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## 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:**

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

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

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

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

~~[(1) Five trustees,]~~ (A) Three trustees to represent  
employee-beneficiaries, one of whom shall represent  
retirees, ~~[to represent employee-beneficiaries]~~ and to  
be selected ~~[as follows:~~

~~(A) Three trustees shall be appointed from a list of~~  
~~two nominees per trustee selected by each of the~~  
~~three exclusive representative organizations that~~



1           ~~have the largest number of~~

2           ~~employee-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          experience providing financial services,  
17          including investments, to public, corporate, or  
18          private institutional clients, and another who  
19          shall have at least two years of experience in  
20          the health 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~~[-]~~ 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        "[~~+~~]**\$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~~  
14       ~~employee-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~~  
21       ~~employee-beneficiaries to be valid, three of these trustees must~~



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

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

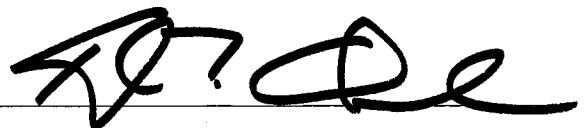
7 (c) Any action taken by the board shall be by the  
8 concurrence of at least two votes. In the event of a tie vote  
9 on any motion, the motion shall fail. Upon the concurrence of  
10 ~~[six]~~ five trustees, the board shall participate in dispute  
11 resolution.

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.

19  
INTRODUCED BY:



JAN 23 2025



# H.B. NO. 1368

**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.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

