

HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
Minutes of the Investment Meeting
Tuesday, April 21, 2020

TRUSTEES PRESENT

Mr. Christian Fern, Chairperson (via video conference)	Mr. Roderick Becker (via video conference)
Ms. Celeste Nip, Vice-Chairperson (via video conference, excused at 10:26 a.m.)	Mr. Damien Elefante
	Ms. Laurel Johnston (via video conference)

TRUSTEES ABSENT

None

ATTORNEY

Mr. Michael Chambrella, Deputy Attorney General (via video conference)

EUTF STAFF AND CONSULTANTS

Mr. Derek Mizuno, Administrator	Ms. Kristen Chase, Consultant (via video conference)
Ms. Desiree Yamauchi	Mr. Tad Fergusson, Consultant (via video conference)
Mr. Kuan Yuan	Mr. Ryan Lobdell, Consultant (via video conference)
Mr. Dylan Zheng	Ms. Karen Reeves, Consultant (via video conference)
Ms. Mary Bates, Consultant (via video conference)	Mr. Ethan Samson, Consultant (via video conference)
Mr. Colin Bebee, Consultant (via video conference)	

I. CALL TO ORDER

The meeting of the Investment Committee was called to order at 9:01 a.m. by Trustee Christian Fern, Chairperson, in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, City Financial Tower, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, April 21, 2020.

II. MINUTES – FEBRUARY 11, 2020

The Investment Committee reviewed the draft minutes of February 11, 2020.

MOTION was made and seconded to approve the minutes of February 11, 2020, as circulated. (Nip/Johnston) The motion passed unanimously. (Employer Trustees-3/ Employee-Beneficiary Trustees-2)

III. PORTFOLIO AND MARKET UPDATE

Mr. Kuan Yuan presented a memorandum with an update of the OPEB portfolio. Mr. Colin Bebee, Mr. Tad Fergusson, Ms. Mary Bates, and Ms. Karen Reeves from Meketa Investment Group (Meketa) highlighted and discussed significant developments of the general economy, global equity, private equity, private credit and private real estate markets.

IV. 2020 STRATEGIC ALLOCATION REVIEW UPDATE AND REINSURANCE

Mr. Bebee presented a report updating the 2020 Strategic Allocation Review. The 2020 Strategic Allocation Review has two parts. The first part was presented to the Investment Committee on February 11, 2020. The second part, which includes modeling outcomes and new asset allocation recommendation, was supposed to be presented at the April meeting. However, the economy and financial markets have experienced extreme volatility and as a result many modeling assumptions are no longer relevant. The modeling exercise is not meaningful without reliable inputs. As such part two of the review will be postponed to later this year when markets are hopefully closer to normalcy.

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Mr. Bebee also reviewed the reinsurance strategy, which was considered for inclusion in the strategic allocation, and discussed the current market dynamics that are favorable for investors. A proposed portfolio with allocation to the reinsurance strategies was presented. The Committee, after discussion with Meketa and staff, thought it was best to hear directly from reinsurance managers and possibly an existing investor to better understand the strategy and investment implications. Meketa and staff will coordinate presentations by top reinsurance managers and possibly an existing investor at the May Committee meeting. At that point the Committee will decide if a recommendation to allocate funds to this strategy along with investment manager(s) is appropriate.

Trustee Celeste Nip was excused from the meeting at 10:26 a.m.

V. EXECUTIVE SESSION

MOTION was made and seconded to move into Executive Session at 10:44 a.m. (Johnston/Elfante) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-1)

The regular meeting reconvened at 10:57 a.m.

Chairperson Fern reported that the Investment Committee approved the following in Executive Session:

1. A recommendation to the Board to commit additional funds to a private credit fund.
2. A recommendation to the Board regarding the extension of investment consulting contracts.

VI. FUTURE AGENDA ITEMS DISCUSSION AND POSSIBLE MEETING DATES

Mr. Kuan Yuan reported that EUTF staff will poll the Committee members for a meeting date in May.

VII. ADJOURNMENT

MOTION was made and seconded for the Investment Committee to adjourn the meeting at 10:59 a.m. (Elfante/Johnston) The motion passed unanimously. (Employer Trustees-3/Employee-Beneficiary Trustees-1)

Respectfully submitted,

/s/

Christian Fern, Chairperson

APPROVED on May 21, 2020.

Documents Distributed:

1. Draft 2/11/20 Investment Committee minutes.
2. Memorandum to the Investment Committee Titled EUTF Portfolio Update, April 21, 2020 by EUTF Staff.

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3. EUTF Market Updates, April 21, 2020 by Meketa.
4. EUTF 2020 Strategic Allocation Review Update & Reinsurance Review, April 21, 2020 by Meketa.