I. CALL TO ORDER
The meeting of the Board of Trustees was called to order at 8:31 a.m. by Chairperson Celeste Nip, in the EUTF Conference Room, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, February 23, 2016.

II. MINUTES
A. January 19, 2016
The Board reviewed the draft minutes of January 19, 2016.

MOTION was made for the Board to approve the minutes of January 19, 2016 as circulated. (Currivan Musto/Nishimoto) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)
III. EXECUTIVE SESSION
MOTION was made for the Board to move into Executive Session at 8:32 a.m. (Pressler/Zeghmi) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-3)

[Trustees Becker and Machida arrived at 8:33 a.m.]

Executive Session adjourned at 9:35 a.m.

Recessed at 9:35 a.m. and reconvened at 9:40 a.m.

Chairperson Nip reported that the Board has taken the following actions in Executive Session:

1. Approved the Executive Session minutes of January 19, 2016.
2. Approved three (3) Appeals for reinstatement of coverage.

IV. NEW BUSINESS
A. Taft-Hartley Health Insurance Plans – Segal and Trustee Correspondence
   Mr. Derek Mizuno provided background on information provided to a Trustee by Segal. Discussion held by Trustees and staff regarding concerns if it is in Segal’s contract and that any information requested from the benefits consultant should have Board approval.

B. 2016 EUTF Legislation
   Mr. Mizuno summarized bills related to the EUTF. Discussion held by Trustees and staff regarding the following bills: (1) HB1672/SB2376 Relating to Prescription Drug Benefits; (2) HB2016/SB2428, SD1 Relating to Public Employees; (3) SB2155, SD1 Relating to the Employees’ Retirement System; and (4) SB2556 Making an Appropriation for the Annual Required Contribution for the EUTF;

   MOTION was made for the Board to oppose HB1672, HD2/SB2376 Relating to Prescription Drug Benefits. (Curivan Musto/Becker) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

   MOTION was made for the Board to support the intent of HB2016/SB2428, SD1 Relating to Public Employees. (Pressler/Curivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

   MOTION was made for the Board to oppose SB2155 SD1 Relating to the Employees’ Retirement System. (Becker/Curivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)
MOTION was made for the Board to support SB2556 Making an Appropriation for the Annual Required Contribution for the EUTF. (Machida/Becker) The motion failed. (Employer Trustees-5 YES-Becker, Hidano, Machida, Nishimoto, Pressler/Employee-Beneficiary Trustees-3 NO-Currivan Musto, Nip, Zeghmi)

V. OLD BUSINESS
A. Board Meeting Schedule
Mr. Mizuno summarized the Board meeting schedule for fiscal year 2017. A meeting is scheduled for the month of October. After discussion by the Trustees and staff, the time of the Board meeting will remain at 9:00 a.m.

MOTION was made for the Board to approve the Board meeting schedule for fiscal year 2017 (Pressler/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

VI. Committee Reports – Investment Committee
A. Update – BlackRock TIPS and Core Fixed Income Commingled Funds
   1. Updated Investment Policy Statement
      Mr. Mizuno summarized the update on the BlackRock TIPS and Core Fixed Income Commingled funds and the recommendation to approve the revised investment policy guidelines.

      MOTION was made upon the recommendation of the Investment Committee for the Board to approve the revised investment policy guidelines to account for the replacement of the Vanguard Total Bond Market Index Fund and the BlackRock Inflation-Protected Bond Fund with the BlackRock US Debt Index Fund B and the BlackRock US Inflation-Linked Bond Fund B, respectively. (Machida/Currivan Musto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

B. Update – AB REIT Passive Separate Account (AB Due Diligence Site Visit)
   Mr. Mizuno summarized the update on the AB REIT Passive Separate Account.

C. Pension Consulting Alliance (PCA)
   1. December 31, 2015 Quarterly Performance Report Including the Excess Reserves Performance Report
      Mr. Mizuno summarized the December 31, 2015 Quarterly Performance Report Including the Excess Reserves Performance Report and explained the watch list criteria.

      2. Excess Reserve Portfolio Asset Allocation
         Mr. Mizuno summarized the excess reserve portfolio asset allocation. The Committee was unable to agree on a recommendation to the Board but will discuss further.
3. Private Equity/Real Estate Education
Mr. Mizuno reported that PCA presented information on the private equity and private real estate asset classes.

D. Acuitas – Annual Presentation
Mr. Mizuno summarized the annual presentation by Acuitas.

VII. Reports
A. Segal
   1. September 30, 2015 and December 31, 2015 Quarterly Reports
      Mr. Tom Morrison summarized the key findings of the Year to Date Contract Plan Experience Report, Contract Year to Date through September 2015.
   
   2. Performance Guarantee Compliance Report
      Mr. Morrison summarized the performance guarantee reporting for the second and third quarter of 2015.

B. Administrator
   The Administrator’s report was in the Board’s packet.
   1. Expanding EUTF’s office space
      Mr. Derek Mizuno reported that the EUTF will be moving to the 16th and 17th floors this weekend.
   
   2. Death checks (no discussion held)
   
   3. Adult disabled child project
      Mr. Mizuno summarized the update on the adult disabled child project.
   
   4. Student certification project (no discussion held)
   5. October 27, 2015 Letters from Hawaii Civil Rights Commission (no discussion held)
   
   6. HMSA covering chiropractic services
      Mr. Mizuno summarized the history of HMSA covering chiropractic services which the EUTF was unaware of until recently. Discussion held by Trustees, staff, and Mr. Christopher Letoto from HMSA regarding the concerns that HMSA has been covering chiropractic services since January 2014, the EUTF was never notified, the cost is approximately $2 million, and a timeline when this will stop. The Board has requested Mr. Letoto to notify the corporate office of its lack of communication.

C. EUTF Managers’ and Program Specialist Operations Reports
   The EUTF Managers’ and Program Specialist Operations Reports were in the Board’s packet.
   1. Member Services Branch (MSB)
a. MSB Data  
b. MSB Customer Service Improvement Project – Survey Results 01/12/16 – 01/25/16  
c. MSB Staffing Update  
d. Carrier Reports  

2. Information Systems (IS)  
a. Active Employee’s Open Enrollment 2016  
b. V3 BAS Modified Phase II (Employer File Feed)  
c. Vitech Rebill Issue  
d. Oracle Database Upgrade and Encryption  
e. EUTF Computer Encryption  
f. EUTF Move to 16th and 17th Floors  
g. Enrollment Counts  

3. Program Specialist Report  
a. Wellness  
b. Preventive Services and Disease Management (DM)  
c. Plan Audits  

4. Financial Services Branch  
a. Management Letter Corrective Action Plan Status  
b. Actuarial Valuation Report Effective July 1, 2015  
c. Financial Services Branch Staffing Update  
d. Financial Statements as of December 31, 2015  

D. Carrier Reports  
1. CVS Caremark  
   Written report submitted.  

2. SilverScript  
   Written report submitted.  

3. Hawaii Dental Service (HDS)  
   Written report submitted.  

4. Hawaii Medical Service Association (HMSA)  
   Written report submitted.  
   Trustee Currivan Musto expressed her concern regarding preauthorization policies for imaging services.  

5. Kaiser Health Foundation  
   Written report submitted.  

6. Royal State Insurance  
   Written report submitted.
7. UnitedHealthcare  
   Written report submitted.

8. USAble Life  
   Written report submitted.

9. Vision Service Plan (VSP)  
   Written report submitted.

VIII. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE  
A. March 22, 2016, 9:00 a.m. – Regular Board Meeting

IX. ADJOURNMENT  
MOTION was made for the Board to adjourn meeting at 11:01 a.m. (Pressler/Nishimoto)  
The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-3)

Respectfully submitted,

/s/

Audrey Hidano, Secretary-Treasurer

APPROVED on March 22, 2016.

Documents Distributed:
1. Draft Board Minutes of 1/19/16, (12 pages)
2. EUTF Bill List dated 2/23/16 with Attachments. (15 pages)
3. Memorandum to BOT from Administrator Regarding Board Meeting Schedule dated 2/17/16. (1 page)
4. Memorandum to BOT from Investment Committee Regarding 2/9/16 Investment Committee meeting dated 2/17/16. (2 pages)
5. EUTF Year to Date Contract Plan Experience Report Contract Year to Date through September 2015 dated 2/23/16. (134 pages)
6. Administrator’s Monthly Report to the Board from 1/13/16-2/16/16. (2 pages)
7. Letter to Parent from Administrator Regarding Adult Disabled Child dated 2/12/16. (2 pages)
8. Letter to Parent from Administrator Regarding Adult Disabled Child dated 2/18/16. (1 page)
9. Letter to Parent from Administrator Regarding Adult Disabled Child dated 2/19/16. (4 pages)
10. Memorandum to BOT from MSB Manager Regarding January 2016 MSB Monthly Report dated 2/16/16. (7 pages)
11. Memorandum to BOT from IS Analyst Regarding January IS Operations Report dated 2/12/16. (11 pages)
12. Memorandum to BOT from IS Analyst Regarding Vitech Timelines-Update dated 2/18/16. (2 pages)
14. Memorandum to BOT from Financial Management Officer Regarding Financial Services Branch Report for February 23, 2016 BOT Meeting dated 2/12/16. (2 pages)