CALL TO ORDER
The meeting of the Investment Committee was called to order at 9:00 a.m. by
Chairperson Dean Hirata in the Hawaii Employer-Union Health Benefits Trust Fund
(EUTF) Conference Room, City Financial Tower, Honolulu, Hawaii, on Thursday,
November 13, 2014.

MOTION was made to amend the agenda to move item III. E. Study of Potential
EUTF/ERS Investment Consolidation on the agenda before III. A. September 30, 2014
Performance Report. (Currivan Musto/Zeghmi) The motion passed unanimously.
(Employer Trustees-2/Employee-Beneficiary Trustees-2)

APPROVAL OF MINUTES – September 19, 2014
The Investment Committee reviewed the draft minutes of September 19, 2014.

MOTION was made to approve the minutes of September 19, 2014 as circulated.
(Currivan Musto/Zielinski) The motion passed unanimously. (Employer Trustees-
2/Employee-Beneficiary Trustees-2)

Pension Consulting Alliance (PCA)
A. Study of Potential EUTF/ERS Investment Consolidation
Mr. Rue reported that PCA issued the Study of Potential EUTF/ERS Investment
Consolidation in September 2014 to the State Department of Budget and Finance.
There were no significant changes from the earlier draft reviewed by the Investment
Committee.
B. September 30, 2014 Performance Report  
Mr. Colin Bebee of PCA highlighted significant points in the September 30, 2014 Performance Report. The EUTF portfolio finished the quarter at $620,608,763, a -1.9% return for the quarter which was equal to the policy benchmark return. Since inception (June 30, 2011), the EUTF portfolio has returned 8.6% versus the policy benchmark of 8.3% with less risk over the past 3 years and with all funds performing within 20 basis points of their respective benchmarks. As of September 30, 2014, all allocations were within 90 basis points of the target asset allocation and within the guidelines prescribed in the Statement of Investment Policy and Guidelines dated August 2013.

C. September 30, 2014 Excess Reserves Performance Report  
Mr. Bebee highlighted significant points in the September 30, 2014 Excess Reserve Performance Report. The EUTF excess reserve portfolio finished the quarter at $135,486,695 which includes an addition of $100 million in August 2014. During the quarter, the portfolio loss 0.1% which was equal to the Barclay’s 1-5 Year Corporate Index benchmark. Since inception (September 30, 2014), the EUTF excess reserve portfolio return of 2.3% is slightly below the Barclay’s 1-5 Year Corporate Index benchmark return of 2.4%.

D. Global Custody and Securities Lending Services Search  
Mr. Bebee discussed the process that PCA undertook to develop their finalists recommendation for the global custody and securities lending services search. Mr. Bebee reported that two firms, BNY Mellon and Northern Trust, submitted responses. Both responses met the required minimum qualifications and sufficiently fulfilled the EUTF’s preferred criteria. PCA recommended that both firms be selected as finalists and be invited for interviews at the next Investment Committee meeting.

MOTION was made to approve the recommendation from PCA to select BNY Mellon and Northern Trust as finalists for the global custody and securities lending services search and to invite them for interviews at the next Investment Committee meeting. (Zielinski/Currivan Musto) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Mr. Mizuno discussed that the current timetable assumes that the Investment Committee will recommend a service provider for global custody and securities lending services at the Board’s January 27, 2015 meeting. It is anticipated that the negotiation and execution of the contract and transition to a new custodian may take up to an additional three months after the end of the existing contract with Bank of Hawaii on February 22, 2015.

MOTION was made to recommend to the Board to authorize the Administrator to extend the current custodial contract with Bank of Hawaii, set to expire on February 22, 2015, an additional three months to complete the search for a global custody and securities lending service provider. (Zielinski/Zeghmi). The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)
E. Revised Investment Policy Guidelines for Microcap Strategy and Socially Responsible Investing and Proxy Voting
Mr. Bebee discussed the proposed revisions to the investment policy guidelines to add the microcap strategy in accordance with Phase I of the previously Board approved evolving policy portfolio plan and sections on proxy voting and socially responsible investing.

MOTION was made to recommend to the Board approval of the revised investment policy guidelines. (Currivan Musto/Zielinski). The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

IV. EXECUTIVE SESSION
MOTION was made for the Investment Committee to move into Executive Session at 9:40 a.m. (Zielinski/Zeghmi) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Executive Session adjourned at 9:47 a.m.

V. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE
A. Tuesday, January 20, 2015 at 9:00 a.m. to interview finalists and select a firm for the global custody and securities lending services search
B. Tuesday, March 10, 2015 at 9:00 a.m. for a regular quarterly meeting.

VI. ADJOURNMENT
MOTION was made to adjourn the meeting at 9:50 a.m. (Zielinski/Zeghmi) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Respectfully submitted,

/s/

Dean Hirata, Chairperson

APPROVED on January 20, 2015.

Documents Distributed:
1. Draft Investment Committee Minutes of September 19, 2014. (2 pages)
3. Global Custody and Securities Lending Service Provider Search Update. (3 pages)
4. Investment Policy Statement – Update. (23 pages)
5. Study of Potential EUTF/ERS Investment Consolidation. (52 pages)