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GOVERNOR

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JADE T. BUTAY
DIRECTOR

WILLIAM G. KUNSTMAN
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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 Sharon Moriwaki

HAWAII RETIREMENT SAVINGS PROGRAM BOARD MEETING

Friday, June 9, 2023
1:00 p.m.
830 Punchbowl Street
Conference Room 310
Honolulu, HI 96813

MINUTES

MEMBER ATTENDEES

Bill Kunstman, Department of Labor and Industrial Relations (DLIR), Director's Designee
Luis Salaveria, Co-Chair, Department of Budget & Finance
Jessie Keola Dean, Member
Barbara Krieg, Member
Andrew Nomura, Member
Karen Yasukawa, Member
Senator Sharon Moriwaki, Member

GUESTS

Nancy L. Bernal, DLIR
David Rodriguez, DLIR
Christen Lee, DLIR
Michael Moriyama, Department of the Attorney General
Kealii Lopez, AARP Hawaii
Audrey Suga-Nakagawa, AARP Hawaii
Angela Antonelli, Georgetown University Center for Retirement Initiatives
Grace Sullivan

I. Call Meeting to Order

Mr. Kunstman called the meeting to order at 1:00 p.m.

Mr. Kunstman shared concerns raised by the Office of Information Practices (OIP) regarding agenda items V, VI, VII, and VIII. According to OIP's concerns, those specific items were not written with sufficient detail and specificity. Various board members asked specifically what was wrong with the agenda as written. Mr. Moriyama explained that OIPs' concerns stem from HRS section 92-7(a), which requires that an agenda list each item the board intends to consider with sufficient detail and specificity to allow a member of the public to decide whether to participate through oral or written testimony.

Mr. Moriyama further cited HRS section 92-13, where any person who wilfully violates any provisions of this part shall be guilty of a misdemeanor, and upon conviction, may be summarily removed from the board unless otherwise provided by law. Therefore, in an abundance of caution, it was decided that items V, VI, VII, and VIII would not be taken up at this meeting but rather be included in a future meeting agenda with sufficient information to address OIPs concerns and comply with their suggestions.

Mr. Kunstman recessed at 1:17 p.m. to address technical difficulties and called the meeting back to order at 1:31 p.m.

II. Approval of the Minutes of the May 25, 2023 Meeting

Senator Moriwaki moved to approve the May 25, 2023 meeting minutes, seconded by Mr. Nomura, and noting the excused absence of Mr. Taniguchi, the motion carried with all members present voting in the affirmative.

III. Public Comment Period

No public comments were provided.

IV. Executive Director

- a. Position Description
- b. Recruitment

Mr. Kunstman reported that at the last May 25, 2023 board meeting, a suggestion was made to look at the introductory language in the position description (PD) for the Executive Director (ED). After conferring with the Human Resources (HR) office and considering, at this point, that this program is still within the Director's Office, the recommendation would be to retain the language for now until the program's formal structure changes.

Another topic of discussion that was raised during the last meeting regarding the PD was to change the education requirements from a specific to a more general undergraduate degree. After discussing this with HR, Mr. Kunstman shared that this PD change could occur relatively quickly on DLIR's end and wouldn't require any significant procedural approval from the board. Should this recommendation be amendable to the board, DLIR can make the change and initiate the recruiting process for the position. Seeing there were no questions or comments by the board, Mr. Dean moved to approve the recommendation to amend the PD to a more generalized undergraduate degree, seconded by Ms. Yasukawa, and noting the excused absence of Mr. Taniguchi, the motion carried with all members present voting in the affirmative.

Mr. Nomura asked if a motion was needed to start the recruitment process. Mr. Kunstman responded that such motion is not needed since the recruitment process is an administrative matter. Mr. Kunstman elaborated on the internal recruitment process and described various options, including posting the PD on the DLIR website, working with the State Department of Human Resources Development to post the position on their recruiting portal, and putting out a media release to announce the Hawaii Retirement Savings Program (HRSP) and advertise the ED position to increase the recruiting pool.

Concerns were raised by board members regarding the salary range for the ED. Ms. Krieg expressed how the salary, which was also brought up in the last meeting, would not attract quality people to run this new program. However, her recollection was that there would be some flexibility to move funds within the program's designated budget to supplement the ED's salary. Ms. Krieg shared several salary averages from her online research and found that similar positions were averaging much higher than \$100,000.

She reiterated that the \$100,000 salary would not attract quality individuals for this critical position, and that the board should be offering more than that amount.

Mr. Kunstman explained that the maximum salary figure that was determined stemmed from internal conversations between the DLIR Director and the HR office as well as discussions with the legislature in taking into account similar exempt positions within the DLIR. For the sake of expediting the recruitment of this position, DLIR's recommendation was to move forward with the salary as budgeted.

Mr. Dean expressed that the DLIR has not established or created a new program in a long time, and the HRSP would require a specific skill set that is different from existing DLIR programs.

Co-chair Salaveria explained that there is a degree of flexibility in determining the salary since the ED is an exempt position and pointed to the HRSP statute that gives the board the authority to determine the ED's salary. However, while the board would like to expedite and move forward with the recruitment process, it would be important to find the right person and to do it in a thoughtful and sensible way. Co-chair Salaveria referenced the board's powers and duties as outlined in the statute and expressed that the language as written was broad. Regarding recruitment, the board should discuss how best to recruit for the position but not rush into doing it.

Mr. Nomura asked if it was possible to move ahead with the recruitment process without defining a specific salary maximum amount. He suggested, as an alternative, to advertise that the salary would be commensurate with experience. Mr. Kunstman answered that the recruitment process can occur without mentioning the \$100,000 salary amount.

Ms. Krieg inquired if the DLIR could use online recruitment websites, like Indeed, which would fall under small purchases for procurement purposes. Mr. Kunstman answered that he was unaware of a central contract with DHRD to use online recruitment websites but believes the DLIR could recruit using those platforms.

Mr. Dean pointed out the timing aspect in hiring an ED, and while it would take some time to get an ED on board, it would be essential for that position to be chosen timely since that individual would be tasked with planning for the upcoming 2024 legislative session. Delays in having an ED would hurt the implementation of the program and would further postpone any potential legislative progress to the following 2025 legislative session.

Senator Moriwaki asked what that time frame would look to hire an ED. Co-Chair Salaveria suggested proceeding with delegating the administrative part of the recruitment process to the DLIR. Mr. Kunstman confirmed that the DLIR could initiate the administrative process to advertise the position. However, the other part of the recruitment process could entail, among other things, developing the selection criteria, drafting interview questions, filtering through and rating the applicants, and determining who would participate in this process. Mr. Kunstman confirmed that he would report back to the board at the next meeting on how this would all be done, as well as how the announcement would be carried out and if a requirement exists to post the salary range.

There was discussion on the process of setting up a hiring committee, and Mr. Moriyama suggested that a permitted interaction group (PIG) could be established for this purpose. Mr. Kunstman clarified the requirements for setting up a PIG based on guidance from OIP. A PIG would be comprised of two or more members of a board, but less than the number of members which would constitute a quorum. Additionally, a PIG would require three separate board meetings. At the first meeting, the investigative PIG would be formed, and the scope of the investigation and the scope of each member's

authority would be defined. The PIG would then be able to conduct its investigation outside of open meetings and not be subjected to the Sunshine Law. The PIG would present their findings and recommendations to the board at the second meeting, but the board would not be able to discuss or act on the report at that meeting. At the third meeting, the board would be able to discuss, deliberate, or make any decisions regarding the PIG's report. Mr. Dean asked if hiring was considered an administrative process, and if so, would there still be a need for a PIG. Co-chair Salaveria responded that it would be up to the board should they want to take that route. The board could also deliberate setting up standing committees with regards to moving forward with the recruitment process. He acknowledged the general boards' sentiment was to expedite this process, but it would be imperative for the board to be all on the same page. Senator Moriwaki commented that perhaps a PIG would not be necessary if the hiring process is purely administrative. A screening committee made up of three board members could be selected to participate in the interview process.

After deliberation and discussion, Mr. Kunstman provided a summary of steps to be taken regarding the recruitment of an ED. The DLIR could move forward with the administrative portion of announcing the position and recruitment. The DLIR could also facilitate in setting up a screening committee that may include a certain number of board members to effectuate the recruitment. Then, at a subsequent meeting, a recommendation would be presented to the board on potential candidates.

Mr. Nomura reiterated his suggestion to not announce or publicize the \$100,000 salary during the recruitment phase and to report to the board if that amount becomes a limitation in the process. Mr. Dean wanted to ensure that the next board meeting would include discussion surrounding a salary range so that the board could finalize that number and for the DLIR to come up with suggestions for an upper salary range.

As discussed earlier, noting OIP's concerns, agenda items V, VI, VII, and VIII were not taken up by the board at this meeting.

- V. Sunshine Law**
 - a. Permitted Interaction Groups

- VI. Feasibility Study**
 - a. Permitted Interaction Group

- VII. FY2024 Budget**

- VIII. Board's Powers, Duties, Privileges, Immunities, and Liabilities**
 - a. Executive Session pursuant to HRS § 92-5(a)(4) to consult with the board's attorney on questions and issues pertaining to the board's powers, duties, privileges, immunities, and liabilities

- IX. Announcements**
 - a. Next Meeting to be Determined

Mr. Kunstman reported that he communicated with House Speaker Scott Saiki's office and, as of June 9, 2023, a member from the House of Representatives has yet to be chosen to represent the board.

Ms. Krieg inquired if non-voting members count towards quorum in order for a valid board meeting to occur and in cases where the board would have to take action on a particular item. In terms of attendance, this would be helpful to know going forward to ensure proper and sufficient quorum. According to Mr. Moriyama, his understanding was that quorum is measured against the total number of members, regardless of whether they are voting or non-voting. However, Mr. Moriyama indicated that he would

report back to the board on a more definitive answer.

The next board meeting was scheduled for June 27, 2023 at 2:45 p.m.

X. Adjournment

There being no further business, Mr. Kunstman adjourned the meeting at 2:17 p.m.