasts and outreach campaigns to the Departments.
- Total assets for the Plan for Third Quarter 2022, is \$2,630,880,675.

- The Stable Value Rate, which Empower co-manages with Invesco, for Third Quarter 2023, is 2.14%.

b. Plan Demographics Summary

- Total Contributions into the Plan were about \$25 million and Total Distributions were about \$33 million for the Third Quarter 2022. Distributions have increased slightly from Second Quarter to Third Quarter 2022.

c. Participation by Department

- Kaua‘i County leads in participation in the Plan at 56.37%.
- Empower is working with staff on outreach campaigns to increase participation in the departments that have many eligible employees for the Plan, but low enrollment.

d. Asset Allocation by Funds

- Stable Value participation through the Third Quarter 2022 is at 37.8%.
- The use of Asset Allocation Tools in the Plan, which include the Vanguard Target Date Funds, Managed Accounts with Morningstar, and GoalMaker, remains high with about 23% participation.
- Ms. Klassen predicts that participation in the Managed Accounts with Morningstar might increase when the Plan migrates to the Empower platform because the Morningstar experience within the Empower platform is more integrated in the overall experience.

e. Call Center and Participant Website Statistics

- Total web logins for Third Quarter 2022 were 71,276. Ms. Klassen anticipates an uptick in the website usage after migration to the Empower platform because of the tools and enhancements that will be available.
- After migration to the Empower platform, participants will be asked to re-register their accounts for security purposes.
- Call Center hours will extend to Saturday hours when the Plan migrates to the Empower platform.

Chairperson Rapoza asked if the decline in web logins and calls to the call center from the Fourth Quarter 2021 to Third Quarter 2022 was cyclical. Ms. Klassen confirmed that it is cyclical and common towards the end of the year there is usually an uptick in activity from participants.

Trustee Larsen asked if, upon migration to the Empower platform and management tools, if user guides will be provided to participants. Ms. Klassen assured that participants webcasts, communication materials, and the local

counselors will be available to help participants through the migration.

f. Communication and Education Update

Ms. Hoxha presented the Communication and Education Updates of the report to the Board, which consisted of the results from the 2022 Virtual Benefits Fair.

- The 2022 Virtual Benefits Fair was the third fair that was held virtually since 2020.
- Emails, postcards, and flyers were used to promote the fair.
- There were 505 virtual fair attendees. Eleven live webinars were available for participants to attend throughout the fair which resulted in 946 attendees.
- 43 one-on-one appointments and 23 phone consultations with the Local Office Team were scheduled after the fair.
- The top three webinars that was attended during the fair were the Pre-Retirement, Exploring the Big Picture of Retirement Income, and Understanding Market Behavior webinars.
- A survey was sent out to all registered attendees of the fair and Empower received a 14% response to the survey.
- The survey results showed:
 - 85% of survey responders are Island Savings Plan participants.
 - 83% rated their experience of the fair “Good” or above.
 - 42% preferred the next Benefits Fair to be virtual only while 30% preferred a hybrid option.
 - Some suggestions to improve the next fair was to provide recorded webinars and make the materials presented available for download.

Chairperson Rapoza asked if the 15% of survey responders who are not enrolled in the Island Savings Plan resulted in new enrollments into the Plan. Mr. Malmud confirmed that there were about 15 to 20 new enrollments into the Plan after the fair. Ms. Hoxha further explained that the survey was made anonymous, so it would be difficult to cross reference the new enrollments with the survey responders.

g. Local Office Activity

Mr. Malmud presented the Local Office Activity year to date as of September 30, 2022, of the report.

- Retirement counselors assisted 326 participants with their Post Separation Vacation Pay Deferral elections for a total of \$7.2 million in additional contributions to the Plan.
- Retirement counselors assisted in 147 rollovers into the Plan totaling \$7.2 million in additional assets rolled into the Plan.

- The Retiree Calling Campaign, which is a monthly outreach to recently retired participants, resulted in contacting 231 retiring participants.
- The local office had a total of 13,407 participant interactions.
- The counselors are continuing to return to the field on O‘ahu and the Counties since travel has resumed and are meeting with participants in-person.
- Empower has conducted 5,556 individual counseling sessions and 146 group meetings. Compared to their contractual obligations on the amount of individual and group meetings they need to provide, they are “not on track”. Mr. Malmud explained that Empower was able to keep pace with individual meeting virtually, but it was difficult to do so for group meetings. However, Mr. Malmud is optimistic that they will be able to meet their contractual obligations for group meetings by June 30, 2023.
- Mr. Malmud described the Department outreach Empower and staff has initiated with the University of Hawaii (UH) and Department of Education (DOE). He explained that these departments have the largest number of eligible employees for the Plan with the lowest participation. This is because employees of these departments are also offered a 403(b)-retirement plan.
- Starting in January 2023, Empower has conducted weekly webinars for employees. Every week, Empower hosts a webinar on a specific retirement topic and the topic changes every month. Year to date, there were about 1,000 participants for the webinars.

Trustee Kitamura asked how a 403(b)-plan compares to the State’s 457(b) Deferred Compensation Plan. Mr. Malmud explained that the plans differ structurally. A 457(b)-plan usually has a large group plan under one provider. A 403(b)-plan usually allows individual vendors to introduce products in the plan. Empower hosts a comparison presentation of the two different plans at UH.

Trustee Matsuyama asked if the annual contribution limits would combine if an employee was enrolled in both a 403(b) and 457(b) plan. Mr. Malmud replied that it would not. He gave an example of a UH professor over 50 years old. The professor could max out the contribution limits into both plans, which could be about \$45,000 into a 457(b) plan and another \$30,000 into a 403(b) plan in a year.

Chairperson Rapoza commented that he is interested in seeing Empower’s 403(b)/457(b) comparison presentation. Trustee Larsen also commented that a Roth option is offered in the 403(b) plan which attracts employees. He continued to state that teachers are the largest portion of employees at the DOE and there is a limited amount of time to reach out to them. Mr. Malmud responded the DOE outreach initiative is taking more time. Empower is trying to start off with returning to campus of the four largest schools: Mililani, Campbell, Waipahu, and Roosevelt.

There were no further questions from the Board.

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Item # 5: Discussion and Consideration on the Letter of Interest from Empower, formerly Prudential Retirement, on the Renewal of the Contract Agreement for an Additional 2-Year Period upon the Expiration date of June 30, 2023, and Potential Action Thereon, including:

Ms. Tokuda explained that the current agreement with Empower, formerly Prudential Retirement, covers an initial five-year period plus four additional renewal periods. The current period expires on June 30, 2023, and it is the second of the four renewal periods. Renewing the contract with Empower until June 30, 2025, would be the third renewal period leaving one more two-year renewal period. Empower has submitted their letter of interest to renew the contract for an additional two-year period.

Ms. Klassen expressed her gratitude on behalf of the Empower team on the last ten years of partnership with the Board and Plan. She reviewed a few key highlights from Empower's Letter of Interest.

- The Plan is an eight-time NAGDCA Award Winner in Plan years with Empower, formerly Prudential Retirement.
- Contributions has increased by 27% since December 31, 2014, despite increased distributions as well.
- There's been almost 10,000 new enrollments into the Plan.
- 23% participation in asset allocation tools usage.
- Scheduled enhancements to the participant experience after the migration to the Empower platform.

Mr. Malmud also commented on behalf of the local team on their gratitude in working on the Plan.

Chairperson Rapoza stated that he is satisfied with the local team and the work they have done over the years, and he doesn't have reservations in renewing the contract with Empower.

Trustee Becker inquired if the renewal is for the same contract terms. Ms. Klassen responded that for prior contract renewals, after the Board has made their decision to renew the contract for another term, Empower, formerly Prudential Retirement, would offer a fee reduction. Trustee Becker asked what the fees were based on and how the Plan fees compares to similar plans. Ms. Klassen replied the Plan has a very competitive fee structure because of the components the fees cover like the seven local Empower staff and contractual Board funding.

Trustee Matsuyama inquired if the fees would remain equal or less if the Board were to renew the contract and Ms. Klassen confirmed the fees will not increase. Trustee Becker asked if there is a formula Empower uses to determine Plan fees. Ms. Klassen confirmed a model is used to determine fees. She also explained that

Plan fees have been reduced since the beginning of their relationship with the Plan.

Chairperson Rapoza remarked that at prior meetings, the Board has not expressed displeasure with the services provided by Empower, formerly Prudential Retirement. He stated the contract renewal, which the renewal is included in the contract, is a continuation of the current contract and the Plan fees will not increase if the Board decides to renew.

A motion was made by Trustee Matsuyama and seconded by Trustee Larsen to accept the Letter of Interest from Empower, formerly Prudential Retirement, to continue the contract agreement for an additional 2-year period, which would be through June 30, 2025. A rollcall vote was taken. The motion passed unanimously.

There were no further questions from the Board.

a. Review of the Empower Performance Scorecard

Ms. Klassen reviewed the Scorecard for the Board.

- The Scorecard is completed quarterly and includes the contractual performance standards Empower as the recordkeeper must keep.
- Empower has met all standards throughout the 2022 calendar year except for Education and Enrollment Services. They are not on track to meet this standard as of December 31, 2022. The pandemic caused a disruption in the amount of group meetings Empower has been able to provide virtually.
- Mr. Malmud has previously explained the circumstances leading to Empower being “not on track” for this standard, however he reassured that the local team is optimistic in meeting the standard. He also stated that prior to the pandemic, the team had no issues in meeting all the standards.

Trustee Matsuyama questioned the definition of a group meeting. Mr. Malmud confirmed a group meeting is two or more persons, however the group meetings are usually more than two people.

There were no further questions from the Board.

Agenda

Item # 6: Performance Evaluation Performance Report for the Third Quarter 2022 by Segal Marco Advisors, and Potential Action Thereon, including:

Mr. Nipp reviewed the report from Segal for the Board for the Third and Fourth Quarter 2022.

a. Review of Market Environment

- US Stocks were sharply negative for the year despite positives in the fourth quarter.
- International markets were negative for the year, however there were countries that did well as foreign currency strengthened.
- In the fourth quarter, inflation has slowed down although it remains high. The Federal Reserve has slowed down their rate of increases, however, will continue to increase interest rates.
- These factors have caused volatility in the markets.
- Higher interest rates have led to a change in style performance. Growth stocks have typically outperformed Value stocks, however in 2022, Value has outperformed Growth.

b. Review of Investment Option Performance

Mr. Nipp reviewed the performance of the investment options in the Plan.

c. Review of Investment Option Fees

Mr. Nipp compared the Investment Option Fees of the funds in the Plan to the median and every fund is below the median.

Trustee Becker questioned if the median is based on fund size and Mr. Nipp explained the median includes all funds of that type.

d. Discussion of Consideration Regarding Investment Option Structure

- In US Equities:
 - There is a style overlap between the Large Cap Core and Large Cap Growth options from AMCAP and MainStay/Winslow.
 - Index performance for both options have been poor.
- In International Equities:
 - There is minimal utilization in the Plan.
 - Active fund options are defined in the Plan's Investment Policy Statement as "Value" and "Core", however the "Value" option is classified as "Blend" and the "Core" option is classified as "Growth" by Morningstar.
 - There is a 5 basis point fee savings using a separate account for the EuroPacific Growth Fund.

Mr. Greengard commented that the deeper dive into the investment options in the Plan started around the May 2022 Board Meeting when he joined the Segal team working on the Plan. The first three things he noticed was the underperformance and style overlap, specifically in the Wellington, AMCAP, and MainStay Large Cap funds. Mr. Greengard went into a few details on the Wellington option.

- The Plan is now the sole holder in the Wellington Management Research Value Collective Investment Trust (CIT). This adds some risk to the Plan however, Wellington has another vehicle the Plan could move into that is the same type of CIT. If the Plan were to move into this new vehicle, it would no longer be the sole holder and instead hold about 44% of the investments. A fee discount would also be offered, a decrease from 50 basis points down to 45 basis points. A blackout period is not expected by Wellington if they were to move the investments into the new vehicle.
- Mr. Nipp commented that if the Board wanted to make any changes to the investment lineup, it would be better for the Plan and participants to do them all at once.

e. Comparison of American Funds AMCAP and MainStay Winslow Large Cap Growth Fund

Mr. Nipp presented the comparison of the AMCAP and MainStay funds.

- There is not much difference between the Sector Exposure Analysis of the two funds.
- The Style Analysis and Style Map of the two funds, shows the MainStay fund has a more Growth style than AMCAP.

Trustee Larsen asked how many participants are in the MainStay fund and what is the amount of the investment. Also, if the Board were to switch to a different fund, what is the timeline on a smooth transition. Mr. Nipp replied that as of September 30, 2022, about 5.5% of Plan Assets were in the MainStay fund. He added that about 2.5% of Plan Assets were in AMCAP and about 4.7% of Plan Assets were in the Wellington fund for comparison. Ms. Klassen added that as of September 30, 2022, there were over 12,000 participants in the MainStay fund, 11,266 participants in the Wellington fund, and 4,034 participants in AMCAP. Ms. Klassen continued that it is early in the year, so the timeframe to change an investment option is ideal, however if the Board wanted to make a change, it would be better to do so before the migration to the Empower platform. She stated that a normal fund change has an approximate 60-day timeline.

Mr. Nipp explained to the Board that Segal's plan is to present specific recommendations to the Board at the next meeting that would cover the structure of the investment options in the Plan and the specific funds to fill those options.

There were no further questions from the Board.

Agenda

Item # 7:

Segal Marco Advisors Investment Fund Updates/Announcements and Potential Action Thereon, including:

a. Investment Management Update on the Wellington Management Research Value Fund

Mr. Nipp and Mr. Greengard had previously discussed the Wellington Management Research Value Fund Update in the previous Agenda Item, however provided additional commentary.

Mr. Greengard commented that the Board seems to be leaning toward keeping Growth and Value options in the Plan, so he believes it would be prudent to move into a different Wellington vehicle. Mr. Nipp explained further that the Plan can remain the sole investor in the Wellington fund, however he does not recommend doing so long-term.

Trustee Becker asked how many investors were in the Wellington fund previously and Mr. Nipp responded there were two. Chairperson Rapoza asked how many investors are in the new vehicle. Mr. Greengard replied that Wellington did not tell him how many investors are in the new vehicle, however the Plan would represent 44% of the assets if it were to move. Chairperson Rapoza followed up that the fees would also be reduced if the Plan moved to a new vehicle and Mr. Nipp confirmed the fees would be reduced by 2 basis points.

Chairperson Rapoza inquired with Mr. Nishiyama if the Board can switch between investment options without going out for a search. Mr. Nishiyama answered that if the investment options are substantially similar then it is fine. Mr. Nipp assured that the strategies between the two options are the same.

Trustee Matsuyama asked what would happen to the participants in the Plan. Ms. Klassen answered that it has been the Plan's practice to provide communication in advance to participants in advance of a fund change. Chairperson Rapoza asked what Mr. Nipp would recommend in implementing the fund change. Mr. Nipp recommended the Board delay acting until after the Board has decided on the AMCAP fund.

Trustee Becker asked why the Board should keep both Growth and Value options in the Plan. Mr. Nipp assured that structure of the investments would be discussed at the next meeting. Trustee Becker remarked that if the Board decides to remove the Wellington fund after agreeing on the investment structure at the next meeting, then the fund should not move into another vehicle. Mr. Nipp agreed and recommended deferring the action.

There were no further questions from the Board.

b. Investment Management Update on the American Funds AMCAP

Mr. Nipp explained that according to the Plan's Investment Policy Statement (IPS), if a fund is deviating from its stated investment style and philosophy, the Board can take action to add the fund to a Watch List where it will be monitored

for fit, and the Board will take further action. Mr. Nipp recommended that the Board add AMCAP to a Watch List to be consistent with the IPS.

Chairperson Rapoza questioned which portion of the IPS Mr. Nipp believes the AMCAP fund is not aligned with. Mr. Nipp responded that Section 7 of the IPS details quantitative and qualitative standards and he believes AMCAP is not aligned with the qualitative performance standards.

Trustee Becker commented that based on the funds 5-year rank, he thinks it should be added to a Watch List. Chairperson Rapoza agreed and added that he also questioned the number of investment options in the Plan.

A motion was made by Trustee Larsen and seconded by Trustee Kitamura to place the American Funds AMCAP to a Watch List per the Plan's Investment Policy Statement. The motion passed unanimously.

Agenda

Item # 8: Presentation of the Annual Report for the Deferred Compensation Retirement Plan for Part-Time, Temporary, and Seasonal/Casual Employees (PTS Plan) for Plan Year 2021-2022 by Life Insurance Company of the Southwest (LSW)

Mr. Azarshahi provided a few comments for the Board before Mr. Adams presented the report.

- Mr. Azarshahi introduced himself to the new Board members.
- He reminded the Board that LSW is part of the National Life Group Company.
- Kaua'i County was added to the PTS Plan in 2017, however all counties are eligible to participate in the PTS Plan.

Mr. Adams presented the Annual Report for the PTS Plan. He presented the combined Plan highlights for the State of Hawai'i and Kaua'i County and then presented the Plan Highlights for Kaua'i County.

- For the State of Hawai'i and Kaua'i County:
 - The PTS Plan was established in 1997.
 - As of June 30, 2022, there are \$141,716,398 in Plan Assets.
 - There has been over \$213 million in contributions and over \$132 million in benefits distributed since inception of the PTS Plan.
 - Over \$61 million in interest has been credited to the PTS Plan.
 - The PTS Plan has saved the State more than \$176 million in Social Security taxes since inception.
 - There are 97,053 participants as of June 30, 2022, with an average number of 7,021 active participants.
 - As of July 1, 2022, the crediting rate was 2.01%.

- The management spread will be reduced from 1.95% to 1.90% which would improve the crediting rate.
- For Kaua‘i County
 - As of June 30, 2022, there are \$413,313 with 380 participants.
 - Kaua‘i County has saved \$408,117 on Social Security taxes since its inception in 2017.

Chairperson Rapoza and Trustee Matsuyama were curious why the other counties are not participating in the PTS Plan. Trustee Matsuyama was unsure if, from the county’s side, the initiative to add the county to the PTS Plan would be more finance driven or HR driven. However, Trustee Matsuyama agreed to assist in reaching out to the other counties.

Mr. Azarshahi stated the previous Chairperson’s plan was to have one county start in the PTS Plan and measure its impact on the county. If the results were positive, then the remaining counties could be added if interested.

There were no further questions from the Board.

Agenda

Item #9:

Discussion on LSW’s PTS Plan Rate Crediting Memo for 2022 Second and Third Quarter

Mr. Adams presented the crediting memo to the Board.

- In the Second and Third Quarter of 2022, National Life Group did not implement the rates correctly. The new rates for these quarters were applied only to new contributions instead of all plan assets.
- The error resulted in over crediting in the Second Quarter of \$3,430.97 and under crediting in the Third Quarter of \$27.49. This resulted in a net impact of \$3,403.48.
- None of the participants were adversely impacted by the crediting errors and the \$3,403.48 will be credited to the PTS Plan. National Life Group will not recover this amount from the plan.
- This crediting issue has been solved internally at National Life Group to avoid this error in the future.

There were no questions from the Board.

Agenda

Item #10:

Discussion of the PTS Plan reports, including:

- a. Notification of New Interest Rate effective October 1, 2022

Ms. Tokuda reported the New Interest Rate for the PTS Plan, is 2.05%. This rate is slightly up from the third quarter at 2.01%.

b. Notification of New Interest Rate effective January 1, 2023

Ms. Tokuda reported the New Interest Rate for the PTS Plan, is 2.22%. This rate is up from the fourth quarter at 2.05%.

c. LSW's Annual Letter on Reimbursable Amounts Available in the PTS Plan Expense Account

Ms. Tokuda reviewed LSW's annual letter on the amount available for reimbursement in the Plan's Expense Account for the 2023 calendar year. Based on the amount of premiums collected in 2022, the total amount available for 2023 is \$80,895.75.

There were no questions from the Board.

Agenda

Item #11: Updates on the Amendments to Title 14, Chapters 41-44, Hawai'i Administrative Rules to Add the Roth 457 option to the Plan

Ms. Tokuda presented the updates on the amendments to the Administrative Rules.

- The draft amendments were sent to the Attorney General's (AG) office for their review of the draft.
- After reviewing and incorporating the edits from the AG's office, the draft was sent to the Legislative Reference Bureau (LRB) for review.
- Staff received the edits from LRB and is working on updating the draft. After the draft has been updated, it will be sent to the AG's office for their preliminary review.

Ms. Tokuda assured that the rule amendments are on track for the timeline implementation of the Roth option in January 2024.

Agenda

Item #12: Other Business/Announcement

a. Discussion on the 2023 Employee's Benefit Fair

Ms. Tokuda explained to the Board that since the pandemic started in 2020, the Benefits Fairs were held virtually. After the third virtual fair was held in October 2022, staff has already started planning for the 2023 fair. With Empower's help, they have been researching possible venues for an in-person fair because six months of planning and preparation are needed to hold an in-person fair. She asked the Board what their position was on having the 2023 Benefits Fair in-person or virtual again.

Chairperson Rapoza commented that both in-person and virtual Benefits Fair has its advantages. Trustee Kitamura suggested a hybrid fair because it provides maximum flexibility. Employees who are unable to attend the fair in-person can attend virtually. Chairperson Rapoza stated the survey results presented by Empower supported Trustee Kitamura's suggestion of hybrid fair.

Trustee Larsen asked what the main goal the Benefits Fair attempts to achieve. Mr. Malmud answered the purpose of the Benefits Fair is to educate employees about the Plan. Employees can enroll in the Plan at the fair, attend workshops throughout the fair, meet with a local Empower Retirement Education Counselor or with any of the Plan's Fund Managers, and meet with other benefits providers from the state.

Chairperson Rapoza asked about Empower's capabilities of holding a hybrid fair. If Empower would be able to live stream the workshops throughout the fair. Mr. Malmud confirmed the Benefits Fair workshops can be live streamed because the workshops will be held in a separate room.

There were no further questions from the Board.

b. Discussion on Travel Planning for the Trustees

Ms. Tokuda explained to the Board that staff works with a travel agent to book travel for the Trustees. When an issue occurred on a recently planned travel arrangement for a Trustee, it was difficult for staff to contact the travel agent to correct the issue. Although the issue was resolved, to avoid future travel difficulties with the travel agent, staff suggested other avenues to plan travel for the Trustees without the use of the travel agent. Ms. Tokuda asked the Board for their position in planning travel for the Trustees.

Chairperson Rapoza commented that he and Trustee Matsuyama travel frequently to attend the Board Meetings and he is comfortable arranging his own travel plans for the meetings and having staff process his reimbursements. However, for conference travel, he would not want the Board Members to front these travel costs.

Trustee Becker questioned how the Plan acquired a travel agent. Ms. Tokuda explained the agent was rolled over from the previous Administrator, however staff can coordinate with the Trustees to process their reimbursements if they choose to make their own travel arrangements or staff can work with Empower directly to make travel arrangements for the Board so a travel agent would not need to be used in the future.

Ms. Klassen asked if the issues staff is facing with the travel agent is due to their communication with staff or the agent not expensing the travel arrangements correctly. Ms. Tokuda confirmed the issues with the travel agent stems from the timeliness of the agent's response.

Mr. Malmud assured Empower is willing to work with staff to arrange travel for the Board.

Chairperson Rapoza remarked that he wanted to discuss travel planning with the Board and decide who should make the arrangements for the Trustees. Since Empower has confirmed their staff can coordinate with Board staff on Board travel planning, the travel agent would no longer need to arrange travel for the Board.

c. 2023 Legislative Session

Ms. Tokuda informed the Board that staff has been monitoring a few bills during this Legislative session that might affect the Plan. She reviewed the bills quickly and provided an update on its standing.

- i. Senate Bill No. 306 SD1, 'A Bill for an Act Relating to Public Information,' requires all state agencies adopting, amending, or repealing a rule to make the full text of the rules of the agency available on the Office of the Lieutenant Governor's internet website in a digitally accessible and searchable format.

The bill was heard on March 1, 2023, and both the Senate Committee on Judiciary (JDC) and Senate Committee on Ways and Means (WAM) recommends that the bill be passed unamended.

- ii. Senate Bill No. 597 SD1, 'A Bill for an Act Relating to Taxation,' excludes income received from deferred compensation retirement plans from the state income tax for taxpayers who meet certain income requirements

Senate Bill No. 597 has a companion, House Bill No. 825. For Senate Bill 597, at its hearing on February 28, 2023, the WAM Committee recommended that the measure be passed unamended.

- iii. House Bill No. 825 HD1, 'A Bill for an Act Relating to Taxation,' excludes income received from deferred compensation retirement plans from the state income tax for taxpayers who meet certain income requirements

The bill passed the second reading as amended in House Bill No. 825 HD1 at its hearing on February 15, 2023, and referred to the House Committee on Finance (FIN).

- iv. Senate Bill No. 1426, 'A Bill for an Act Relating to Recordings of Public Meetings,' encourages boards to maintain any electronic audio or visual recording of a board meeting as a public record on the board's website regardless of whether the written minutes of the meeting have been posted.

Amends the information that must be included as part of the written minutes of board meetings. Requires boards to provide the state archives with a copy of any electronic audio or visual recording of a board meeting before removing the recording from the board's website

Senate Bill No. 1426 has a companion, House Bill No. 712. At its hearing on January 30, 2023, Senate Bill No. 1426 was referred to the Senate Committee on Government Operations (GVO) and JDC.

- v. House Bill 712, 'A Bill for an Act Relating to Recordings of Public Meetings,' encourages boards to maintain any electronic audio or visual recording of a board meeting as a public record on the board's website regardless of whether the written minutes of the meeting have been posted. Amends the information that must be included as part of the written minutes of board meetings. Requires boards to provide the state archives with a copy of any electronic audio or visual recording of a board meeting before removing the recording from the board's website

At its hearing on March 2, 2023, House Bill No. 712 passed its second reading as amended in House Bill No. 712 HD1 and is scheduled for a third reading.

- vi. House Bill No. 114, 'A Bill for an Act Relating to Public Testimony at Open Meetings,' specifies that boards subject to the open meetings law shall allow oral testimony on any agenda item at the beginning of the board's agenda or meeting, provided that oral testimony shall not be limited to the beginning of a board's agenda

At its hearing on January 25, 2023, the measure has been referred to the House Committee on Judiciary and Hawaiian Affairs (JHA).

House Bill No. 114 has a companion, Senate Bill No. 233, however this bill has been deferred at its hearing on January 31, 2023. Staff will continue to monitor this bill.

- vii. Senate Bill No. 1513, 'A Bill for an Act Relating to Public Agency Meetings,' requires a Public Agency Board to report any discussion or final action taken during an executive meeting; provided that such disclosure is not inconsistent with the purpose of convening the executive meeting, but giving the Board discretion to maintain confidentiality

At its hearing on March 1, 2023, JDC recommended the measure be passed unamended.

Chairperson Rapoza noted Trustee Kitamura inquired on creating a special Board Committee to review legislation, however the committee will have to be postponed until next Legislative Session. He asked Trustee Kitamura if he has

heard any legislation during this session that should be on the Board's radar for the next session. Trustee Kitamura has not heard anything from this Legislative Session. He added that the committee would propose and monitor legislation on behalf of the Plan.

Mr. Malmud asked if staff could provide the income threshold mention in House Bill No. 825 HD1 as it would affect deferred compensation plans. Chairperson Rapoza answered the bill states the income threshold is \$30,000.

Trustee Matsuyama asked when the bill was last heard. Ms. Tokuda stated House Bill No. 825 was last heard on February 15, 2023, and its companion, Senate Bill No. 597 was last heard on February 28, 2023.

Trustee Larsen inquired if any testimony was submitted on these bills and Chairperson Rapoza answered testimony was not submitted on these bills by the Board.

Chairperson Rapoza thanked everyone for their participation in today's meeting. He adjourned the meeting at 11:31 a.m.

(NOTE: Signed copy on file.)