

GM563

Measure Title: Submitting for consideration and confirmation to the Board of Trustees of the Employees' Retirement System, Gubernatorial Nominee, WESLEY MACHIDA, for a term to expire 01-01-2019.

Report Title: Board of Trustees of the Employees' Retirement System

Description:

Companion:

Package:

Current Referral: LBR

Introducer(s):

<u>Sort by</u> <u>Date</u>	Status Text
2/15/2018	S Received.
2/15/2018	S Referred to LBR.
3/6/2018	S The committee(s) on LBR has scheduled a public hearing on 03-13-18 2:45PM in conference room 229.

S = Senate | **H** = House | **D** = Data Systems | **\$** = Appropriation measure | **ConAm** = Constitutional Amendment

Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

GM563



EXECUTIVE CHAMBERS

HONOLULU

DAVID Y. IGE
GOVERNOR

Testimony of **Ford Fuchigami**
Administrative Director, Office of the Governor

Before the
Senate Committee on Labor
March 13, 2018
2:45 p.m., Conference Room 229

In consideration of
Governor's Message 563

Submitted for consideration and confirmation to the Board of Trustees of the Employees' Retirement System, Gubernatorial Nominee, Wesley Machida.

Chair Tokuda , Vice Chair English, and committee members:

I respectfully request your support in confirming the appointment of Wesley Machida to the Board of Trustees of the Employees' Retirement System. Mr. Machida served as the Director of Finance from 2014-2017. As Director he was responsible to develop the annual \$13.5 billion statewide budget for the Governor's review and submission to the State Legislature. Prior to serving as Director of Finance he served as Executive Director for the Employees' Retirement System of the State of Hawaii (ERS) from 2010 - 2014. Along with the 8-member Board, Machida set the direction and strategic goals of the Employees' Retirement System. He proposed pension reforms and other actions that established plans to pay off the ERS's \$8 billion unfunded pension liability within a reasonable period of time, ensuring sustainability and minimizing the impact on future taxpayers. As Assistant Administrator of the ERS, which he served between 2000-2010, he oversaw the operations of the \$9.9 billion public pension fund that serviced over 110,000 members, retirees, and beneficiaries.

Mr. Machida has a Bachelor of Business Administration degree from Chaminade University, a Bachelor of Arts in Economics degree from the University of Hawaii at Manoa and a Master of Business Administration degree from the University of Hawaii at Manoa.

This administration is committed to transforming the culture of government by embracing and accelerating change. I'm confident that Wesley Machida will support our employees as a board member of the Employee's Retirement System in this effort. Together, we can build a better home for our keiki, kupuna, and all the residents of Hawaii. Mahalo for your consideration.

DAVID Y. IGE
GOVERNOR



THOMAS WILLIAMS
EXECUTIVE DIRECTOR

KANOE MARGOL
DEPUTY EXECUTIVE DIRECTOR

STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

March 13, 2018

The Honorable Jill Tokuda, Chair
and members of Senate Committee on Labor
Twenty-Ninth State Legislature
Hawaii State Capitol, Room 229
Honolulu, Hawaii 96813

Re: Governor's Message No. 563, Consideration and Confirmation to the Board of Trustees of the Employees' Retirement System, gubernatorial nominee, Wesley Machida for a term to expire January 1, 2019

Dear Chair Tokuda and Members of the Senate Committee on Labor:

I would like to offer my strong support for the confirmation of Mr. Wesley Machida to the Board of Trustees of the Employees' Retirement System (ERS). Mr. Machida has served as an ex-officio member of the ERS Board since December 27, 2014 while serving as the Director of the Department of Budget and Finance. He has served both as the Deputy and Executive Director of the Employees' Retirement System ("ERS") and as an Assistant Auditor in the Office of the Auditor.

Mr. Machida has served on the Board's Investment, Administrative & Legislative, and the Ka'anapali Ad Hoc Committees. During his tenure, Mr. Machida advocated for the System's sustainability and watched its assets grow from \$14.1 billion to \$16 billion, its membership increase from 118,466 to 135,178 and the number of pensioners grow from 43,087 to 45,506.

Due to Mr. Machida's diligence, the Board introduced proposals to address the System's growing unfunded liability: (1) authorized the ERS to require electronic payroll and personnel transactions from the employers with future penalties for noncompliance; (2) confirmed that employers would be permitted to make advance payments to the ERS thereby allowing the ERS to invest those contributions to the benefit of the Fund; (3) encouraged the review of Act 1/2016 to determine and protect the tax-qualified status of the ERS; and (4) established phased in increases of employer contributions by the State and counties.

I believe that Mr. Machida's continued presence and contribution as an ERS board member will positively impact ERS members and the State of Hawaii. It is for these reasons and many



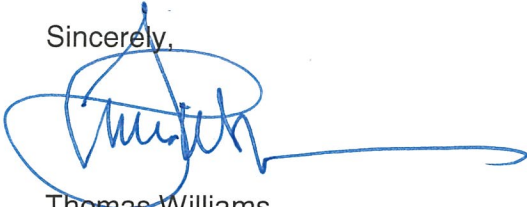
Employees' Retirement System
of the State of Hawaii

The Honorable Jill Tokuda
March 13, 2018
Page 2

others too numerous to list that I urge the Committee to confirm Mr. Machida as an ERS Trustee.

Thank you for your consideration and this opportunity to testify in this matter. Should you have any questions, please do not hesitate to contact me at 586-1700.

Sincerely,

A handwritten signature in blue ink, appearing to read "Thomas Williams", with a long horizontal flourish extending to the right.

Thomas Williams
Executive Director

cc: Senate President, Ronald Kouchi
Office of the Governor, Policy
Laurel Johnston, Director of Finance
ERS Board of Trustees

March 8, 2018

The Honorable Jill N. Tokuda, Chair
and Committee Members
Senate Committee on Labor
State Capitol
Honolulu, Hawaii 96813

Re: GM 563: Nomination of Wesley Machida to the Board of Trustees of the
Employees' Retirement System of the State of Hawaii

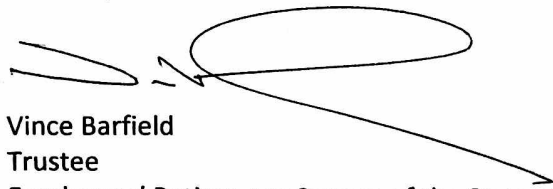
Dear Chair Tokuda and Committee Members:

I would like to offer my strong support for the nomination of Wesley Machida to serve as a member of the board of trustees for the Employees' Retirement System of the State of Hawaii ("ERS").

I have worked with Mr. Machida for the past seven years during my tenure as a trustee for the ERS while he served as executive director and ex-officio trustee as state finance director. He has been an exceptional resource for the ERS with his strong finance, pension, and government background. Always thoughtful and committed to the ERS mission, Mr. Machida is a leader who has helped us address tough issues with a collaborative and earnest style. He always operates with the highest level of integrity and has earned the respect and support of his fellow trustees and staff.

The ERS and state are fortunate to have someone of Mr. Machida's caliber willing to continue to serve in a voluntary trustee role. I encourage you to act favorably upon his nomination.

Sincerely,



Vince Barfield
Trustee
Employees' Retirement System of the State of Hawaii

DAVID Y. IGE
GOVERNOR



RODERICK K. BECKER
Comptroller
AUDREY HIDANO
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY OF
RODERICK K. BECKER, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
SENATE COMMITTEE ON LABOR
ON
TUESDAY, MARCH 13, 2018
2:45 P.M.
CONFERENCE ROOM 229

G.M. 563

SUBMITTING FOR CONSIDERATION AND CONFIRMATION TO THE BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM, GUBERNATORIAL NOMINEE, WESLEY MACHIDA, FOR A TERM TO EXPIRE 01-01-2019.

Chair Tokuda, Vice Chair English, and members of the Committee, thank you for the opportunity to submit testimony on G.M. 563. I support the nomination of Mr. Wesley Machida to the Board of Trustees of the Employees' Retirement System (ERS).

Mr. Machida served as the State's Director of Finance from 2014 where he oversaw the State's annual \$14 billion budget, State treasury, and other financial activities and always brought the right amount of dynamic tension to the table until his retirement in December 2017. He is a former certified public accountant who worked in public service for 30 years, including 18 years with the ERS with the last 4 years as its Executive Director.

Mr. Machida's tremendous professional background, personal attributes, and familiarity with ERS are a great asset to the State of Hawaii and we are fortunate to have his continued service.

Thank you for the opportunity to submit testimony of this measure.



STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

TESTIMONY BY

LAUREL A. JOHNSTON
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON LABOR
ON
GOVERNOR'S MESSAGE NO. GM 563

March 13, 2018
2:45 p.m.
Room 229

SUBMITTING FOR CONSIDERATION AND CONFIRMATION TO THE BOARD OF TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM, GUBERNATORIAL NOMINEE WESLEY MACHIDA

Chair Tokuda, Vice Chair English, and Members of the Committee on Labor

Please accept my testimony in **SUPPORT** of the Governor's nomination of Mr. Wesley Machida to the Board of Trustees for the Employees' Retirement System (ERS), which is administratively attached to the Department of Budget and Finance.

Mr. Machida possesses the academic training and working knowledge of the State's pension system to provide steady advice to the Board of Trustees and the ERS leadership. He can articulate the complexities of financing our public pension system in ways that are understandable by fellow Board members, policy makers, and the public. Mr. Machida is well-known for sharing his knowledge about the State's pension system, and has made presentations about the ERS to many community groups and professional associations. Mr. Machida has also assisted many individuals seeking his advice about their pension benefits at various points in their career.

Mr. Machida has a distinguished record of public service, having recently served as our State's Director of Finance, Executive Director and Assistant Administrator of the Employees' Retirement System. Mr. Machida has also served in accounting and audit positions with the Office of the Auditor, Child Support Enforcement Agency, Department of Accounting and General Services, and the private accounting firms of Grant Thornton LLP and Arthur Young & Co.

I look forward to working with Mr. Machida on the Board of Trustees for the Employees' Retirement System. I ask for your expeditious consideration and approval of his nomination.

TESTIMONY BY DEREK MIZUNO
TO THE SENATE COMMITTEE ON LABOR
ON
GM 563
RELATING TO CONSIDERATION AND CONFIRMATION TO THE BOARD OF
TRUSTEES OF THE EMPLOYEES' RETIREMENT SYSTEM
WESLEY MACHIDA

March 13, 2018

Chair Tokuda, Vice Chair English, and Members of the Committee,

I am testifying in SUPPORT of Wesley Machida to be confirmed to the Board of Trustees of the Employees' Retirement System (ERS). I have known Mr. Machida for over 10 years first in my position as senior manager at a national auditing firm while Mr. Machida was at the Office of the Auditor and as the ERS Deputy Executive Director, and more recently in my positions as the EUTF Assistant Administrator and Administrator while Mr. Machida was the ERS Executive Director, Director of Finance and EUTF Trustee. What has stood out to me the most about Mr. Machida is his deep passion for making Hawaii a better place for both State and county employees and the citizens. He has attempted to balance the often competing interests of the two groups through development of positions by listening to the parties, financial analysis and building consensus. I was saddened by his recent retirement from the State but the news of the possibility of his addition to the ERS Board excites me as he will be able to continue to work on solutions to addressing the funded status of the ERS and ensuring its smooth operations. I believe that his financial background, experience in State government and deep passion for serving the citizens of the State will bring significant value to the ERS Board.

Thank you for the opportunity to testify.

Audrey Hidano
1620 Hau Street
Honolulu, HI 96817

TESTIMONY OF
AUDREY HIDANO
TO THE
SENATE COMMITTEE ON LABOR
ON
TUESDAY, MARCH 13, 2018
2:45 P.M.
CONFERENCE ROOM 229

G.M. 563

SUBMITTING FOR CONSIDERATION AND CONFIRMATION TO THE BOARD OF TRUSTEES OF THE EMPLOYEES RETIREMENT SYSTEM, GUBERNATORIAL NOMINEE, WESLEY MACHIDA, FOR A TERM TO EXPIRE 01-01-2019.

Chair Tokuda, Vice Chair English, and members of the Committee, thank you for the opportunity to submit testimony on G.M. 563. I support the nomination of Mr. Wesley Machida to the Board of Trustees of the Employees Retirement System.

I am testifying as an individual and I have known Mr. Machida for about 10 years. I have worked with him in both capacities as the Employees Retirement System Administrator and the Budget and Finance Director. Mr. Machida is very easy and pleasant to work with, is very intelligent and has an outstanding resume. He will truly be an asset to the Employees Retirement System, to the retirees, and to the State of Hawaii.

I respectfully urge you to confirm Mr. Machida for the Board of Trustees of the Employees Retirement System.

Thank you for the opportunity to submit testimony on this matter.

GM-563

Submitted on: 3/6/2018 2:08:14 PM

Testimony for LBR on 3/13/2018 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Victor K. Ramos	Individual	Support	No

Comments:

Good Man.

GM-563

Submitted on: 3/6/2018 2:45:14 PM

Testimony for LBR on 3/13/2018 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Marie Laderta	Individual	Support	No

Comments:

I strongly urge your confirmation of Wes Machida to the Board of Trustees of the Employees' Retirement System. Mr. Machida's experience and high integrity of character make him an invaluable addition to the ERS Board.

Marie Laderta, Member of the Labor & Industrial Relations Appeals Board

GM-563

Submitted on: 3/7/2018 11:27:15 AM

Testimony for LBR on 3/13/2018 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lon Paresa	Individual	Support	No

Comments:

I strongly support Wes Machida for this position.

GM-563

Submitted on: 3/9/2018 1:58:09 PM

Testimony for LBR on 3/13/2018 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mark Anderson	Individual	Support	No

Comments: