

NEIL ABERCROMBIE
GOVERNOR



STATE OF HAWAII
EMPLOYEES' RETIREMENT SYSTEM

April 9, 2013

The Honorable Senator Clayton Hee
Chair, Senate Committee on Judiciary and Labor
Twenty-Seventh State Legislature
Hawaii State Capitol, Room 407
Honolulu, Hawaii 96813

Re: Governor's Message No. 674, Letter in Support for Consideration and Confirmation to the Board of Trustees of the Employees' Retirement System, Gubernatorial Nominee, Colbert Matsumoto, for a term to expire January 1, 2019

Dear Chair Hee and Members of the Senate Committee on Judiciary and Labor:

This is in strong support for the confirmation of Mr. Colbert Matsumoto to the Board of Trustees of the Employees' Retirement System (ERS).

Mr. Matsumoto has served on the ERS Board of Trustees since 2001 and with his extensive experience in business and law he has provided valuable insight, knowledge and direction as the Board has navigated through the changes and challenges of the past decade. During the past 12 years, Mr. Matsumoto has served on the Investment Committee, Operations Committee, Administrative Committee and, most recently, as Board Chair.

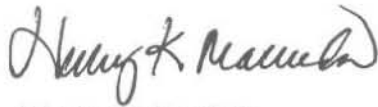
While serving as chair, Mr. Matsumoto's leadership was critical in the development and passage of legislation focused on reducing the ERS's pension and unfunded liabilities. During his tenure the board introduced proposals on the moratorium on benefit enhancements, pension reform and increased employer contributions. He takes his fiduciary responsibilities seriously and does not hesitate to ask the difficult questions whether it be directed to consultants, managers, staff or other board members. Mr. Matsumoto has supported the ERS and its members by focusing on the strength of the ERS investment program and overall sustainability of the ERS. With the best interests of the ERS members, retirees and beneficiaries in mind, he approaches the issues facing the ERS with a critical, professional, compassionate and fair perspective.



Employees' Retirement System
of the State of Hawaii

I believe that Mr. Matsumoto's continued presence and contributions as a board member will continue to positively impact the ERS members, the State, and counties as well. It is for these reasons that I urge the Committee to confirm Mr. Matsumoto as an ERS board member. If there are any questions, please do not hesitate to contact me at (808) 587-5380.

Sincerely,

A handwritten signature in black ink, appearing to read "Wesley K. Machida". The signature is fluid and cursive, with the first name being the most prominent.

Wesley K. Machida
Administrator

c: Senate President Donna Mercado Kim
Office of the Governor, Policy
Director Kalbert Young, Department of Budget & Finance
ERS Board of Trustees

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON JUDICIARY AND LABOR
ON
GOVERNOR'S MESSAGE NO. 674

April 10, 2013

RELATING TO COLBERT MATSUMOTO FOR CONSIDERATION AND
CONFIRMATION TO THE BOARD OF TRUSTEES OF THE EMPLOYEES'
RETIREMENT SYSTEM

Dear Chair Hee, Vice Chair Shimabukuro, and Members of the Committee,

Thank you for the opportunity to provide testimony in support for the nomination of Mr. Colbert Matsumoto to the Board of Trustees of the Employee Retirement System.

I have had the opportunity to work with Mr. Matsumoto over the last 2-1/2 years serving as an ex-officio trustee on the Employee Retirement System board. Mr. Matsumoto has been the board's chair until recently ending his term in December 2012. It has been a pleasure to work with Mr. Matsumoto on building and improving the Employee Retirement System (ERS). Under Mr. Matsumoto's leadership the ERS board has been more active on positions and strategic direction for improving the system.

For example, Mr. Matsumoto has led the way for the Board to take a position and the responsibility for the significant unfunded liability of the ERS. While the potential solutions to resolve the unfunded liability are not easy and have major consequences for the State of Hawaii and the counties, Mr. Matsumoto has not shied away from directing the board to take positions to address such problems of the System. Mr. Matsumoto has demonstrated a thorough understanding of the issues facing the ERS and is dedicated to making the hard necessary decisions to improve the system so that it is sustainable for all its beneficiaries.

Mr. Matsumoto has longevity on the board. His experience and historical knowledge has been a buoy for the board and especially for junior trustees. As an attorney and a notable business-leader within the state, Mr. Matsumoto brings a tremendous amount of credibility and public confidence in the management of the board as well as the System. I believe his continued public service on this board will help ensure that the future of the ERS is one of sustainability.

I urge the members of the Senate Committee on Judiciary and Labor to support his selection by voting favorably on his nomination and advancing G.M. 674 for full Senate confirmation.