I. CALL TO ORDER
The meeting of the Board of Trustees was called to order at 9:00 a.m. by Chairperson Roderick Becker in the Hawaii Employer-Union Health Benefits Trust Fund (EUTF) Board Room, 201 Merchant Street, Suite 1700, Honolulu, Hawaii, on Tuesday, February 16, 2021.

II. EXECUTIVE SESSION
MOTION was made and seconded to move into Executive Session at 9:02 a.m. (Wataru/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-
Beneficiary Trustees-5)

The regular meeting reconvened at 9:52 a.m.

Chairperson Becker reported that the following were performed during Executive Session:
- Denied an appeal to re-enroll in HSTA VB health benefit plans.
- Approved commitment of funds to a private equity fund, subject to contract negotiation.
- Approved a two-year extension of the investment custodian contract through June 30, 2023.

III. MINUTES – JANUARY 11, 2021
The Board reviewed the draft minutes of January 11, 2021.

MOTION was made and seconded to approve the minutes of January 11, 2021. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

IV. COMMITTEE REPORTS
A. Investment Committee
   1. December 31, 2020 Strategic Performance Report Including Excess Funds
      Mr. Colin Bebee, Meketa Investments, summarized the quarterly and fiscal year net of fee returns of 10.2% and 15.1%, respectively, which underperformed the policy benchmark of 10.4% and 15.7%, respectively. The OPEB Trust ended the quarter at $4.3 billion. Since inception (June 23, 2011), the EUTF portfolio has returned 7.7% (net of fees) outperforming the policy benchmark return of 7.6%. Mr. Bebee noted that the market and portfolio continued the strong performance from the last quarter. Mr. Kuan Yuan noted that the ERS reported fiscal year to date returns of 14.8% gross of fees in the Star-Advertiser. He also noted that through February 12, 2021, the portfolio net of fee returns were approximately 20.2% and 8.1% for fiscal year and inception to date, respectively.

   2. Quarterly Private Equity & Private Credit Report – Q3 2020
      Mr. Yuan summarized the Q3 2020 Private Equity and Private Credit performance report.

   3. Quarterly Real Estate Report – Q3 2020
      Mr. Yuan summarized the Q3 2020 Private Real Estate performance report.

   4. ESG Update
      Mr. Yuan reported on the Investment Committee’s discussion of the EUTF’s environmental, social and corporate governance policies (ESG) included in the Investment Policy Statement noting that the EUTF’s policies are based on the Principles of Responsible Investing organization (PRI) recommendations. Additionally, the EUTF’s investment managers in applicable asset classes have formal PRI policies. The Investment Committee noted that companion bills SB801 and HB1205 consist of mandating state agencies adopt PRI policies, which EUTF already
complies with, and certain disclosure and reporting items which could be detrimental to EUTF’s ability to invest in top performing private funds and is beyond our current staff resources.

5. Investment Policy Update
Mr. Yuan summarized the Investment Committee recommendation to approve an update of the Investment Policy Statement based on recent updates of the asset allocation and classes, and best practices from the CFA Institute.

MOTION was made and seconded to approve the Investment Committee’s recommendation to update the Investment Policy Statement.
(Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

6. Global Options Transition Update
Mr. Yuan noted that the assets from former global options investment manager, AQR, was successfully moved to the remaining manager, Geode, in November and December 2020.

7. Investment Office Strategic Plan
Mr. Yuan noted that EUTF staff and Meketa will conduct a liquidity study and develop co-investment guidelines and processes as the EUTF continues to focus on investment in the private markets.

B. Benefits Committee – Segal Cost Analysis Report on Cardiovascular Conditions
Mr. Derek Mizuno noted that the Benefits Committee met on January 19, 2021 and discussed cardiovascular conditions including the types, risk factors, incidence, current carrier programs and possible future carrier programs. Segal will continue with their analysis and presentation of results for oncology and musculoskeletal in February and March 2021, respectively.

V. NEW BUSINESS
A. 2021 EUTF Related Legislation
Mr. Mizuno highlighted various bills that the EUTF staff is following including those that EUTF staff are recommending positions.

MOTION was made and seconded to support HB468 that eliminates Medicare Part B premiums reimbursements for spouses of retirees with hire dates on or after July 1, 2021. (Wataru/Johnston) The motion failed. (Employer Trustees-5 YES Becker, Elefante, Hidano, Johnston, Wada/Employee-Beneficiary Trustees-2 YES Ferguson-Miyamoto, Wataru, 3 NO Fern, Nip, Tui)

MOTION was made and seconded to support HB880/SB1084 and similar bills that allow board meetings to be conducted online in normal conditions. (Johnston/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)
MOTION was made and seconded to support SB592 that allows more than two board member participation in informational meetings related to board business and at meetings with legislators without meeting public meeting requirements. (Johnston/Wataru) The motion passed. (Employer Trustees-4 YES Elefante, Hidano, Johnston, Wada, 1 ABSTAIN Becker/Employee-Beneficiary Trustees-5 Ferguson-Miyamoto, Fern, Nip, Tui, Wataru).

Chairperson Becker requested that Mr. Mizuno follow up with the State Office of Information Practices regarding their position on SB592.

MOTION was made and seconded to support HB200/SB1229 regarding EUTF budget requests. (Nip/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to support HB1284 that provides authority for the State Department of Human Services to administer the all payor claims database and requires submission of Medicare Part C information. (Johnston/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to oppose HB447 that creates a new retiree benefit which is the same as the 2001 benefit except for the reduction in employer contributions for the 25 year or more group from 100% to 90% as there will be minimal impact. (Johnston/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to oppose SB318 that allows other entities to purchase prescription drugs through the EUTF. (Nip/Wataru) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to oppose SB326 that limits specialty copayments to $150 per prescription. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to oppose SB887 and similar bills mandating self insurance and eliminating Act 268 prefunding provisions. (Wataru/Tui) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to oppose SB602 regarding the section related to prohibition of Retail 90 and mail order copayment incentives. (Wataru/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

MOTION was made and seconded to oppose HB1200 that prohibits the appointment of state officers and employees to boards and commissions unless otherwise provided. (Wataru/Ferguson-Miyamoto) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)
VI. OLD BUSINESS
A. Use of EUTF Reserve Funds
   Mr. Mizuno reported that there is no update.

VII. REPORTS
A. Segal
   1. Quarterly Plan Performance Report through December 31, 2020
   2. Quarterly Performance Guarantee Report through December 31, 2020
   3. Segal Trends – First Quarter 2021
   4. 2021 Segal Health Plan Cost Trend Survey
   5. Five-Year Rate Projection with Approved Active Employee Rates
      Mr. Stephen Murphy, Segal Consulting, summarized the Segal reports.

B. Administrator
   1. Meetings with legislators and unions
   2. Public engagement
   3. Staffing update

C. EUTF Managers’, Program Specialist and Benefits Audit Specialist Reports
   1. Member Services Branch (MSB)
      a. MSB Data
      b. Outreach & Training
      c. Carrier Reports
   2. Information Systems (IS)
      a. EUTF New Benefits Administration System (BAS) Project
      b. V3 Benefits Administration System Modified Phase II (Employer File Feed)
      c. Medicare Part B reimbursement Changes
      d. COBRA Election Notice Changes
      e. Enrollment Counts
   3. EUTF Benefits Audit Specialist Report
      a. Audits Currently in Progress
      b. Additional Audits to be Initiated by June 30, 2021
      c. Completed and Recurring Audits
   4. EUTF Program Specialist Report
      a. Worksite wellness
      b. Preventive health
      c. Chronic disease management
   5. Financial Services Branch (FSB)
      a. FSB Performance Data
      b. Management Letter Corrective Action Plan Status
      c. EUTF Collections
      d. Financial Statements as of November 30 and December 31, 2020

D. Carrier Reports
   1. CVS Caremark
   2. SilverScript
   3. Hawaii Dental Service (HDS)
   4. Hawaii Mainland Administrators (HMA)
II. EXECUTIVE SESSION (continued)

The Board meeting recessed and moved into Executive Session at 10:56 a.m.

The regular meeting reconvened at 11:26 a.m.

Chairperson Becker reported that during Executive Session the Board approved Executive Session minutes of May 26, June 23, and July 28, 2020 and January 11, 2021.

VIII. NEXT MEETING DATE

Tuesday, March 23, 2021, 9:00 a.m. – Benefits and Investment Committee Reports.

VIII. ADJOURNMENT

MOTION was made and seconded for the Board to adjourn the meeting at 11:27 a.m. (Wataru/Johnston) The motion passed unanimously. (Employer Trustees-5/Employee-Beneficiary Trustees-5)

Respectfully submitted,

/s/ Christian Fern, Secretary-Treasurer


Documents Distributed:
1. Draft Board Minutes of January 11, 2021. (7 pages)
2. Memorandum to BOT from Investment Committee Regarding February 9, 2021 Investment Committee Meeting Report, dated February 9, 2021. (2 pages)
3. Memorandum to BOT from EUTF Benefits Committee Regarding Benefits Committee Report, dated January 19, 2021. (1 page)
4. Legislative Update, dated February 16, 2021. (21 pages)
5. EUTF Year to Date Contract Plan Experience Report, Contract Year to Date through December 2020, prepared by Segal Consulting, dated February 16, 2021. (41 pages)
6. Memorandum to BOT from Segal Consulting Regarding Segal’s Trends Report Q1 2021, dated February 16, 2021. (3 pages)
7. Memorandum to BOT from Segal Consulting Regarding Segal’s 2021 Health Plan Cost Trend Survey, dated February 16, 2021. (38 pages)
9. Memorandum to BOT from Member Services Branch Manager Regarding January 2021
Member Services Operations Report, dated February 5, 2021. (6 pages)
11. Memorandum to Administrator from EUTF Benefits Audit Specialist Regarding January – February 2021 EUTF Benefits Audit Specialist Report, dated February 5, 2021. (2 pages)
17. HMA Monthly Carrier Report for January 2021 dated February 8, 2021. (2 pages)