

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Investment Committee Meeting
July 12, 2016

TRUSTEES PRESENT

Mr. Wesley Machida, Chairperson
Mr. Roderick Becker

Ms. Linda Currivan Musto
Ms. Julia Sanchez

TRUSTEES ABSENT

Ms. Celeste Nip, Vice Chairperson

Mr. James Nishimoto

ATTORNEY

Ms. Diane Erickson, Deputy Attorney General

EUTF STAFF

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

Ms. Debra Pfeffer
Mr. Colin Bebee, Consultant

OTHERS PRESENT

Mr. Kuan Yuan

I. Call to Order

The meeting of the Investment Committee was called to order at 2:00 p.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, July 12, 2016.

Chair Machida introduced Kuan Yuan who will be joining the EUTF on August 8, 2016 as the EUTF Investment Officer.

II. Approval of Minutes – June 14, 2016

The Investment Committee reviewed the draft minutes of June 14, 2016.

MOTION was made and seconded to approve the minutes of June 14, 2016, as presented. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

III. Pension Consulting Alliance (PCA)

A. 2016 Strategic Allocation Review – Evolving Policy Plan

Mr. Bebee of PCA discussed the proposed phased implementation into the revised strategic asset allocation or evolving policy plan. The revised strategic asset allocation was approved by the EUTF Board of Trustees on May 31, 2016. The phased approach is necessary because of the greater amount of time needed to invest in the private equity and private real estate asset classes.

MOTION was made and seconded to recommend approval to the Board of the evolving policy plan recommended by PCA in their memo dated June 30, 2016. (Currivan Musto/Becker) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

B. Educational Overview: Option-Writing Strategies

Mr. Bebee presented the Educational Overview: Option-Writing Strategies

C. Finalist Recommendation – Global Options Strategy

Mr. Bebee summarized the targeted request for information process including the investment management firms contacted, minimum qualifications, fee analysis and strategy review evaluation (qualitative and quantitative); and the four recommended finalists.

MOTION was made and seconded to interview the four finalists for the global options strategy as recommended by PCA in their memo dated July 6, 2016, subject to the recommended finalists meeting the minimum fee requirements. (Currivan Musto/Sanchez) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

IV. Executive Session

MOTION was made and seconded for the Investment Committee to move into Executive Session at 3:12 p.m. (Currivan Musto/Sanchez) The motion passed unanimously. (Employer Trustees-2/Employee-Beneficiary Trustees-2)

Executive Session adjourned at 3:15 p.m.

V. Future Agenda Items Discussion and Possible Meeting Dates

Mr. Mizuno discussed future meeting dates, times and agenda items.

VI. Adjournment

MOTION was made and seconded for the Investment Committee to adjourn the meeting at 3:22 p.m. (Currivan Musto/Sanchez) The motion passed unanimously. (Employer Trustees-2/ Employee-Beneficiary Trustee-2)

Respectfully submitted,

/s/

Wesley Machida, Chairperson

APPROVED on August 16, 2016.

Documents Distributed:

1. Draft June 14, 2016 minutes
2. 2016 Strategic Allocation Review – Evolving Policy Plan
3. Educational Overview: Option-Writing Strategies
4. Global Options Manager Search – Finalist Recommendations
5. Future Agenda Items Discussion and Possible Meeting Dates