March 14, 2018

ADDENDUM NO. 2

WRITTEN RESPONSES TO QUESTIONS RECEIVED ON THE
REQUEST FOR PROPOSALS FOR A TARGET DATE FUND INVESTMENT OPTION FOR
THE STATE OF
HAWAII SECTION 457 DEFERRED COMPENSATION PLAN,
RFP NO. DCP-17-1

This is to inform you that the Board of Trustees ("Board") of the State of Hawaii's ("State") Deferred Compensation Plan ("Plan") received the following written questions pertaining to the above-referenced RFP. After careful consideration, the Board hereby responds to these questions as follows:

Q1. "Can you provide the names and titles of attendees coming to the meeting?"

A1. The Board of Trustees consist of the following:

Roderick Becker, Comptroller, Department of Accounting and General Services
Ken Kitamura, Deputy Director, Department of Budget and Finance
Kanoe Margol, Deputy Executive Director, Employees' Retirement System
Brian Moto, Special Assistant to the Chancellor, UH Maui College
Kalei Rapoza, Interim Vice Chancellor for Administrative Affairs, UH Hilo
Kenneth Villabril, Accountant, Department of Finance, County of Kauai
Ryker Wada, Interim Director, Department of Human Resources Development

Q2. "Can you confirm the current assets that will map to the new target date funds, and expected net cash flows?"

A2. The current assets in the Custom Lifecycle Portfolio Series were approximately $124 million as of December 31, 2017. We do not have an estimate of expected net cash flows.

Q3. "Do you need materials in advance of the meeting?"

A3. No, however, please bring 12 printed copies to the meeting.

Q4. "Can you confirm that all of the Deferred Compensation Plan participants are eligible for Social Security (some public plan participants are not)?"

A4. Yes, all Plan participants are eligible for Social Security.
Q5. "Can you provide some additional context in the discussion points around the periods of positive and negative performance and performance in down markets. For instance over how long of a period for positive and negative performance? Monthly, annual time periods? Or when broad equity market is up or down what do TRFs do? So what defines the ups and down markets?"

A5. For discussion, it will be sufficient to focus on demonstrated risk mitigation over a period of at least five years. Generally, rolling twelve-month periods for funds representative of accumulation, transition, and distribution periods will be sufficient. It is most important that candidates present specific risk mitigation strategy and results.

Brian T. Moto

BRIAN T. MOTO
Chairperson
Board of Trustees
State of Hawaii
Deferred Compensation Plan