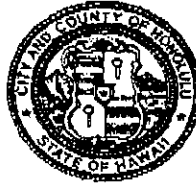


LATE TESTIMONY

DEPARTMENT OF BUDGET & FISCAL SERVICES CITY AND COUNTY OF HONOLULU

530 SOUTH KING STREET 2ND FLOOR • HONOLULU, HAWAII 96813
TELEPHONE: (808) 768-3900 • FAX: (808) 768-3179 • INTERNET: www.honolulu.gov/hr

PETER B. CARLISLE
MAYOR



MICHAEL R. HANSEN
DIRECTOR

March 31, 2011

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
The House of Representatives
State Capitol
Honolulu, Hawaii 96813

Dear Chair Oshiro and Members:

Subject: Senate Bill No.1269, S.D.2 and H.D.1
Relating to the Definition of Compensation for Purposes of the
Employees' Retirement System

The City and County of Honolulu (City) is well aware of the serious challenges the Retirement System is facing and recognizes the need for significant course corrections. The City is supportive of the concepts in Senate Bill 1269, Senate Draft 2, House Draft 1, and if amended, the City would view the bill as part of a package of proposals aimed at addressing the Retirement System's unfunded liability and would support it.

The concept included in S.B. 1269, S.D. 2, H.D. 1, of changing the definition of compensation to exclude certain payments is an important element in reforming the system. However, we believe the original version of the bill more clearly defines the compensation to be included and excluded from the definition and we prefer that definition.

In addition to changing the definition of "compensation" and making other changes to the benefits structure, we recognize that increases in the Employer contributions are a necessary element in this comprehensive reform effort. We are on record as supporting these increases even though we know they will have a severe negative impact on our budget. The adoption of all these changes will, we hope, ultimately result in a system that is more stable and Employer costs that are more predictable.

The Honorable Marcus R. Oshiro, Chair
and Members of the Committee on Finance
The House of Representatives
March 31, 2011
Page 2

We realize this Committee is facing very difficult decisions on many matters, including this one. We urge the Committee to take the comprehensive approach needed to set the Retirement System on a sustainable path.

Thank you for the opportunity to testify on this measure.

Yours truly,



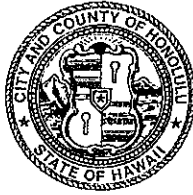
Michael R. Hansen, Director
Department of Budget and Fiscal Services



Noel T. Ono, Director
Department of Human Resources

POLICE DEPARTMENT
CITY AND COUNTY OF HONOLULU

801 SOUTH BERETANIA STREET · HONOLULU, HAWAII 96813
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PETER B. CARLISLE
MAYOR

LOUIS M. KEALOHA
CHIEF

DELBERT T. TATSUYAMA
RANDAL K. MACADANGDANG
DEPUTY CHIEFS

OUR REFERENCE CO-VYH

March 31, 2011

The Honorable Marcus R. Oshiro, Chair
and Members
Committee on Finance
House of Representatives
State Capitol
Honolulu, Hawaii 96813

LATE TESTIMONY

Dear Chair Oshiro and Members:

Subject: Senate Bill No. 1269, S.D. 2, H.D. 1, Relating to the Definition of
Compensation for Purposes of the Employees' Retirement System

I am Cary Okimoto, Captain of the Human Resources Division of the Honolulu Police
Department (HPD), City and County of Honolulu.

The HPD opposes the passage of Senate Bill No. 1269, S.D. 2, H.D. 1, which would amend the
definition of "compensation" used in calculating retirement benefits.

We realize your committee is faced with very difficult decisions on many matters. However, the
passage of this bill will hamper the retention of front-line and secondary supervisors who are
eligible to retire. Additionally, the HPD does not have sufficient time and resources to recruit,
process, and train journey level police officers to replace the expected number of vacancies that
will occur as a result of this bill. This will definitely impact operations and delivery of services to
the community. Further, the vacancies will hamper the staffing for the Asia-Pacific Economic
Cooperation summit and other major events.

The HPD strongly opposes the passage of this bill as it will fracture its staffing and operations.

Thank you for the opportunity to testify.

APPROVED:

Sincerely,

Handwritten signature of Louis M. Kealoha in black ink.

LOUIS M. KEALOHA
Chief of Police

Handwritten signature of Cary Okimoto in black ink.

CARY OKIMOTO, Captain
Human Resources Division