

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND

Minutes of the Board of Trustees

Monday, August 26, 2002

TRUSTEES PRESENT

Ms. Audrey Hidano, Vice-Chairperson  
Mr. James Williams, Secretary-Treasurer  
Ms. Joan Lewis  
Mr. Gerald Machida  
Ms. Kathryn Matayoshi

Mr. Neal Miyahira (Left 10:15 a.m.)  
Mr. Willard Miyake (Arrived 9:25 a.m.)  
Mr. Clifford T. Uwaine (Arrived 9:35 a.m.)  
Mr. Davis Yogi

TRUSTEE ABSENT

Mr. Sam Callejo, Chairperson

ATTORNEY

Mr. Brian Aburano, Deputy Attorney General

HEUHBTF STAFF

Mr. H. Mark Fukuhara, Administrator  
Mr. Tracy Ban  
Ms. Lynette Fukunaga  
Ms. Shirley Kawamoto

Mr. John Garner, Consultant  
Ms. Gerti Reagan, Consultant  
Ms. Karen Tom

OTHERS PRESENT

Ms. Jean Aoki, HSRTA  
Ms. Lynette Arakawa, HDS  
Mr. George Butterfield, HSTA-Retired  
Ms. Alana Deppe-Mariota, Kaiser Permanente  
Ms. Monica Engle, VSP  
Ms. Elaine Fujiwara, HDS  
Mr. Melvin Higa  
Mr. Charles Khim

Ms. Sarah Moriyama, ORTA  
Mr. Michael Moss, HMSA  
Mr. Gordon Murakami, Royal  
Ms. Kären Muronaka, HSTA-Retired  
Ms. Maria Quartero  
Mr. Rod Tam, HMSA  
Ms. Jennifer Tobin, C&C Dept. of Human Resources  
Mr. George Yamamoto, HGEA-Retirees

I. CALL TO ORDER

The regular meeting of the Board of Trustees was called to order when there was a quorum at 9:23 a.m. by Trustee Audrey Hidano, Vice-Chairperson, in Conference Room 405, Leiopapa A Kamehameha Building, 235 South Beretania Street, Honolulu, Hawaii, on Monday, August 26, 2002.

ANNOUNCEMENTS

The Vice-Chairperson noted that Trustee Callejo was unable to attend and Trustees Miyake and Uwaine were not in attendance.

II. APPROVAL OF MINUTES

MOTION was made to approve the minutes of July 23, 2002. (Matayoshi/Williams)  
The motion was passed unanimously (Employer trustees-4/Employee-Beneficiary trustees-3)  
The minutes of August 6, 2002 and August 20, 2002 were not ready for review.

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### III. COMMITTEE REPORTS

#### A. ADMINISTRATIVE COMMITTEE

1. Gartner Group Recommendations – Evaluation of the HFIMS

MOTION was made to request that the Health Fund's extend its contract with e-World Solutions to assist the Trust Fund with configuring HFIMS to support the Trust Fund's plans and rules. (Trustee Matayoshi on behalf of the Administrative Committee) The motion was passed unanimously.  
(Employer trustees-4/Employee-Beneficiary trustees-4)

2. Third-Party Administrator vs. In-House Administration

Trustee Matayoshi reported that the Committee will invite companies that responded to the RFI to give presentations on September 16-18, 2002, 8 a.m. to 1 p.m. The invitations will reflect that: (1) the Trust Fund does not currently have funds appropriated to contract with a TPA; and (2) there is a question as to whether the Trust Fund's contracting of a TPA is subject to Act 90, SLH 2001. The objective of the presentations is to help the trustees evaluate the use of a TPA as an administrative option and identify what services are available from a TPA. The trustees discussed whether the contracting of a TPA would be subject to Act 90, SLH 2001.

Trustee Miyake joined the meeting at 9:25 a.m.

3. Development of Budget and Legislation

Trustee Matayoshi reported that the Committee worked on a preliminary draft of the budget and will further discuss the draft budget at its next meeting on September 13, 2002.

The Committee requested that the Benefits and Rules Committees and any trustee submit their recommendation for legislative proposals to the Committee by September 26, 2002. The Committee will consolidate the proposals at the October 9, 2002 Committee meeting.

4. Program Structure and Performance Measures

Trustee Matayoshi reported that the Committee will discuss this item at its next meeting on September 13, 2002.

#### B. RULES COMMITTEE

1. Trustee Yogi reported that the next Rules Committee meeting is scheduled for Tuesday, August 27, 2002, 1 p.m., and Wednesday, August 28, 2002, 1 p.m., to review and discuss the consultation comments received from the public employers and employee organizations.

Trustee Uwaine joined the meeting at 9:35 a.m.

C. BENEFITS COMMITTEE

Trustee Lewis requested that the Board consider agenda item IV.A., the Administrator's report on the rate tiers as related to the State Auditor's Report, and agenda item VIII, correspondence from Mr. Mel Higa, prior to the Board taking action on the Benefits RFP. There were no objections from the trustees.

Trustee Miyake requested that agenda item V.1, employee organization benefit plans, be taken out of order as its discussion could affect the Benefits RFP.

MOTION was made to move agenda item III.C.1., Approval of Request For Proposal, to the end of the agenda. (Lewis/Uwaine) The motion was passed. (Employer trustees Hidano, Matayoshi, Yogi - YES; Trustee Miyahira - NO/Employee-Beneficiary trustees Lewis, Machida, Miyake, Uwaine, Williams - YES)

IV. MEL HIGA LETTER AND LEGAL OPINION (New Business Item)

Mr. Melvin Higa circulated at the meeting a letter to the Board together with an attached legal opinion (see handout).

MOTION was made to recess for five minutes to review the letter and legal opinion provided by Mr. Higa. (Uwaine/Lewis) The motion passed.  
(Employer trustees-4/Employee-Beneficiary trustees-5)

RECESS: 9:41 a.m. to 9:47 a.m.

Mr. Higa summarized his letter to the Board that expressed his concern that the Board's actions may be invalid if one or more trustees are barred from serving due to conflicts of interest. His letter further stated that Trustee Miyahira, who concurrently sits as a trustee on the Trust Fund and Health Fund boards, is in violation of Chapter 78-4, HRS, which prohibits a person from serving on more than one board or commission.

Mr. Aburano commented that he understood that the PEHF's Deputy Attorney General had considered this issue and apparently did not find any legal problem with Trustee Miyahira serving as a designee on the PEHF's Board and his serving on this Board as an appointee. Mr. Aburano noted that he tried to contact the PEHF's Deputy Attorney General about this matter upon receiving a copy of Mr. Higa's letter at today's meeting, but was unable to reach her. The trustees discussed whether Trustee Miyahira's votes were null and voided Board actions. Staff was asked to review the minutes to identify the motions on which Trustee Miyahira had voted since being designated to serve on the Health Fund Board.

The trustees continued their discussion on section 78-4, HRS, and some of the trustees mentioned instances where they or others had to resign from boards or commissions because of section 78-4, HRS. Mr. Aburano commented that Trustee Miyahira is technically not appointed to the PEHF Board but is serving as a designee of the Director of Budget and Finance who is an ex-officio member of the PEHF Board.

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Trustee Uwaine said he would have a problem voting, taking action, and participating on the Board until this issue is resolved to protect himself from any liability.

RECESS: 10:12 a.m. to 10:20 a.m.

Trustee Miyahira excused himself from the meeting. Trustee Matayoshi reported that Trustee Miyahira had decided not to participate in this Board meeting until the issue is resolved.

PUBLIC COMMENT

G. Butterfield commented that this issue was brought up at the PEHF Board meeting but there was no Board discussion, public comment, or comment from the Deputy Attorney General.

M. Higa commented that it is not appropriate that Trustee Miyahira continue to participate in Board meetings even though he may refrain from voting. Case law indicates that with such a conflict, Trustee Miyahira is deemed to have resigned his position on the Trust Fund Board to serve on the PEHF Board. Mr. Higa commented that he thinks that there was also a conflict with the other employee trustees serving on the Trust Fund Board as they held other public positions.

C. Khim indicated that in his opinion Trustee Miyahira had essentially resigned his position with the Trust Fund under the application of common law. Mr. Khim reached his allotted time for public comment; however, at the request of Trustees Uwaine, Miyake, and Machida, Mr. Khim was permitted to continue his comments as to the potential inconsistency or incompatibility of the other employer trustees serving on the Trust Fund Board. He concluded that action by the courts or legislature would be the best way to resolve this issue.

The Vice-Chairperson asked Mr. Aburano to research the issues of Trustee Miyahira's service on the PEHF Board and the possible incompatibility of the other employer trustees' employment and service on the Trust Fund Board and report at the next Board meeting.

Trustee Uwaine asked to delay any Board proceedings until Mr. Aburano's report was submitted to the Board.

MOTION was made not to proceed with the meeting but to wait until the Board's legal advisor provides information for review, opportunity for trustees to do research on this issue, and to consult with each other, not more than two at a time. (Uwaine/no second)

MOTION was made to proceed with Trustee Miyake's report on the next agenda item V.1., Employee Organization Benefit Plans. (Matayoshi/Yogi) The motion passed. (Employer trustees Hidano, Matayoshi, Yogi - YES/Employee-Beneficiary trustees Lewis, Machida, Miyake, Williams - YES/Trustee Uwaine - NO.)

The trustees discussed the feasibility of delaying any Board action until Mr. Aburano provides his report. The trustees discussed whether a declaratory ruling from the courts or an opinion from the Attorney General would resolve this issue.

PUBLIC COMMENT

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M. Higa commented that he strongly feels that the Deputy Attorney General will find that there exists a conflict and there will be no need for a declaratory ruling.

C. Khim commented that if the Attorney General's opinion is that there is no conflict then the Board must ask for a declaratory ruling to settle the issue, otherwise, the validity of the Benefits RFP could be questioned by the losing bidders.

Trustee Machida requested a recess. RECESS: 11:13 a.m. to 11:30 a.m.

The trustees continued their discussion on the motion and discussed the impact any delay would have on the timeline of the Benefits RFP. The trustees discussed whether to proceed with Board business but delay approval of the Benefits RFP until Mr. Aburano's report. Trustee Lewis indicated this was the last meeting she would be able to take time off from school; hereafter, she would be available after 3:30 p.m. to meet and take action on the Benefits RFP.

MOTION was amended to continue with the meeting's agenda, but without decision on the Benefits RFP until the Deputy Attorney General's advice is rendered. (Machida/Miyake)

PUBLIC COMMENT

G. Butterfield expressed his concern that the carriers would have a week less to develop their proposals. This may especially affect companies that do not have local offices and could discourage them from submitting proposals.

G. Yamamoto commented that if companies want the business they would prepare a proposal in time.

C. Khim commented that a delay of one week would not cause any harm as any interested proposer would meet the deadline.

M. Higa asked that the trustees not move forward and take action on the Benefits RFP.

The motion to amend the main motion was passed. (Employer trustees Hidano, Matayoshi, Yogi - YES/Employee-Beneficiary trustees Lewis, Machida, Miyake, Williams - YES; Trustee Uwaine - NO)

The trustees discussed the feasibility of the main motion as amended.

PUBLIC COMMENT

M. Higa asked the Board what were the Board's alternative plans if the Trust Fund cannot implement its health benefits plans. He has not seen discussions on proposals as to how health benefits would be made available to employee-beneficiaries.

The main motion as amended passed. (Employer trustees Hidano, Miyahira, Yogi - YES/Employee-Beneficiary trustees Lewis, Machida, Miyake, Williams - YES; Trustee Uwaine - NO)

There being no objection, Trustee Lewis requested that the issue of the tiered rate structure be brought up during discussion of the RFP.

Trustee Williams requested a recess to read Trustee Miyake's document.

RECESS: 11:51 a.m. to 11:58 a.m.

V. EMPLOYEE ORGANIZATION BENEFIT PLANS (Agenda Item V.1)

Trustee Miyake corrected a typographical error on page one of his report (Chapter 37 should be Chapter 87). He explained that his proposal addresses a way to resolve current Trust Fund issues such as administrative costs to upgrade the HFIMS, to create plans that better meet the needs of the employee-beneficiaries, and control health care costs. Trustee Miyake explained that the concept calls for the Trust Fund to provide benefit plan parameters, contract interested public employee unions to provide plans to the employee-beneficiaries who are their members, and have the interested public employee unions serve as third party administrators. All funding would remain with the Trust Fund and the Trust Fund would pay the carriers. Any surpluses, refunds and reimbursements would be returned to the Trust Fund and held in reserve for rate stabilization of the public employee union that was responsible for the surplus, refund or reimbursement. Employee-beneficiaries would be required to enroll in their union's plans; the Trust Fund would enroll retirees, non-union employees, and union employees whose unions chose not to offer health benefit plans.

Trustee Uwaine returned from the recess at 12 noon. Trustee Yogi left the meeting to take a call and was asked to return due to lack of quorum (12:02 p.m. - 12:03 p.m.). Trustee Hidano left and meeting paused for lack of quorum (12:15 p.m. - 12:16 p.m.).

The trustees discussed the feasibility of the concept including the impact of administrative costs to retirees and non-union employees, the effect on the Trust Fund's fixed costs, the effect on benefit plan costs, and the allocation of the union TPA's administrative fee.

PUBLIC COMMENT

K. Muronaka commented that she hopes that the Trust Fund does not implement an "eskimo" solution for retirees where the retirees are put out on the ice and forgotten.

C. Khim commented that Trustee Miyake's proposal is allowable under Chapter 87A, HRS, and may be less expensive. He commented that the Legislative intent was not to have more than one plan. He commented that the Chun vs. Employees' Retirement System case makes it clear that you do not have to listen to your attorney's advice.

J. Aoki asked if the use of surpluses in Trustee Miyake's proposal differs from the current process. She further commented that some unions may have higher plan utilization than others because of high-risk jobs and that would affect the amount of any surpluses for that group.

The trustees discussed the concerns raised by Ms. Aoki. Trustee Miyake indicated that surpluses generated by a union should be reserved for use by that union only.

M. Higa commented that Trustee Miyake's proposal addresses the issue of adverse selection. It is unclear as to whether there would be any administrative savings to the employers; however, the

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proposal would be cost effective and efficient as the unions would handle the plan administration and payroll deductions for their union members.

Trustees Williams and Miyake proposed that a special committee be established to develop a proposal on the concept of employee organization benefit plans for the Board's consideration by October 15, 2002. They were willing to serve on the committee with Trustees Callejo and Yogi.

RECESS: 1:12 p.m. to 2:15 p.m.

## VI. APPROVAL OF REQUEST FOR PROPOSAL (Agenda Item III.C.1)

Trustee Lewis stated that her report of the Benefits RFP (No. 03-001) would cover a review of each section in the RFP, a report on the Trust Fund's tiering versus the State Auditor's report, discuss the comments from public employee unions that were received after the August 19 deadline, and make a motion for the approval of the RFP.

Trustee Lewis gave an overview of the RFP's seven sections, exhibits, and appendices. A diskette will be enclosed with each RFP that includes census data, a questionnaire, and rate proposal forms. Each company making a proposal will be asked to submit its proposal on disk.

Trustee Lewis reviewed Section 3, Benefit Specifications and Questionnaires:

- Section III.F. indicates that premiums are based on a two-tier basis and carriers may be asked to accept payment on a calculated composite rate for the population that actually selects a particular plan. This subsection does not lock the Board into a two-tier rate structure.
- Section III.G. incorporates language for a two-year contract extension that addresses concerns that were raised about the effect of state regulations on the negotiated extension rates.
- Pages 35 - 85 covers the plan designs for which the Board is requesting quotes; the included questionnaires are directly related to each category of coverage.
- Section XIV., Life Insurance Benefit, incorporates the Administrative Committee's recommendation that 1% of the life insurance amount of \$4.16 be allocated to administrative costs. As such, proposals are to be based upon a premium of \$4.12 per employee per month.

Trustee Uwaine requested that the Consultant review the RFP paragraph-by-paragraph, starting from page 1, as he is not on the Benefits Committee and did not participate in the discussions that led to the development of this document. The trustees discussed the feasibility of that approach and agreed to review the RFP by section and entertain public comments for each section.

Comments Received After August 19, 2002. The Board reviewed the comments on the RFP's health benefit plan design received from the Judiciary and the Hawaii Fire Fighters Association (HFFA) that were received after the August 19, 2002, deadline. The Judiciary's concerns on student coverage were addressed by the Rules Committee. The comments submitted by HFFA had previously been addressed in other Board discussions. In this respect, some of the trustees commented that the union leaders had indicated to the Trustees in April 2002 that the Trust Fund's responsibility was to design the plans and, after the costs of the designed plans were known, the unions would negotiate the contributions with the public employers. Trustee Uwaine indicated that some union positions may have changed since that time. The trustees discussed HFFA's concern that Act 88 requires a single plan and Act 88's intention of creating a single public employee benefit delivery system.

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Review of Section 1.

Mr. Garner reviewed Section 1, Administrative Overview, of the RFP. During that review, Trustee Uwaine left the meeting from 2:55 p.m. to 3 p.m.

C. Khim stated a point of information to Vice-Chairperson Hidano that Trustee Uwaine, who requested the RFP review, had left the meeting and may ask for a repeat of the Consultant's report.

There was a pause in the meeting for lack of quorum when Trustee Hidano stepped out to look for Trustee Uwaine (2:50 p.m. to 2:51 p.m.).

During the review of Section 1, M. Higa and C. Khim circulated written comments on Section 1. The Board and public reviewed the written comments from 2:55 p.m. to 2:58 p.m.

In response to Mr. Higa's comment on Section 1.I, Mr. Garner indicated that the RFP was not requesting proposals on long-term care because the current benefit contract does not expire on June 30, 2003.

PUBLIC COMMENT (on Section 1)

Section 1, III.B. - G. Murakami asked if the Attorney General must approve contracts. Mr. Aburano responded that the Deputy Attorney General approves contracts as to legal form and compliance with other laws. The language provided in Section 1, III.B. provides notice to proposers/carriers that the Board may be required to obtain other approvals in order to execute the contract.

C. Khim commented that the Deputy Attorney General has to approve the contract as to form and can refuse to approve a contract.

G. Murakami commented on Section 1.III.B. by asking whether the Trust Fund would redo the medical plan designs and re-open the RFP in order to meet funding levels available.

M. Higa commented that it is the Board's responsibility to issue an RFP that conforms to the conditions of a defined contribution plan. He commented that the approval of the Governor and Legislature are required for administrative and other expenses and are not required to fund the cost of benefit plans.

Mr. Aburano commented that the intent of Section 1.III.B. was to disclose to the carriers that monies coming into the Trust Fund are contingent on future events. This section did not intend to imply that the legislature would have to appropriate funding of the Trust Fund's contracts with the carriers. However, the legislature would have to appropriate funding of the public employer's negotiated contributions to the Trust Fund. Mr. Aburano commented that he was unaware of any instance where the legislature refused to appropriate the funding of negotiated contributions for health or other benefits.

C. Khim recalled that Mayor Lingle, County of Maui, refused to fund negotiated HGEA and UPW collective bargaining agreements and that the dispute was resolved by the Hawaii Labor Board.

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M. Higa commented that employer contributions for benefit plans are now a cost item under collective bargaining and there are many instances where timely approval has not been obtained.

The trustees discussed what could occur should there be no agreement on new collective bargaining agreements. Mr. Aburano commented on the feasibility of deleting the RFP's statement on the availability of funding. The trustees continued discussion on the status of union negotiations and the affect this could have on the Trust Fund's business.

C. Khim commented that the trustees discussion on negotiations were not entirely accurate because they were discussing the situation for units that have mandatory arbitration - HFFA and SHOPO. All other units do not have mandatory arbitration. He further commented that the amount of the employer contribution is entwined with the duties of the trustees because the trustees cannot plan a defined benefit plan when the contributions are unknown.

M. Higa commented that the Trust Fund's contracts should not be allowed to terminate due to lack of funding. Lack of funding is not an acceptable reason to allow any contractor to get out of a contract. He further commented that he only prepared comments for Section 1 as he did not think all of his concerns would be addressed by 4:30 p.m. even if discussions started in the morning.

Mr. Garner indicated that Mr. Khim's written comments on Section 1 had already been discussed or corrected in the RFP. Mr. Garner clarified that there is a statutory definition for "carrier" and the extension of the benefit contracts is at the sole option of the Board.

M. Higa summarized his written comment on Section 1.IV, Term of the Agreement, that the term of the agreement should begin July 1, 2003, the effective date of the benefit plans. Mr. Garner responded that the term of coverage under the benefit plans is identified in Section 2. (Trustee Uwayne left the meeting from 3:45 p.m. to 3:53 p.m. during the discussion of Mr. Higa's written comments concerning the Term of Agreement.)

The trustees discussed the feasibility of including the current benefit funding levels in the RFP. Trustee Lewis reiterated that the intent of the RFP is to obtain information on benefit plans and their costs in order to design the final plan offerings.

The written comments submitted by G. Murakami, Royal State, on the availability of funds (Section 1. III) will be addressed at the next meeting when the Board receives copies of his comments.

The trustees discussed whether the submitted public comments should be referred back to the Benefits Committee. Trustee Lewis stated that she felt that there was nothing more for the Benefits Committee to do. She noted that the Benefits Committee has provided its recommended RFP - which included consideration of all public comments provided at its the Benefit Committee meetings. She indicated that the comments now being raised were not presented previously to the Benefits Committee, and it would be more appropriate for the Board to address them now and make its decision on the recommended RFP.

C. Khim provided additional comments on Section 1:

- The term "carrier" is not defined in Section 1, II., as a carrier under Chapter 87A, HRS, and it should be clarified in the section or added as a definition in Appendix A.

- In Section 1, IV, Term of the Agreement, the first paragraph should similarly note at whose option it will be to extend the contracts for an additional two years as noted in the second paragraph.

He also commented that the Deputy Attorney General's opinion indicated that subordinate union plans are not allowed because the legislative intent was to have one plan, however, it is hypocrisy to then indicate that the Fund may have more than one benefit plan.

There was a pause in the meeting due to lack of quorum when Trustee Yogi left the meeting (4 p.m. to 4:01 p.m.). The meeting resumed when Trustee Yogi returned to the meeting. Trustee Uwaine left the meeting (4 p.m. to 4:03 p.m.).

The trustees discussed M. Higa's comment that a contractor does not have a right to terminate a contract if there is no funding. It was clarified that under the recommended RFP only the Board will have the right to terminate the contracts if there is no funding. Mr. Garner noted that Mr. Higa's comment about the inconsistency of the Table of Contents had already been addressed.

Vice-Chairperson Hidano noted that the Board will lose quorum at 4:30 p.m. and would like to move forward with the rest of the agenda. The discussion of the RFP beginning with Section 2 will continue at the Board's next meeting.

#### IV. OTHER REPORTS

##### A. ADMINISTRATOR

###### 1. EUTF/PEHF Transition

Mr. Fukuhara reported that:

- DAGS is focusing on office space on the 18th floor, City Financial Tower, which would be ready in early October 2002. A common meeting room is available on the 19th Floor.
- DAGS has approved the Trust Fund's request to continue using the FAMIS accounting system until June 30, 2004.
- He is working with Mr. Nishihara on the presentation of the imaging RFP, which includes specifications for the Trust Fund's 2003 open enrollment activities, for the PEHF's Board approval.

###### 2. Expenditure Report as of July 31, 2002.

Mr. Fukuhara reviewed the expenditure report (see handout).

#### PUBLIC COMMENT

C. Khim questioned the expense that reimbursed the travel expenses for unsuccessful mainland applicants for the Administrator position. Trustee Matayoshi answered that the

Administrative Committee had determined that it was an appropriate expense to reimburse, that it took significant effort to justify the expense to the approving agencies, and that the reimbursement was approved by the Board, Comptroller, and Office of the Governor.

3. Staffing Update

Mr. Fukuhara reported two positions have been filled: (1) the secretary, Maria Quartero, who will officially transfer on September 3, 2002, and (2) the Financial Management Officer, Donna Tonaki, who will begin on September 16, 2002. The appointment of the Assistant Administrator is being finalized. There have been a number of applicants in response to the ads for Communications and Regulatory Specialist and Information Systems Analyst and interviews will held soon.

B. DEPUTY ATTORNEY GENERAL

No report.

C. BENEFITS CONSULTANT

The report to address UPW's concern on the State Auditor's demographic information and the HFIMS information was deferred to the next meeting.

Trustee Williams proposed that at its next meeting, the Board consider a four-tier rate structure as opposed to the two-tier rate structure recommended by the Benefits Committee.

V. UNFINISHED BUSINESS:

1. Employee Organization Benefit Plans

This agenda item was taken out of order and discussed earlier in the meeting.

VI. NEW BUSINESS: None.

VII. COMMUNICATIONS FROM THE PUBLIC AND INPUT FROM ATTENDEES

Written Comments on the proposed RFP No. 03-001 from Messrs. Melvin Higa, Charles Khim, and Gordon Murakami were received. Copies of Messrs. Higa's and Khim's comments were distributed to the Trustees and public and discussed during agenda item III.C.1.

VIII. FUTURE AGENDA ITEMS AND NEXT MEETING DATE

Board meetings are scheduled for:

- Thursday, September 5, 2002, at 3:30 p.m., in the State Capitol, Conference Room 408.
- Tuesday, September 10, 2002, at 3:30 p.m., State Capitol, Conference Room 416.

The Chair asked the members of the public to submit their comments on the remaining sections of the RFP before the next Board meeting to allow the trustees to review the comments in advance rather than

handing them out at the next Board meeting. It was noted that handing out the comments at a meeting rather than providing them in advance caused a delay due to the trustees having to stop the meeting to read and reflect on the comments.

Rules Committee meeting is scheduled for August 27, 2002.

Administrative Committee meetings are scheduled for:

- September 13, 2002, 9 a.m.
- September 16-18, 2002, 8 a.m., tentatively scheduled for TPA presentations.

MOTION was made to amend the executive session agenda to consider the hire, evaluation, dismissal, or discipline of the officer or employee, where consideration of matters affecting privacy will be involved. (Uwaine/Williams) The motion did not pass. (Employer trustees Hidano, Matayoshi - YES; Trustee Yogi - NO/Employee-Beneficiary trustees Lewis, Machida, Miyake, Uwaine, Williams - YES)

MOTION was made to move into Executive Session. (Matayoshi/Yogi) The motion was unanimously passed. (Employer trustees-3/Employee-Beneficiary trustees-5)

Executive Session was held from 4:23 p.m. to 4:26 p.m.

MOTION was made to go out of Executive Session. (Lewis/Williams) The motion was unanimously passed. (Employer trustees-3/Employee-Beneficiary trustees-5)

#### IX. ADJOURNMENT

MOTION was made to adjourn the regular meeting. (Matayoshi/Lewis) The motion was unanimously passed. (Employer trustees-3/Employee-Beneficiary trustees-5)

The meeting was adjourned at 4:28 p.m.

Respectfully submitted,

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Joan K. Lewis, Secretary-Treasurer

APPROVED on January 27, 2003.

#### Documents Distributed:

1. Minutes of July 23, 2002. (11 pages)
2. Letter from Mr. Melvin Higa dated August 26, 2002 regarding Trustee Miyahira. (9 pages)
3. Report by Trustee Miyake regarding "Why the HEUHBTF Should Contract Exclusive Representative Organizations to Administer Trust Fund Designed Health Benefits Plans for its Bargaining Unit Employees. (6 pages)

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4. Memorandum from Mr. Charles Khim dated August 26, 2002 regarding Public Comment to RFP No. 03-001 Regarding Proposals to Furnish Health and Life Insurance Benefit Plan Services for Active Employees and Retirees. (3 pages)
5. Comments from Mr. Melvin Higa Regarding RFPs No. 03-001 (Draft August 19, 2002), Section 1 – Administrative Overview. (1 page)
6. Comments from Mr. Melvin Higa Regarding RFPs No. 03-001 (Draft August 19, 2002), IV. Term of the Agreement. (1 page)
7. Comments from Mr. Melvin Higa Regarding RFPs No. 03-001 (Draft August 19, 2002), V. RFP Organization. (1 page)
8. Fax'd Letter from the The Judiciary dated August 20, 2002. (1 page)
9. Fax'd Letter from the Hawaii Fire Fighters Association dated August 19, 2002. (2 pages)
10. Request for Proposal No. 03-001. (122 pages)
11. Expenditure Report as of July 31, 2002. (1 page)
12. Trust Fund Tiering vs. State Auditor's Report. (1 page)
13. Approved Minutes of July 9, 2002. (6 pages)