

STAND. COM. REP. NO.

2826

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 2869
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committees on Labor, Culture and the Arts and Government Operations, to which was referred S.B. No. 2869 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYEES' RETIREMENT SYSTEM INVESTMENTS,"

beg leave to report as follows:

The purpose and intent of this measure is to identify certain specific types of alternative investment fund information, the disclosure of which would likely put the Employees' Retirement System (the system) at a competitive disadvantage. This measure exempts such categories of information from disclosure under chapter 92F, Hawaii Revised Statutes, consistent with market best practices.

Your Committees received testimony in support of this measure from the Employees' Retirement System. Your Committee received testimony in opposition to this measure from the Civil Beat Law Center for Public Interest, Common Cause Hawaii, Hawaii Professional Chapter of the Society of Professional Journalists, 350 Hawaii, and six individuals.

Your Committees find, in order to address the system's unfunded liability and other financial needs, the system engages in diversified investment, including high-yield private alternative investment funds. Due diligence into such investments requires that the system invest time and money for detailed



proprietary and confidential information regarding the projected performance of each fund. If the system is required to disclose such confidential information, the system is disadvantaged as a competitive investor. Competing investors would be able to acquire, at no cost, the system's investment intelligence, resulting in oversubscription of the system's best investments, reducing the system's access.

Your Committees further find that if the system is required to disclose confidential information that the investment funds require to be kept confidential, some high-performing funds will be deterred from allowing the system to invest with them. In order to manage such risks, the system currently expends significant resources and efforts in responding to requests for such confidential information.


Your Committees have heard the concerns of the Civil Beat Law Center for the Public Interest and its request to limit exemptions to specifically identified records pursuant to section 92F13-4 of the Hawaii Revised Statutes. Accordingly, your Committees have amended this measure by:

- (1) Referencing section 92F-13 as to the list of exempt records;
- (2) Deleting repetitive proposed language; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Labor, Culture and the Arts and Government Operations that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2869, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2869, S.D. 1, and be referred to your Committee on Judiciary.



Respectfully submitted on
behalf of the members of the
Committees on Labor, Culture
and the Arts and Government
Operations,



LAURA H. THIELEN, Chair



BRIAN T. TANIGUCHI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

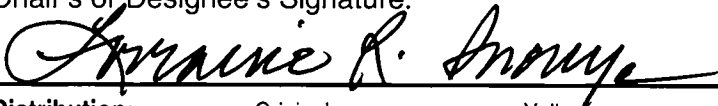
Record of Votes
Committee on Labor, Culture and the Arts
LCA

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 2869</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">LCA/GVO, JDC</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/11/2020</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
TANIGUCHI, Brian T. (C)	✓			
IHARA, Jr., Les (VC)		✓		
CHANG, Stanley	✓			
GABBARD, Mike				✓
FEVELLA, Kurt	✓			
TOTAL	3	1	0	1
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: 0.8em;"> <div style="text-align: center;"> Distribution: Original File with Committee Report </div> <div style="text-align: center;"> Yellow Clerk's Office </div> <div style="text-align: center;"> Pink Drafting Agency </div> <div style="text-align: center;"> Goldenrod Committee File Copy </div> </div>				

***Only one measure per Record of Votes**

The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

Bill / Resolution No.:*	Committee Referral:	Date:
SB2069	LCA/GVO JDC	2/11/2020
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
THIELEN, Laura H. (C)	✓	
INOUE, Lorraine R. (VC)	✓	
BAKER, Rosalyn H.		✓
KANUHA, Dru Mamo	✓	
FEVELLA, Kurt	✓	
TOTAL	4	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 		
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy		

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