



INVESTMENT COMMITTEE REPORT
Friday, March 4, 2005, 12:00 P.M.

DEFINED BENEFIT PLAN & DEFINED CONTRIBUTION PLAN

I. ACTION ITEMS

- a. Adoption of Investment Policy Statement
Motion - The Investment Committee would like to motion the Board of Trustees to adopt the attached "Investment Policy Statement" (See Attachment #1)

II. INFORMATIONAL ITEMS

- a. Manager due diligence meetings took place during the week of February 21 through 25, 2005. Issues identified are being addressed by management and discussed at the next committee meeting.
- b. RCM "Proxy Voting Guidelines and Procedures" has been provided for review and comment (See Attachment #2).
- c. The Investment Committee meeting minutes for October 1, 2004, October 22, 2004, and January 7, 2005 have been approved and are provided for record (See Attachment #3). The Investment Committee meeting minutes for February 4, 2005 is still under review by the Committee.
- d. FHB/JP Morgan fee schedule has been provided for review and comment (See Attachment #4).
- e. Management has been directed to schedule a due diligence meeting with Great-West Inc., the Defined Contribution Plan third party administrator. This is anticipated for mid to late April 2005.
- f. Management continues to work on the development of the RFP for services associated with the development of an RFP for custodial bank services. Management is to issue this RFP by early April 2005.
- g. Analysis of Cash Draw Down Plan – Total draw downs as of February 2005 is \$34,373,568.21 (Dividends & Principal). Total budgeted per draw down plan from October 2004 to February 2005 is \$27,679,215.85. Management cites increased refund requirements, member retirements and annuity finalizations as factors affecting actual draw down requirements. The draw down plan is required to be reviewed quarterly and will be reviewed at the next committee for possible revision See Attachment #5).

III. CORRESPONDENCES

- a. Aberdeen Asset Management – Privacy Notice (See Attachment #6)
- b. Citigroup Asset Management – Management Changes (See Attachment #7)

Felix P. Camacho
Governor

Kaleo S. Moylan
Lieutenant Governor

Wilfred G. Aflague
Director

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Investment Committee, Chairman

James J. Taylor, Ph.D.
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Investment Committee, Vice-Chairman

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