

'JAN 19 2024'

A BILL FOR AN ACT

RELATING TO THE HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
BOARD OF TRUSTEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 87A-5, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "**§87A-5 Composition of board.** The board of trustees of
4 the employer-union health benefits trust fund shall consist of
5 ~~[ten]~~ nine trustees as follows:

6 (1) The director of finance or designee of the State, who
7 shall be an ex officio trustee; and

8 (2) The following eight trustees to be appointed by the
9 governor in accordance with the following procedure:

10 ~~[(1)Five trustees,]~~ (A) Three trustees to represent
11 employee-beneficiaries, one of whom shall
12 represent retirees, [to represent employee-
13 beneficiaries] and to be selected [as follows:
14 ~~(A) Three trustees shall be appointed from a list of~~
15 ~~two nominees per trustee selected by each of the~~
16 ~~three exclusive representative organizations that~~



1 ~~have the largest number of employee-~~
2 ~~beneficiaries;~~

3 ~~(B) One trustee shall be appointed]~~ from a list of
4 two nominees ~~[selected by mutual agreement of the~~
5 ~~remaining]~~ per trustee vacancy that are nominated
6 and mutually agreed to by all exclusive employee
7 representative organizations; ~~[and~~

8 ~~(C) One trustee representing retirees shall be~~
9 ~~appointed from a list of two nominees selected by~~
10 ~~mutual agreement of all eligible exclusive~~
11 ~~representatives; and~~

12 ~~(2)Five]~~ (B) Two trustees to represent public
13 employers~~[-]~~; and

14 (C) Three trustees who are residents of the State,
15 one of whom shall have at least two years of
16 providing financial services, including
17 investments, to public, corporate, or private
18 institutional clients, and another who shall have
19 at least two years of experience in the health
20 industry.



1 Section 26-34 shall not apply to board member selection and
2 terms. Notwithstanding any other provision of this section, no
3 exclusive representative of a bargaining unit that sponsors or
4 participates in a voluntary employee beneficiary association
5 shall be eligible to select nominees or to be represented by a
6 trustee on the board.

7 As used in this section, the term "exclusive
8 representative" shall have the same meaning as in section 89-2."

9 SECTION 2. Section 87A-6, Hawaii Revised Statutes, is
10 amended to read as follows:

11 **"§87A-6 Term of a trustee; vacancy.** The term of office of
12 each trustee shall be four years; provided that a trustee may be
13 reappointed for one additional consecutive four-year term.

14 A vacancy on the board shall be filled in the same manner
15 as the trustee who vacated that position was nominated or
16 appointed; provided that the criteria used for nominating or
17 appointing the successor shall be the same criteria used for
18 nominating or appointing the person's predecessor[; ~~provided~~
19 ~~further that vacancies on the board for each trustee position~~
20 ~~representing retirees and employee beneficiaries appointed under~~



1 ~~section 87A-5(1)(A) and (B) shall be filled by appointment of~~
2 ~~the governor as follows:~~

3 ~~(1) If a vacancy occurs in one of the trustee positions~~
4 ~~described in section 87A-5(1)(A), then the vacancy~~
5 ~~shall be appointed from a list of two nominees~~
6 ~~submitted by the exclusive employee representative~~
7 ~~from among the three largest exclusive employee~~
8 ~~representatives that does not have a trustee among the~~
9 ~~three trustee positions;~~

10 ~~(2) If a vacancy occurs in a trustee position described in~~
11 ~~section 87A-5(1)(B), then the vacancy shall be~~
12 ~~appointed from a list of two nominees submitted by~~
13 ~~mutual agreement of the exclusive employee~~
14 ~~representatives described in section 87A-5(1)(B); and~~

15 ~~(3) If a vacancy occurs in the retiree position described~~
16 ~~in section 87A-5(1)(C), then the vacancy shall be~~
17 ~~appointed from a list of two nominees submitted by~~
18 ~~mutual agreement of all eligible exclusive employee~~
19 ~~representatives.]~~, or as provided under this chapter,
20 as applicable.



1 If by the end of a trustee's term the trustee is not
2 reappointed or the trustee's successor is not appointed, the
3 trustee shall serve until the trustee's successor is
4 appointed~~[r]~~ or one hundred twenty calendar days after the
5 trustee's term ends, whichever is earlier."

6 SECTION 3. Section 87A-11, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "~~[f]~~**\$87A-11**~~[+]~~ **Quorum; board actions; voting.** (a) ~~[Six]~~
9 Five trustees, ~~[three]~~ two of whom represent the public employer
10 and three of whom represent employee-beneficiaries, shall
11 constitute a quorum for the transaction of business.

12 (b) ~~[Trustees representing the public employers shall~~
13 ~~collectively have one vote. Trustees representing the employee-~~
14 ~~beneficiaries shall collectively have one vote.~~

15 ~~For any vote of the trustees representing the public~~
16 ~~employers to be valid, three of these trustees must concur to~~
17 ~~cast such a vote. In the absence of such concurrence, the~~
18 ~~trustees representing the public employers shall be deemed to~~
19 ~~have abstained from voting.~~

20 ~~For any vote of the trustees representing the employee-~~
21 ~~beneficiaries to be valid, three of these trustees must concur~~



1 ~~to cast such a vote. In the absence of such concurrence, the~~
2 ~~trustees representing the employee beneficiaries shall be deemed~~
3 ~~to have abstained from voting.] Each trustee shall be entitled~~
4 to one vote.

5 An abstention shall not be counted as either a vote in
6 favor or against a matter before the board.

7 (c) Any action taken by the board shall be by the
8 concurrence of at least two votes. In the event of a tie vote
9 on any motion, the motion shall fail. Upon the concurrence of
10 [~~six~~] five trustees, the board shall participate in dispute
11 resolution.

12 (d) Subject to the limitations of this part, the board,
13 from time to time, shall establish rules for the administration
14 of the funds of the system and for the transaction of its
15 business."

16 SECTION 4. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 5. This Act shall take effect upon its approval.



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INTRODUCED BY:

[Handwritten Signature]



S.B. NO. 2530

Report Title:

EUTF; Board of Trustees; Composition; Quorum; Voting

Description:

Amends the composition of the Hawaii employer-union health benefits trust fund board of trustees. Clarifies vacancy procedures. Amends quorum requirements and voting powers.

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