

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Investment Committee Meeting
February 10, 2015

TRUSTEES PRESENT

Ms. Celeste Nip, Vice Chairperson
Ms. Julia Zeghmi

Ms. Maria Zielinski

TRUSTEES ABSENT

Mr. Dean Hirata, Chairperson
Ms. Linda Currivan Musto

Ms. Barbara Krieg

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Assistant Administrator
Ms. Debra Pfeffer

Mr. Colin Bebee, Consultant
Mr. Neil Rue, Consultant

OTHERS PRESENT

None

I. CALL TO ORDER

The meeting of the Investment Committee was called to order at 9:00 a.m. by Vice Chairperson Celeste Nip in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Conference Room, City Financial Tower, Honolulu, Hawaii, on Tuesday, February 10, 2015.

II. APPROVAL OF MINUTES – January 20, 2015

The Investment Committee reviewed the draft minutes of January 20, 2015.

MOTION was made to approve the minutes of January 20, 2015 as circulated. (Zeghmi/Zielinski) The motion passed unanimously. (Employer Trustee-1/Employee-Beneficiary Trustees-2)

III. Pension Consulting Alliance (PCA)

A. December 31, 2014 Performance Report

Mr. Colin Bebee of PCA highlighted significant points in the December 31, 2014 Performance Report. The EUTF portfolio finished the quarter at \$678,242,275, a 4.0% return for the quarter which was equal to the policy benchmark return. Since inception (June 30, 2011), the EUTF portfolio has returned 9.2% versus the policy benchmark of 8.9% with comparable risk over the past 3 years and with all funds performing within 30 basis points of their respective benchmarks. As of December 31, 2014, the actual allocations were off of their targets because of the introduction of the microcap strategy in mid-December 2014. The revised allocation which includes microcaps became effective on January 1, 2015.

B. December 31, 2014 Excess Reserves Performance Report

Mr. Bebee highlighted significant points in the December 31, 2014 Excess Reserve Performance Report. The EUTF excess reserve portfolio finished the quarter at \$136,911,528. During the quarter, the portfolio returned 0.3% which was slightly less than the Barclay's 1-5 Year Corporate Index benchmark return of 0.4%. Since inception (September 30, 2013), the EUTF excess reserve portfolio return of 2.1% is slightly below the Barclay's 1-5 Year Corporate Index benchmark return of 2.2%.

IV. EXECUTIVE SESSION

MOTION was made for the Investment Committee to move into Executive Session at 9:13 a.m. (Zielinski/Zeghmi) The motion passed unanimously. (Employer Trustee-1/Employee-Beneficiary Trustees-2)

Executive Session adjourned at 9:26 a.m.

V. FUTURE AGENDA ITEMS DISCUSSION AND NEXT MEETING DATE

- A. Wednesday, May 13, 2015 at 9:00 a.m. for a regular quarterly meeting
- B. Tuesday, August 11, 2015 at 9:00 a.m. for a regular quarterly meeting
- C. Tuesday, November 10, 2015 at 9:00 a.m. for a regular quarterly meeting

VI. ADJOURNMENT

MOTION was made for the Investment Committee to adjourn the meeting at 9:27 a.m. (Zeghmi/Zielinski) The motion passed unanimously. (Employer Trustee-1/Employee-Beneficiary Trustees-2)

Respectfully submitted,

/s/

Celeste Nip, Vice-Chairperson

APPROVED on May 13, 2015.

Documents Distributed:

1. Hawaii Employer-Union Health Benefits Trust Fund Quarterly Report 4Q 2014. (54 pages)