

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LIEUTENANT GOVERNOR



JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

HAWAII RETIREMENT
SAVINGS BOARD

Co-Chairs
Jade T. Butay
Luis Salaveria

Members
Jessie Keola Dean
Barbara Krieg
Andrew Nomura
Brian Taniguchi
Karen Yasukawa
Senator Henry J.C. Aquino
Representative Andrew Garrett

HAWAII RETIREMENT SAVINGS PROGRAM BOARD MEETING

MINUTES

October 21, 2024
2:30 PM

I. Call Meeting to Order

Co-Chair Kunstman called the meeting to order at 2:30 p.m. on Monday, October 21, 2024, at the Ke'elikolani Building, Room 321, 830 Punchbowl St., Honolulu, HI 96813.

Quorum (6): Co-Chairs Bill Kunstman & Luis Salaveria, Members Keola Dean, Barbara Krieg, & Karen Yasukawa; Representative Andrew Takuya Garrett & Senator Henry J.C. Aquino.

Others in attendance: Keali'i Lopez, AARP, Michael Moriyama, Deputy Attorney General, Jenesis Finks, DLIR Intern, Tri Pham, DLIR IT support.

II. Approval of the Minutes of the May 20, 2024 Meeting

Co-Chair Kunstman inquired if there were any corrections to the minutes of the May 20th, 2024, meeting that had been distributed. The minutes were approved.

III. Public Comment Period for Agenda Items

Co-Chair Kunstman solicited testimony from the public and none was offered at this time.

IV. Executive Session (closed to the public)

- A. Personnel: (To consider the hire, evaluation, dismissal, or discipline of an officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), Hawaii Revised Statutes (HRS))

- i. Approval of the Co-Chairs' Employment of an Executive Director Pursuant to Sections 389-3(f) and 389-4(a)(20), HRS

Co-Chair Salaveria moved to convene into executive session, seconded by Barbara

Krieg, and with all members present voting in the affirmative, the board approved convening in executive session to consider the hire, evaluation, dismissal, or discipline of an officer or employee or of charges brought against the officer or employee, where consideration of matters affecting privacy will be involved, pursuant to Section 92-5(a)(2), HRS.

The meeting recessed at 2:36 p.m.

Co-Chair Kunstman called the meeting back to order at 2:57 p.m. and announced that the board met in executive session to discuss and determine the matters as stated on the agenda.

V. Hiring of the Executive Director

A. Report of Boards' Decision on Approving Co-Chairs' Employment of an Executive Director Pursuant to Sections 389-3(f), 389-4(a)(20), and 92-5(a)(2), HRS

The Board voted to approve the Co-Chair's employment of the Executive Director candidate. However, HRS 26-35(a)(4) gives final authority to hire the executive director to the Director of Labor and Industrial Relations. It is therefore possible that the candidate will not be approved by the DLIR Director. As a result and due to the protected privacy rights of the candidate under the Sunshine Law (HRS 92-5(a)(2)), the Board will not be making an announcement regarding the hiring of the Executive Director until after the DLIR Director approves of the hiring.

Co-Chair Kunstman solicited testimony from the public.

Participant Keali'i Lopez inquired as to why the Director of Labor and Industrial Relations still needs to approve even though the Director was involved in the process. Co-Chair Salaveria explained that the final hiring authority lies with the Director and Co-Chair Kunstman explained that the candidate still had to clear all the usual checks of persons being hired by the State.

VI. Delegation of Authority to Exercise Powers and Duties

A. Approval to Delegate Partial Authority to the Executive Director to Exercise the Powers and Duties of the Hawaii Retirement Savings Board under Section 389-4, HRS, Pursuant to Section 389-3(f), HRS

Co-Chair Kunstman noted that HRS 389-4(20) and 389-3(f) allow the Board to delegate authority to an Executive Director. This delegation can be made to a position and not just to a person. This agenda item was discussed in a previous meeting on December 15, 2023. To summarize that previous discussion, the Board concluded that it was unlikely that the Board would want to delegate all the powers and duties of HRS 389-4 but probably hand off day-to-day operations to the Executive Director whilst setting policies. Moreover, the Board has discussed having an Executive Director analyze HRS 389-4 and program needs and develop delegation recommendations for the Board's consideration.

Co-Chair Kunstman solicited testimony from the public and none was offered.

Co-Chair Kunstman asked the Board about the Executive Director spending all or part of the Board's appropriation. Member Krieg stated that if anything the discussion involved whether to set an amount.

Co-Chair Kunstman noted that the current budget totaled \$259,064. Member Dean moved to approve the Executive Director being authorized to spend the whole appropriation, seconded by Member Krieg and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman inquired regarding approval for the Executive Director to hire staff. Member Yasukawa moved to approve hiring authority for the Executive Director, seconded by Member Dean and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman asked about the authority for the Executive Director to enter into contracts. Member Krieg stated that although Board meetings should become more frequent, a relatively low amount of authorization would allow the Executive Director to start up program operations until further discussions could occur with the Board. Co-Chair Salaveria suggested a \$20,000 contract limit as appropriate. Member Dean inquired about budget items and how much was slated for contracts. Co-Chair Salaveria noted that it was a small amount but that payroll savings could be used to get the program off the ground subject to approval by the Board. Member Dean moved to approve authority for the Executive Director to spend up to \$20,000 on contractual services, seconded by Co-Chair Salaveria and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman asked about the authority for the Executive Director to conduct outreach. Member Krieg moved to approve of the authority for the Executive Director to conduct outreach, seconded by Member Dean and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman asked about the authority for the Executive Director to represent the Board with and before the Legislature. Co-Chair Kunstman noted that there is a standing authority for two Board members to represent the Board with the Legislature (Kunstman, Taniguchi) and that can still stand, and the Board may also delegate to the Executive Director.

Member Krieg asked for clarification regarding the authority, wouldn't the Executive Director need to obtain approval for policies from the Board? Co-Chair Kunstman replied yes and remarked that the Board had a standing policy of supporting "opt-out" legislation. Member Krieg moved to approve of the authority for the Executive Director to represent the Board with the Legislature, seconded by Member Dean and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman, referencing HRS 389-4, asked if there were any other provisions the Board would like to discuss in delegating partial authority to the Executive Director. Co-Chair Salaveria stated the delegations voted upon today were sufficient for now and more or less covered the administrative functions of the Board but there are going to be other things like an investment policy that at some point in time. Co-Chair Kunstman remarked that there will probably be more frequent

board meetings and it will be easier to address items as they crop up when an Executive Director comes on and starts to run the program, operational things, and there will be ample opportunity to have further discussion on the delegation of authority.

VII. Budget

A. FY 2024-25 Fiscal Report

Co-Chair Kunstman reported that no funds have been expended in the current fiscal year.

Co-Chair Kunstman solicited testimony from the public and none was offered.

B. Hawaii Retirement Savings Special Fund Lapse

Co-Chair Kunstman solicited testimony from the public. Participant Keali'i Lopez inquired about the status. Co-Chair Kunstman reported that the funds did lapse at the end of the fiscal year. Member Krieg stated she thought it was placed in special fund so it wouldn't lapse? Co-Chair Salaveria reported that it wasn't deposited into the special fund. Member Krieg asked if there was any particular reason for that? Co-Chair Salaveria stated that there were decisions that were made with regards to the overall financial plan and where the State was at that time, and it was factored in, and the Board could request the funds again at a later date. Senator Aquino asked if the department made the request to transfer the funds and Co-Chair Kunstman answered in the affirmative. Participant Keali'i Lopez stated she understood but was disappointed from her organization's perspective. Discussions with the Legislature involved identifying those funds as matching funds for the program as currently designed—opting-in—to encourage participation and the Legislature did not pass the change to opting-out. Co-Chair Salaveria remarked that as a Board member here we as a Board do recognize that an opt-out provision would make the utilization of the program much higher and alleviate a lot of pressure on the Board and the Executive Director—there is a policy call involved as to what the program should be, and we can push for that.

C. Fiscal Biennium 2025-27 Executive Budget Request

Co-Chair Kunstman stated that the budget requests were due to the Department of Budget and Finance on October 11 and the department asked for the same budget as in the current fiscal year except for an increase of \$30,000 in the Executive Director's salary.

Co-Chair Kunstman solicited testimony from the public and none was offered.

VIII. 2025 Legislature

A. 2025 Legislation

i. Board Policy on Enrollment Participation (Opt-In, Opt-Out)

Co-Chair Kunstman stated that there is a current Board policy supporting legislation to change the statute to opt-out and as previously noted there's no money in the special fund to support opt-in. Member Krieg asked if there was a departmental legislative proposal and

Co-Chair Kunstman replied that the department had not in considering the Board had not yet met to discuss considering current circumstances.

Member Dean moved to have the DLIR submit a bill to the Legislature identical to the measure from last year and including the amendment to the definition of employer, seconded by Member Krieg and the motion carried with all members present voting in the affirmative.

Co-Chair Kunstman solicited testimony from the public and none was offered.

IX. Announcements

A. Next Meeting to be Determined

Co-Chair Salaveria suggested that one more board meeting occur before the next legislative session and hopefully with the new Executive Director.

X. Adjournment