

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Investment Committee Meeting
June 14, 2016

TRUSTEES PRESENT

Mr. Wesley Machida, Chairperson
Ms. Celeste Nip, Vice Chairperson

Mr. Roderick Becker
Ms. Linda Currivan Musto

TRUSTEES ABSENT

Mr. James Nishimoto

Ms. Julia Sanchez

ATTORNEY

Mr. Kyle Chang, Deputy Attorney General

EUTF STAFF

Mr. Derek Mizuno, Administrator
Ms. Donna Tonaki, Assistant Administrator
Ms. Debra Pfeffer

Ms. Kay Ceserani, Consultant
Mr. Neil Rue, Consultant

I. Call to Order

The meeting of the Investment Committee was called to order at 8:30 a.m. by Chairperson Wesley Machida in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Conference Room, City Financial Tower, 201 Merchant Street, Honolulu, Hawaii, on Tuesday, June 14, 2016.

II. Approval of Minutes – May 11, 2016

The Investment Committee reviewed the draft minutes of May 11, 2016.

MOTION was made and seconded to approve the minutes of May 11, 2016, as presented. (Currivan Musto/Nip) The motion passed unanimously. (Employer Trustees-2/ Employee-Beneficiary Trustees-2)

III. Pension Consulting Alliance (PCA)

A. Global Options Search Process Update

Ms. Ceserani of PCA presented their memo entitled Global Options – Manager Search Process Overview dated June 10, 2016. PCA provided two options for a search for an investment manager(s) for the global options asset strategy – 1) a publicly advertised request for information (RFI) and 2) a PCA directed RFI process. Based on the reasons outlined in the memo, the Investment Committee instructed PCA to conduct a PCA directed RFI process for a search for an investment manager(s) for the global options asset strategy.

B. Updated Investment Policy

Ms. Ceserani discussed the updates to the Statement of Investment Policy and Guidelines.

MOTION was made to recommend approval to the Board of the revised Statement of Investment Policy and Guidelines that replaces the Vanguard REIT Index Fund with

the AB Real Estate Investment Trusts Strategy, adds investment guidelines for the AB Real Estate Investment Trusts Strategy and adds the additional asset classes now permitted under HRS 87A-24 with the passage of Act 030, Sessions Laws of Hawaii 2016. (Nip/Becker) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

C. 2016 Private Markets Implementation Overview

Mr. Rue of PCA presented the 2016 Private Markets Implementation Overview.

IV. Executive Session

MOTION was made and seconded for the Investment Committee to move into Executive Session at 9:10 a.m. (Nip/Becker) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Executive Session adjourned at 9:15 a.m.

V. Future Agenda Items Discussion and Next Meeting Dates

A. 2016 Schedule - Tuesday, July 12, 2016 and Tuesday, August 9, 2016 both at 9:00 a.m.

Mr. Mizuno discussed the upcoming meeting agenda items as follows:

- July 12th – 1) presentation of the evolving policy portfolio plan, finalist recommendation for the global options strategy and global options strategy education.
- August 9th – interviews and selection of an investment manager(s) for the global options strategy and selection of a long treasury investment manager(s).

VI. Adjournment

MOTION was made and seconded for the Investment Committee to adjourn the meeting at 9:17 a.m. (Nip/Curriivan Musto) The motion passed unanimously. (Employer Trustees-2/ Employee-Beneficiary Trustee-2)

Respectfully submitted,

/s/

Wesley Machida, Chairperson

APPROVED on July 12, 2016.

Documents Distributed:

1. Draft May 11, 2016 minutes
2. Global Options – Manager Search Process Overview
3. Statement of Investment Policy Guidelines – Update
4. 2016 Private Markets Implementation Overview