

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

**OPEN SESSION MINUTES
MEETING # 343**

Date: July 7, 2010

Place: Department of Human Resources Development
14th Floor Director's Conference Room
235 South Beretania Street
Honolulu, HI 96813

Present: Sandi Yahiro, Vice Chairperson
Georgina Kawamura, Ex-Officio Member
Scott Kami, Employee Member
Wesley Machida, Employee Member

Others: Rodney J. Tam, Deputy Attorney General
Cynthia Akiyoshi and Lily Chu, DHRD Staff
Troy Saharic and John Bothwell, Mercer Investment Consulting –
Via Conference Call
Bernie Wong and Carol Cann, Plan Administrator Staff (ING)/Boston Office
- Via conference call
Melody Takacs, Plan Administrator Staff (ING)/Honolulu Office
Grace Baracao, Plan Administrator Staff (ING)/Honolulu Office
Jeanne Kanai, Plan Administrator Staff (ING)/Honolulu Office
Todd Egger, INVESCO -- Via Conference Call
Eric Bildt and Gary Major, TD Ameritrade - Via conference call

Absent: Marie C. Laderta, Chairperson

Call to Order: There being a quorum present, Vice Chairperson Yahiro 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: Approval of Minutes Nos. 337, 338, 339 and 340

A motion was made by Trustee Machida and seconded by Trustee Kawamura to approve Meeting Minutes No. 337, 338, 339, and 340, as is. The motion passed unanimously.

Agenda

Item # 2: Approval of Amended Investment Policy Statement

Mr. Saharic walked the Board members through the Plan's amended Investment Policy Statement. In general, the investment policy statement serves as the Board's road map for monitoring and evaluating investment options. So, with the additions that have been made to the Plan on the index fund side and the brokerage fund side, it triggered a review of the investment policy, which is Mercer tries to do annually, if not more frequently. Mr. Saharic advised the Board that John Bothwell will be walking the Board through some of the amendments made to the policy and that the Board can decide to approve the policy today or come back at a later date to decide.

Mr. Bothwell directed the Board to the date of April 1, 2010 on the first page of the policy. He stated that after we make additional changes, the date would be updated to that current date. On page 5, the policy shows the three index funds added: Market Duration Bond, International Equity, and Mid/Small Capitalization Core Equity Index Fund, as well as the Brokerage Window. Moving onto page 8, the Market Duration Bond Fund is fairly straightforward. It's tracking the performance of the Barclay's Capital Aggregate Bond Index. Pages 13 – 15 contain similar language for the rest of the index funds. On page 18 each fund or each investment option is listed with its corresponding universe and benchmark. Again, the three new index funds were added to the chart. Mr. Saharic stated that this probably the most important page in the document because it is the basis for comparing the performance of the investment options based on a quantitative basis relative to a peer group and also relative to a market index. The market index is the most important factor for index funds because we are most interested in those index fund's tracking down the line. Mr. Saharic stated that there was not a whole of material changes and thus, referred the item back to the Board for action.

A motion was made by Trustee Machida and seconded by Trustee Kawamura to adopt the amended investment policy statement. The motion passed unanimously.

Agenda

Item # 3: Mercer Investment Consulting Contract

Mr. Saharic briefly provided the background for Mercer's request to amend their consulting contract agreement with the State of Hawaii. He stated that this amendment was sent to the Plan's legal counsel, DAG Tam, for his review and it was coming from a higher level within Mercer to all clients they work with on the public side. Mercer and the State of Alaska had gotten into a dispute, not related to

investment consulting work but related to actuarial work for a retiree medical plan for the State of Alaska. What happened was that Mercer actuaries made an error in calculating the medical dependents. Medical trends are difficult to calculate and what happened was that the calculations somehow was wrong, something did not get report back up to the Board, the Board went back and the accountant basically said that Mercer is on the hook for \$2.5 billion. Mercer took the case to trial in Juneau and Mercer ending up settling the case. Interestingly, when the Attorney General's office of Alaska requested money from the legislature to take Mercer to court, they actually denied that request. But, some lawyer on the east coast took the case on a contingency basis. Traditionally, U.S. Board members have not wanted to sign documents like this, but, from Mercer's standpoint, in cases like this, Mercer felt that there was no way they should have been accountable for error, especially since the State of Alaska has caps on the amount of money they can contribute into that plan anyway. Even if Mercer calculated the wrong medical trend, the cost of that would have exceeded whatever they were going to contribute anyway. So Mercer is in a position where, and they have talked to several plan sponsors about this, and since they are getting sued because of the status of under funded plans, they have decided to go out to all public clients and basically try to get amendments to their contracts. They want to be liable for the work that they do, but not be liable for things out of their control or for things that can cause them, as owners of the business, to fail. Mercer understands that the Board has to do what is in its best interest and has to follow State guidelines, but this seems to be a broader issue impacting the whole industry. Mercer would like DAG Tam to have a conversation with their legal counsel and the Board would ultimately need to take a position on whether they would like to amend the contract or not. Mr. Saharic feels that there needs to be more dialogue on limiting Mercer's liability and what Mercer is accountable for. They would like to do a good job and be accountable for the things that they are doing, but can not take the hit for things just because they just happen to be the biggest player in the marketplace.

Trustee Machida asked whether there was any indication that if the Board does not sign the amendment that it would be a deal buster.

Mr. Saharic said, "No." But, that's why he suggested that DAG Tam talk to Scott Olkowski or Jason Kerr and have some dialogue. Mr. Saharic said that he does not know because they have not been given any direction of whether it should be signed or not signed.

A motion was made by Trustee Kawamura and seconded by Trustee Machida to go into Executive Session at 9:13 a.m. The motion passed unanimously.

ING Staff, Mercer, and other guests were excused from the meeting.

EXECUTIVE SESSION

Meeting

Reconvened: **A motion was made by Trustee Kawamura and seconded by Trustee Machida to get out of Executive Session at 9:18 a.m. The motion passed unanimously.**

Vice-chairperson, Trustee Yahiro reported that the Plan's legal counsel will be contacting Mercer's legal section to discuss this further.

Agenda

Item # 4: Discussion on Adding Options in the Self-Directed Brokerage Account

Vice Chairperson Yahiro stated that there were two participants that submitted inquiries regarding adding an option into the Self Directed Brokerage Account. Mr. Saharic referred to a June 10, 2010 memo from Mercer that was issued to the Board members for their review. He stated that a representative from TD Ameritrade was also on the call for the discussion. Mr. Saharic summarized by saying that the two participants inquired about trying to turn on several features in the self directed brokerage option. Initially, a lot of those features were added, but when there are features that were not turned on, participants would ask that that feature be turned on. This was what happened in this case. The feature in question is the feature to go ahead and buy options (i.e., calls and puts). Mercer put together a definition of a call and put and provided some examples of what is a covered call and cash put. Basically, it is a derivative with the ability to buy or sell an instrument without actually owning the underlying security or in some cases; you actually own the security but may be hedging it. This is available to participants to turn on and it can be thought of as one of many modules to turn on. In terms of costs, whether it is a call or put, transaction fees are \$9.99 when it is placed, either via online or over the phone, with an additional 75 cent charge per contract. This option is now made readily available to participants who want to engage in this sort of instrument. The question for the Board is a philosophical one to determine whether the Board wants to turn on this aspect of the brokerage window to allow participants that have inquired or may not have inquired to go ahead and utilize options in the Plan.

Mr. Bildt of TD Ameritrade added that if the Plan decides to add this option module to participants, it does not automatically grant permission to any Plan participant to trade options. Due to the nature of options, participants still must specifically apply for options trading approval within the TD Ameritrade account and be approved by a TD Ameritrade options principal before the ability to trade an option is added to the account. So the decision is to determine whether the ability to apply for options even exists within the Plan. As of this moment, if a participant asked whether they could apply for options, their response would be "no." It would simply be changing our response to "yes" depending on the normal approval that they have at the brokerage firm for options trading. Mr. Saharic asked that Mr. Bildt walk the Board through a live example of a participant to show what happens and how easy it is to get access. Mr. Bildt said that there is an options upgrade form available through their Service Center due to the limited nature and limited

use of options in the retirement products. TD Ameritrade representatives can e-mail, fax, or mail the forms out. It is a short form that the participants just need to provide some demographic information such as, investment objectives, income and assets, and things of that nature so that a suitability determination can be made based on the principles and guidelines that TD Ameritrade is obligated to follow. It is usually a two business day or so timeline to get the application turned around. If they are approved, the participant's account would be enabled to receive an options trade and an options trade handbook issued by the parent corporation would be sent out. That form is submitted to TD Ameritrade and must be filled out by the participant. It must be signed off by the trustee because it is considered to be a change to the account along the same lines as if the spouse was added on as an authorized trader, or anything else that is somewhat of a material change to the account. A change to the account will require that both the participant and the trustee sign.

Mr. Saharic asked Mr. Bildt, "When the participant completes the paperwork, he needs to get it signed by a trustee or its representative for the Plan?" Mr. Bildt replied that is the standard process for these self directed brokerage accounts. On one hand, the Plan designates that it is OK for participants to apply, but TD Ameritrade needs each request to be signed off by a trustee. If it is desirable to add options, but not have that separate signature, that can be discussed. The standard process includes a signature at the time the form is submitted so that way it is a re-affirmation by the Plan that this policy still exists and it is OK for the participant to apply for options. This is just an additional safeguard.

Mr. Saharic asked who can sign off on the form. Would it be someone such as Cynthia Akiyoshi operating on behalf of the Board as the Plan sponsor, or ING or an ING Trustee such as Carol Cann? Mr. Bildt stated that the normal process is to have the trustee sign off, which would be ING in this case. Carol Cann suggested that a separate discussion be held later to determine who at ING would sign off on the form. In Ms. Cann's experience with self directed brokerage accounts, options were not available.

DAG Tam asked, "How many other plans that ING administers offer options to participants, and in Mercer's experience, how many deferred compensation plans have this type of investment option available?"

Mr. Saharic replied, "I think few plan sponsors are actually opening it up, but it is probably a small number. There's no survey of this kind, but I believe the state of New Mexico and New Mexico PERA have opened it up and I also believe California has opened it up, but we would need to check on that."

Trustee Machida requested that Mr. Saharic check on the usage if they are going to be checking on which plans have this type of investment option.

Ms. Cann asked whether TD Ameritrade has very many deferred compensation plans that offer options.

Gary Major of TD Ameritrade replied that very few plans are offering it. Since that has been the case, when they built the self directed site, they removed all the option functionalities. So, in the case where there is 1% of the plans that actually allow covered calls or covered options, participants are required to phone in to the 800 number and place those trades because TD Ameritrade cannot selectively show all of the option functionality on the website for the very few people that are authorized to do that. So, the functionality is limited in the self directed brokerage window to phone in broker-assisted trade and the web rate is charged, but that functionality is not on the website for that reason.

Vice-Chairperson Yahiro inquired what the reasons would be for disapproving someone doing this. Mr. Bildt replied that there was no exact formula for this, but as long as the applicant has some income, some assets, some understanding, then that is usually sufficient to approve covered calls within the first level. Because the nature of covered calls is a strategy by which the potential is to add income to the portfolio while your position itself is not increasing, with the downside being potentially the limiting of profits. Other strategies would be additional leveraging of the portfolio by way of purchasing a contract, spending money on something that may or may not expire, that may or may not provide leveraged returns or may or may not provide zero returns. So those additional levels of options have additional scrutiny and additional review criteria. The most basic level of covered options is not the most difficult level to obtain, but there are still certain suitability requirements that come into play. There is no specific threshold like an income of \$50,000 or more with no dependents, or at least four year's of investing experience. It is a combination of factors and those are the types of questions that are asked.

Ms. Cann asked whether this is determined by TD Ameritrade before the account is allowed to open. Mr. Bildt affirmed that anytime anyone applies for approval, TD Ameritrade has the obligation to review their options suitability and determine that they meet the requirements for TD Ameritrade to allow the option permission to be added to the account.

Vice-Chairperson Yahiro stated that both letters from participants who are requesting to have options in the Plan seem to say that this strategy protects participants against wild assets market swings. Mr. Saharic stated that derivatives could be used in such a manner to provide the downside protection. It works when you are selling a securities short; theoretically that security could continue to appreciate forever. So the whole idea of selling short is that you are betting that you are getting some protection on the downside. So, one could use it for hedging purposes, but that this is being taken a bit out of context.

Mr. Bildt agreed with Mr. Saharic that those who are keen on options see a covered

option, looking at the upside side. Specific to covered calls, usually the downside of the covered call would be limiting the profit potential since in the covered call, you are either receiving income while the stock does not rise and therefore, you get income from that option position until it expires or if the market goes the direction of your long position, meaning the market is going up with that position, then you end up selling that underlying equity position at that option contract rate while it is still going up which may potentially limit your profit. It is that second level and third level of options where you are talking about leveraging and potentially taking advantage of a down or up market, and more so then with the covered calls where you are looking to add an income stream to more of a stagnant or down market.

Ms. Takacs of ING commented on the suitability that from her own perspective, of the two participants are seeking to do covered options to hedge the positions they intend to hold in those accounts. They are not looking to do anything risky or gambling. There are higher levels of options where more risks can be taken, but both participants wanted to trade covered options to hedge their portfolios. They seem to have their heads straight.

Trustee Kawamura inquired whether all fees are borne by the participant and not the Plan. According to Mr. Bildt, the option transaction fees are just like the equity transaction fees in that they are paid out of the account when they place the trade and they are based solely on that transaction. There is no additional plan fee or ancillary charge for the option. It is a participant initiated fee.

Vice-Chairperson Yahiro inquired about the list of investment options in the statutes that the Board can use for the underlying funds and wondered whether this type of option would be in line with the provisions of the statute. DAG Tam stated that the state law says that investment products may include annuities, life insurance, savings accounts, mutual funds, or other types of investment products that are commonly offered in the securities industry, which this is, or other deferred compensation plans, and are determined by the Board to be reasonably prudent investment products. Options appear to fall within that definition and the Board needs to determine whether any investment options falls within that definition.

Trustee Kami commented that this issue pertains to covered options and inquired whether they can restrict the options to only covered options.

Vice-Chairperson Yahiro restated the question of whether the Board could limit the investment option to just covered options. Mr. Bildt stated that that is their normal position for retirement plans that decide to offer options. That first level is covered options only and even within that, you can restrict it to covered calls only because the cash covered code is a little bit different application of a covered option. It still relegates the account holder to holding only the asset in the account. It does not allow them to leverage beyond that.

Trustee Kawamura posed a question to Ms. Cann of ING regarding the logistics of implementing this option. Ms. Cann mentioned that she had a concern about the second signature on the application and felt that some sort of indemnification language would be needed where ING or the Plan, etc. would not be held liable in case there is a dispute with the participant, similar to what is happening with the case with Mercer. She felt that there was a need to indemnify against potential lawsuits if any of these options don't go the way the participants are anticipating.

The Board members asked what level of review ING would be responsible for. Mr. Bildt responded that this could be discussed as to what the best application would be, whether to have a representative for the Board or ING. The Board members also requested that they be provided the criteria for which sign off is given on the SBDA application form and an outline of the entire process when a participant selects the investment option.

The Board agreed to defer this item to the next meeting when additional information becomes available.

Agenda

Item # 5: Discussion on American Funds' Revenue Sharing

Ms. Cann updated the Board on what transpired on the conference call between American Funds and ING. The conference call was with Nancy Bowen and Lily Matias of American Funds to resolve the revenue sharing issue that arose when in 2003 an American Fund application that was discovered to be incorrectly completed and therefore, the 12b-1 revenue that was to be allocated to the fund through the revenue sharing agreement had not been allocated since 2003. This was when the plan went live with CitiStreet. ING is continuing to have discussions with American Funds and has elevated this issue with their Legal section to review the process, review the procedures, and review the application so that they can take a look at the whole picture and try to get this resolved as quickly as possible. Hopefully, by the next Board meeting there will be complete resolution of this item and can update the Board on what can be done so that this does not happen again.

Mr. Saharic explained to the Board that this issue caused the participants to be disadvantaged because they have not been receiving the rebates that they should have received. A rough estimate provided by Mercer on how much money this amounts to is about \$250,000 times 6 years which is about \$1.5 million for the period of 2003 to 2010. This discrepancy was discovered a few months ago when Mercer was talking to American Funds and ING about moving to a lower share class and unraveled some history of American Funds in the Plan. There was some confusion initially because there were two aspects to this 12b-1 revenue. In addition to the 25 basis points, there is a \$3 per participant monthly or quarterly revenue sharing that goes back to the participants in the fund. That \$3 per participant hasn't been allocated since 2003. As of March 31, 2010, there were

8,866 participants in the EuroPacific Growth Fund.

DAG Tam noted that in the past when revenue sharing was rebated back to participants, the rebate would be allocated to the participants in that specific Fund only.

Discussion on this item will continue at the next Board meeting.

Agenda

Item # 6: Review of the Equity Wash Provision

Ms. Akiyoshi reported that there were two inquiries received from participants requesting that the Board reconsider the 90 day equity wash provision. The 90 day equity wash provision prohibits the transfers from stable value fund directly to the brokerage window and that the transfer from the stable value is held in one of the core funds for 90 days before moving to the brokerage window. Discussions were initiated between INVESCO and TD Ameritrade regarding the feasibility of removing the provision. Per Mr. Major, in an open brokerage window, they do not have the capability to restrict competing products. A quarterly report on holdings was just sent over to ING and DAG Tam, which showed that there was just a shade over \$1 million invested in self directed brokerage accounts so with the scope of the entire plan, a de minimus type exception for the stable value fund is recommended as there is not a significant amount of funds in the self directed brokerage option at this time. Mr. Egger of INVESCO stated that it is really the wrap issuers that provide the book valuation on the stable value fund that are opposed to removing the provision. The idea is that as a participant in the stable value fund, they are guaranteed the stable performance. In current times now, there are gains being accrued into their crediting rate and what issuers do not want to do is to have a situation where there are losses in the fund where market value is temporarily below book value and a flood of participants go to a higher money market funds. These issuers require an equity wash feature in order to provide book value. If the equity wash feature is taken away, participants could move their dollars directly to that window and the issuers would just require that it be done at market value, and then lose the smooth valuation of the fund. If we can demonstrate to the wrap issuers what the participants are buying within the window, then maybe an equity wash provision would not be required. It would be difficult to prove this to the wrap issuers.

Mr. Bothwell stated that while Mercer does not like the equity wash provision either, it is standard across the industry and is a very common practice. Wrap issuers have been leaving the industry due to the volatility and fees have been going up as well.

Mr. Egger noted that wrap issuers are firm in their position, so we would have to demonstrate new evidence that proves it would not be an issue. At this point,

issuers are not comfortable leaving their positions open to an arbitrage situation.

Since the wrap issuers are not willing to give up equity wash, no action was taken by the Board.

Agenda
Item # 7:

Plan Administrator's Report

Ms. Kanai of ING reported on the local office activity continuing from the last board meeting for the period March 2010 to June 2010:

- Accomplishments year to date for the Hybrid Plan Upgrade: 2,213 upgrades processed for a total of \$119 million from October 2009 to June 2010.
- 115 early and post separation vacation deferrals were processed for a total of \$1.5 million only from March to June 2010.
- Blackrock index funds were added.
- 57 new accounts setup for the brokerage window option as of June 30, 2010 for a little over \$1.5 million.
- The Wells Fargo Large Cap Growth Fund was replaced by the Mainstay Large Cap Growth Fund.
- The Vanguard Institutional Index Fund was replaced with the Blackrock U.S. Large Cap Index Fund.
- The latest fund coming out is the 2055 Lifecycle Fund set to launch on July 22, 2010.
- There was a significant decrease in activity from March to June 2010 for the ERS Hybrid Upgrade with 444 remittance requests out of the total 2000 for almost \$16 million. So, the bulk of the upgrades were done early in the beginning of this program launch.
- The rollovers into the Plan were 115 vacation rollovers, 26 rollovers in, 7 ERS rollovers, 61 PTS transfers for a total of 209 rollovers in.
- Since ING took over the approval process for unforeseen emergency withdrawals on November 20, 2009, there were 144 new UEWs. From March through June 2010, 16 UEWs have been approved and processed for \$1,357,883.28 paid out. Ms. Kanai provided the Board a log of the UEW statistics showing the total number UEWs for each month. Through June 30, 2010, there were 83 applications reviewed, 70 were approved, 9 were closed out based on applicant being termed, pass 30 day expiration of request for additional documentation, they were de minimus, or they just gave up providing information. There are 4 requests still outstanding. As of today, there are 7 more.

Ms. Akiyoshi added that many applicants cited furloughs as the reason for UEW request and Hawaii State Employees Federal Credit Union asked if they could participate in the Benefits Fairs to provide services such as credit counseling. The drawback is that the credit union is not a state agency, and

there a lot of other vendors who can provide similar/same services. So the Board needs to decide whether to allow the credit union to participate in the Fairs. The Board agreed not to allow the credit union to participate at this time as it would not be fair to other vendors who request the same opportunity.

Ms. Takacs provided local office statistics:

- The local office exceeded the 2009 – 2010 Plan year end goal of 630 group meetings with a total of 708 group meetings with 5,435 attendees.
- The local office provided 6,718 one-on-one consultations and 506 participants were enrolled during this plan year period.
- There were 6,788 calls received and 1,361 walk-ins from July 2009 through June 2010.
- The Oahu 2010 Benefits Fairs stats were provided and the Board was provided a copy of the evaluations from the Fairs which were extremely positive. This was the first time so many participants took the time to complete the evaluations. While there may not have been huge crowds, the Fairs were very successful based on the evaluations.

Ms. Cann presented to the Board an issue that came up with the Putnam Fund. An allocation of \$10,649.68 was sent to ING through Mutual Fund Restitution Processing through the Securities Exchange Commission for the Putnam Fund that is no longer in the Plan. ING is proposing that in the best interest of participants this amount be allocated to everyone in the Plan and that equates to about \$0.35 per participant because it would be difficult to determine who the participants were in the fund and this money was allocated from a couple years ago. Putnam was replaced by Wells Fargo, which is now replaced by Mainstay. Therefore, ING would like to have Board's approval to distribute monies to all participants in the Plan.

A motion was made by Trustee Machida and seconded by Trustee Kawamura to approve the distribution of the Putnam Fund allocation to all participants in the Plan. The motion passed unanimously.

Agenda
Item # 8:

PTS Plan

- a. New Quarterly Rate on July 1, 2010 is 4.37%.

Ms. Akiyoshi provided a response to the question that arose in the last Board meeting regarding on the Trust versus Plan Analysis section of the Quarterly Management Report. LSW explained that the Trust Analysis (Exhibit "C") shows the monies going in and out of LSW. The Plan Analysis (Exhibit "D") accounts for the numbers in their recordkeeping

system. The numbers on the Report on Funds Not Deposited to the State Treasury matches the numbers on Exhibit "D". The balance in Exhibit "C" did not match Exhibit "D" because there were adjustments for participants with a negative balance and administrative distributions which had been posted in the system but not posted at LSW at the time of the report.

- b. Life Insurance Company of the Southwest Report on Available Funds for Audit of the Plan

LSW provided a report on funds available for reimbursement and staff approached Carl Lutz of LSW to obtain quotes to conduct an audit of the PTS Plan. Mr. Lutz got a quote of \$12,500 plus expenses from a company he recommended, which is Traveler's Company. Traveler's did the last audit in 2007.

A motion was made by Trustee Kawamura and seconded by Trustee Kami to audit the PTS Plan for \$12,500 plus expenses from the funds available for reimbursement. The motion passed unanimously.

Vice-Chairperson Yahiro called a recess at 10:15a.m. The meeting reconvened at 11:25a.m.

Agenda

Item # 9: Other Business/Announcements

- a. Filling of Board Vacancies

Wayne Chu's name was sent to the Governor's Office as a recommendation. Scott Kami approached Michael Okumoto of Hawaii County (resume provided to the Board) to ask whether he was interested in serving on the Board. Mr. Okumoto responded that he would be interested.

A motion was made by Trustee Kawamura and seconded by Trustee Kami to forward Michael Okumoto's resume to the Governor's office to fill the Board's recent vacancy. The motion passed unanimously.

- b. DOE Schools Conversion to Hawaii Charter School Administrative Organization and Change in Payroll System

Waialae Charter School, which converted to a charter school in 1999, informed the Plan that Waialae's payroll services will be done by Ceridian effective July 1, 2010. Waialae has 5 employees contributing in the Plan and there are no arrangements in the State Plan to process contributions through Ceridian. ING met with Waialae and are willing to make accommodations to do the manual processing. There may be other charter

schools that are not aware of this process until their contributions have stop. Hawaii Charter Schools has not moved forward collectively as an organization to administer the logistics of handling the contributions.

After discussing the situation, the Board instructed Ms. Akiyoshi to send a letter to the Executive Director for Charter Schools regarding the PTS Plan and also offering the deferred compensation plan to charter school employees.

- c. Presentation of Resolution to Former Trustees Kenneth Taira and Ryan Ushijima.

Ms. Yahiro read and presented a Resolution to former Trustee Ryan Ushijima. The Board thanked Mr. Ushijima for his many years of dedicated and valuable service to the Plan. Since former Trustee Kenneth Taira could not attend, his resolution will be mailed to him.

- d. Other: The Board congratulated Trustee Machida since he recently became the new administrator for the State's Employee Retirement System.

Motion to
Adjourn:

A motion was made by Trustee Machida and seconded by Trustee Kawamura to adjourn the meeting at 10:55 a.m. The motion passed unanimously.

(Note: Signed copy on file)