

**BOARD OF TRUSTEES**  
**Regular Meeting**  
Wednesday February 11, 2004, 12:00 p.m.  
Retirement Fund Conference Room

**MINUTES**

<b>DEFINED BENEFITS</b>
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**I. CALL TO ORDER**

After determining a quorum, the Retirement Fund Board of Trustees Regular Meeting was called to order at 12:05 p.m. Wednesday, February 11, 2004, in the Retirement Fund Conference Room. Chairman Francisco B. Salas officiated.

**Board of Trustees Present:**

Francisco B. Salas, Chairman  
Gerard A. Cruz, Vice Chairman  
Rolenda L. Faasuamalie, Trustee  
Stephen J. Guerrero, Trustee  
Katherine T.E. Taitano, Trustee (12:07 p.m.)

**Staff Present:**

Wilfred G. Aflague, Director  
Paula M. Bamba, Administrative Services Officer  
Pete Tajalle, Controller  
Ken Dunstan, Acting Benefits Program Administrator  
Vince Camacho, Great West Retirement Services  
Jackie Blas, Board Secretary  
Rosalia Bordallo, Investment Specialist

**Public Present:**

Mark Heath, Metropolitan West Capital Management  
Becky Lujan, Office of Senator Toni Sanford

**II. REVIEW AND APPROVAL OF MINUTES**

**A. January 28, 2004 Regular Meeting**

**On motion of Mrs. Rolenda Faasuamalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Minutes of January 28, 2004 Regular Meeting were approved, subject to corrections. Motion carried.**

### III. PENSION BENEFITS

#### A. Members and Benefits Committee Findings of January 13, 2004

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their meeting of January 13, 2004, the following applications are recommended for **APPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANTS
  - 1. Ronald Q. Taimanglo
  - 2. Joyce M. Camacho
  - 3. Juan M. Tedpahago

**On motion of Mrs. Rolenda Faasuamalie, seconded by Vice Chairman Gerard Cruz, and unanimously agreed upon, the Board of Trustees voted to approve the disability applications of Ronald Q. Taimanglo, Joyce M. Camacho and Juan M. Tedpahago, as recommended by management. Motion carried.**

- B. SURVIVOR ANNUITY BENEFIT APPLICANTS
  - 1. Name: Joaquin S. Atoigue  
Date of Death: November 01, 2003  
Annuity Due Decease: \$ 19,328.88  
Surviving Spouse: Celina D. Atoigue  
Survivor's Annuity: \$ 9,664.56  
Percentage Earned: 50%  
Effective Date: November 01, 2003
  - 2. Name: Estelita C. Badar  
Date of Death: November 17, 2003  
Annuity Due Decease: \$ 24,958.80  
Surviving Spouse: Franklin E. Badar  
Survivor's Annuity: \$ 12,479.52  
Percentage Earned: 50%  
Effective Date: November 17, 2003
  - 3. Name: Sarah R. Borja  
Date of Death: November 07, 2003  
Annuity Due Decease: \$ 9,405.60  
Surviving Spouse: Juan C. Borja  
Survivor's Annuity: \$ 4,702.80  
Percentage Earned: 50%  
Effective Date: November 07, 2003
  - 4. Name: Felipe C. Cruz  
Date of Death: October 24, 2003  
Annuity Due Decease: \$ 12,129.36  
Surviving Spouse: Beatrice LG Cruz  
Survivor's Annuity: \$ 6,064.80  
Percentage Earned: 50%  
Effective Date: October 24, 2003

5. Name: Antonio Q. Guerrero  
Date of Death: October 24, 2003  
Annuity Due Decease: \$ 25,132.32  
Surviving Spouse: Mercedes B. Guerrero  
Survivor's Annuity: \$ 12,566.16  
Percentage Earned: 50%  
Effective Date: October 24, 2003
  
6. Name: Lorenzo LG Iriarte  
Date of Death: October 12, 2003  
Annuity Due Decease: \$ 17,627.76  
Surviving Spouse: Lucia S. Iriarte  
Survivor's Annuity: \$ 8,814.00  
Percentage Earned: 50%  
Effective Date: October 12, 2003
  
7. Name: Donald A. Kidd, Jr.  
Date of Death: November 02, 2003  
Annuity Due Decease: \$ 32,998.80  
Surviving Spouse: Mary M. Kidd  
Survivor's Annuity: \$ 16,499.52  
Percentage Earned: 50%  
Effective Date: November 02, 2003
  
8. Name: Ruby C. Ofeciar  
Date of Death: December 11, 2003  
Annuity Due Decease: \$ 35,834.64  
Surviving Spouse: Jose G. Ofeciar  
Survivor's Annuity: \$ 17,917.44  
Percentage Earned: 50%  
Effective Date: December 11, 2003
  
9. Name: Francis R. Reotutar  
Date of Death: November 09, 2003  
Annuity Due Decease: \$ 15,325.92  
Surviving Spouse: Juanita R. Reotutar  
Survivor's Annuity: \$ 7,662.96  
Percentage Earned: 50%  
Effective Date: November 09, 2003
  
10. Name: Jose D. Respicio  
Date of Death: November 11, 2003  
Annuity Due Decease: \$ 12,640.80  
Surviving Spouse: Isabel R. Respicio  
Survivor's Annuity: \$ 6,320.40  
Percentage Earned: 50%  
Effective Date: November 11, 2003

- |     |                      |                        |
|-----|----------------------|------------------------|
| 11. | Name:                | Bernabe G. San Nicolas |
|     | Date of Death:       | October 16, 2003       |
|     | Annuity Due Decease: | \$ 32,934.24           |
|     | Surviving Spouse:    | Frances G. San Nicolas |
|     | Survivor's Annuity:  | \$ 16,467.12           |
|     | Percentage Earned:   | 50%                    |
|     | Effective Date:      | October 16, 2003       |
|     |                      |                        |
| 12. | Name:                | Frajin S. Santos       |
|     | Date of Death:       | November 26, 2003      |
|     | Annuity Due Decease: | \$ 26,140.56           |
|     | Surviving Spouse:    | Lolita V. Santos       |
|     | Survivor's Annuity:  | \$13,070.40            |
|     | Percentage Earned:   | 50%                    |
|     | Effective Date:      | November 26, 2003      |
|     |                      |                        |
| 13. | Name:                | John C. Toves          |
|     | Date of Death:       | September 01, 2003     |
|     | Annuity Due Decease: | \$ 29,698.80           |
|     | Surviving Spouse:    | Ana L. Toves           |
|     | Survivor's Annuity:  | \$ 14,849.52           |
|     | Percentage Earned:   | 50%                    |
|     | Effective Date:      | September 01, 2003     |

**On motion of Mrs. Rolenda Faasumalie, seconded by Vice Chairman Gerard Cruz, and unanimously agreed upon, the Board of Trustees voted to approve the Survivor Annuity Benefit applicants listed under Items B 1-13, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

**C. AGE RETIREMENT APPLICANTS**

- |    |                        |                            |
|----|------------------------|----------------------------|
| 1. | Name:                  | Frances EA Camacho         |
|    | Date of Birth:         | September 06, 1943         |
|    | Department:            | GovGuam Retirement Fund    |
|    | Length of Service:     | 20 Years 10 Months 00 Days |
|    | Service Factor:        | 20.833                     |
|    | Average Annual Salary: | \$ 43,373.99               |
|    | Annual Annuity:        | \$ 20,421.60               |
|    | Percentage Earned:     | 47.082594                  |
|    | Effective Date:        | October 01, 2003           |
|    |                        |                            |
| 2. | Name:                  | Olivia A. Grande           |
|    | Date of Birth:         | September 16, 1937         |
|    | Department:            | Guam Community College     |
|    | Length of Service:     | 17 Years 00 Months 15 Days |
|    | Service Factor:        | 17.041                     |
|    | Average Annual Salary: | \$ 52,101.65               |
|    | Annual Annuity:        | \$ 19,591.44               |
|    | Percentage Earned:     | 37.602340                  |
|    | Effective Date:        | December 11, 1999          |

3. Name: Bob Lee Kennedy  
Date of Birth: May 15, 1941  
Department: Department of Public Works  
Length of Service: 21 Years 03 Months 15 Days  
Service Factor: 21.291  
Average Annual Salary: \$ 35,165.87  
Annual Annuity: \$ 16,959.60  
Percentage Earned: 48.227443  
Effective Date: August 01, 2003
  
4. Name: Rosario P. Terlaje  
Date of Birth: October 10, 1938  
Department: Department of Administration  
Length of Service: 22 Years 00 Months 00 Days  
Service Factor: 22.000  
Average Annual Salary: \$ 42,689.28  
Annual Annuity: \$ 21,344.64  
Percentage Earned: 50.000000  
Effective Date: January 01, 2003

**On motion of Mrs. Rolenda Faasumalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the Age Retirement applicants listed under Items C 1-4, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

**D. OPTIONAL RETIREMENT APPLICANTS**

1. Name: Elburn E. Irish  
Date of Birth: March 16, 1949  
Department: University of Guam  
Length of Service: 20 Years 02 Months 00 Days  
Service Factor: 20.166  
Average Annual Salary: \$ 44,659.91  
Annual Annuity: \$ 16,783.68  
Percentage Earned: 37.581087  
Effective Date: July 01, 2003
  
2. Name: Edward T. Kabina  
Date of Birth: February 20, 1960  
Department: Guam Police Department  
Length of Service: 26 Years 01 Month 00 Days  
Service Factor: 26.083  
Average Annual Salary: \$ 80,813.79  
Annual Annuity: \$ 23,598.24  
Percentage Earned: 29.198284  
Effective Date: April 01, 2003

**On motion of Mrs. Rolenda Faasumalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the Optional Retirement applicants listed under Items D 1-2, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

- E. SERVICE RETIREMENT APPLICANTS
1. Name: Helen F. Ada  
 Date of Birth: July 09, 1951  
 Department: Guam Water Works Authority  
 Length of Service: 25 Years 02 Months 00 Days  
 Service Factor: 25.166  
 Average Annual Salary: \$ 68,745.30  
 Annual Annuity: \$ 39,813.84  
 Percentage Earned: 57.9149999  
 Effective Date: October 01, 1998
  
  2. Name: Anthony M. Artero  
 Date of Birth: March 14, 1950  
 Department: University of Guam  
 Length of Service: 36 Years 00 Months 00 Days  
 Service Factor: 36.000  
 Average Annual Salary: \$ 84,586.34  
 Annual Annuity: \$ 71,898.48  
 Percentage Earned: 85.000000  
 Effective Date: October 01, 2003
  
  3. Name: Nicanor B. Carino  
 Date of Birth: January 10, 1938  
 Department: Department of Land Management  
 Length of Service: 29 Years 07 Months 00 Days  
 Service Factor: 29.583  
 Average Annual Salary: \$ 77,608.23  
 Annual Annuity: \$ 53,516.64  
 Percentage Earned: 68.957428  
 Effective Date: July 19, 2003
  
  4. Name: Ramon Q. Castro  
 Date of Birth: March 04, 1949  
 Department: Department of Public Works  
 Length of Service: 26 Years 00 Months 00 Days  
 Service Factor: 26.000  
 Average Annual Salary: 40,222.38  
 Annual Annuity: \$ 24,133.44  
 Percentage Earned: 60.000002  
 Effective Date: July 26, 2003
  
  5. Name: Teresita N. Cavan  
 Date of Birth: February 21, 1954  
 Department: Guam Memorial Hospital Authority  
 Length of Service: 26 Years 07 Months 15 Days  
 Service Factor: 26.625  
 Average Annual Salary: 52,194.83  
 Annual Annuity: \$ 32,132.40  
 Percentage Earned: 61.562419  
 Effective Date: February 11, 2003

6. Name: Annie P. Concepcion  
Date of Birth: February 23, 1948  
Department: Department of Education  
Length of Service: 25 Years 01 Month 15 Days  
Service Factor: 25.125  
Average Annual Salary: \$ 24,270.45  
Annual Annuity: \$ 14,031.36  
Percentage Earned: 57.812525  
Effective Date: October 01, 1998
  
7. Name: Praxedes E. DeLos Reyes  
Date of Birth: July 21, 1947  
Department: Department of Education  
Length of Service: 29 Years 04 Months 00 Days  
Service Factor: 29.333  
Average Annual Salary: \$ 42,478.63  
Annual Annuity: \$ 29,026.80  
Percentage Earned: 68.332712  
Effective Date: October 15, 1998
  
8. Name: Francisco D. Flores  
Date of Birth: September 20, 1945  
Department: Guam Power Authority  
Length of Service: 33 Years 05 Months 15 Days  
Service Factor: 33.458  
Average Annual Salary: \$ 101,670.15  
Annual Annuity: \$ 79,958.40  
Percentage Earned: 78.644912  
Effective Date: June 01, 2002
  
9. Name: George K. Kallingal  
Date of Birth: January 02, 1942  
Department: University of Guam  
Length of Service: 35 Years 10 Months 15 Days  
Service Factor: 35.875  
Average Annual Salary: \$ 105,325.43  
Annual Annuity: \$ 89,197.44  
Percentage Earned: 84.687468  
Effective Date: October 01, 2003
  
10. Name: Paul D. Leon Guerrero  
Date of Birth: May 02, 1957  
Department: Bureau of Budget Management Research  
Length of Service: 32 Years 05 Months 00 Days  
Service Factor: 32.416  
Average Annual Salary: \$ 95,444.96  
Annual Annuity: \$ 72,576.24  
Percentage Earned: 76.039887  
Effective Date: May 18, 2003

11. Name: Peter S. Mendiola  
Date of Birth: February 24, 1960  
Department: Guam Police Department  
Length of Service: 25 Years 01 Month 00 Days  
Service Factor: 25.083  
Average Annual Salary: \$ 62,059.42  
Annual Annuity: \$ 35,813.04  
Percentage Earned: 57.707661  
Effective Date: March 12, 2003
  
12. Name: Jeannie A. Quinata  
Date of Birth: November 27, 1953  
Department: Guam Power Authority  
Length of Service: 30 Years 03 Months 15 Days  
Service Factor: 30.291  
Average Annual Salary: \$ 52,270.54  
Annual Annuity: \$ 36,969.60  
Percentage Earned: 70.727411  
Effective Date: July 26, 2003
  
13. Name: Vicente T. Quintanilla  
Date of Birth: April 05, 1948  
Department: Department of Public Works  
Length of Service: 26 Years 05 Months 15 Days  
Service Factor: 26.458  
Average Annual Salary: \$ 35,022.65  
Annual Annuity: \$ 21,414.48  
Percentage Earned: 61.144659  
Effective Date: October 01, 2002
  
14. Name: Rosita M. Rosario  
Date of Birth: August 16, 1948  
Department: Department of Revenue & Taxation  
Length of Service: 30 Years 11 Months 00 Days  
Service Factor: 30.916  
Average Annual Salary: \$ 40,389.79  
Annual Annuity: \$ 29,197.68  
Percentage Earned: 72.289754  
Effective Date: October 01, 2003
  
15. Name: Teresita S. Santos  
Date of Birth: January 18, 1941  
Department: Department of Education  
Length of Service: 28 Years 00 Months 00 Days  
Service Factor: 28.000  
Average Annual Salary: \$ 26,530.98  
Annual Annuity: \$ 17,245.20  
Percentage Earned: 65.000237  
Effective Date: November 29, 2003



16. Name: Amparo C. Seralbo  
Date of Birth: October 03, 1948  
Department: Guam Memorial Hospital Authority  
Length of Service: 25 Years 08 Months 15 Days  
Service Factor: 25.708  
Average Annual Salary: \$ 26,814.62  
Annual Annuity: \$ 15,893.04  
Percentage Earned: 59.270054  
Effective Date: October 01, 1998

**On motion of Mrs. Rolenda Faasumalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the Service Retirement applicants listed under Items E 1-16, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

Mrs. Rolenda Faasumalie stated that based on the Committee's findings during their meeting of January 13, 2004, the following applications are recommended for **DISAPPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANTS  
1. Jane M. Story  
2. David J. Lubofsky

**On motion of Mrs. Rolenda Faasumalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to disapprove the disability applications of Jane M. Story and David J. Lubofsky, as recommended by management. Motion carried.**

#### **IV. EXECUTIVE SUMMARY**

Director Wilfred Aflague reported to the Board of Trustees that he included, in the Executive Summary, the data of withdrawal of retirement contributions showing the agency, reason, the number of employees per agency and the total refunded amount for the Board's review and information.

Mr. Aflague reminded the Board of Trustees of the election that is scheduled for Saturday, February 14, 2004 from 8:00 a.m. to 5:00 p.m. at the UOG Fieldhouse.

Mr. Aflague stated that contributions are all current for this fiscal year. Mr. Aflague stated that a letter was sent to GMH and they made their contribution payments under the DC Plan. Mr. Pete Tajalle, Controller, stated that payment was received late yesterday afternoon. Mrs. Faasumalie inquired about what prompted GMH to make payment. Mr. Tajalle stated that a letter was sent to GMH which cited the law which states the due dates for the defined contributions payments as well as a first delinquency notice within the letter and also via a telephone conversation with GMH's Controller.

The 2002 Financial Audit should be completed by the end of this month. Mr. Tajalle stated that this will include the report on internal controls in association with the bank statement audit. Mr. Aflague stated that we anticipate an exit meeting sometime this month.

Chairman Salas asked if the Board of Trustees are required to be present at the exit meeting. Mr. Aflague stated that it's an option for the Board if they would like to attend the exit meeting. Chairman Salas informed the Board of Trustees that they are invited to attend the exit meeting. The date of the meeting will be announced later.

## **V. OLD BUSINESS**

### **A. Employee Count of Retirement Fund Defined Benefit Members Deemed Eligible for Age and/or Service Retirement as of September 30, 2004**

Mr. Ken Dunstan, Acting Benefits Program Administrator, reported to the Board of Trustees that he has provided a summary, by agency, of employee count deemed eligible for age and or service retirement as of September 30, 2004. Chairman Salas stated that this could be a fairly significant exit. This is about 50% of the DB members. Chairman Salas stated that this should be an eye-opener as far as doing some financial planning. Mrs. Faasuumalie inquired about the variables under the redeposit plan. Ms. Paula Bamba, Administrative Services Officer, stated that there's not too many under the redeposit plan.

Mr. Tajalle stated that the numbers could be affected by the budget law. Mr. Aflague stated that there is a general misperception by some employees that want to retire but may not be able to do so due to lack of remittance of contributions by their agencies. Mr. Aflague further stated that the law allows you to retire at the time that you recommence your retirement documentations, then DOE will need to pay for your account.

Ms. Bamba inquired if the 20-25 years of service is pre and post. Mr. Dunstan stated yes. Mr. Guerrero inquired if this is actual years of service only and does not include sick leave and annual leave. Mr. Dunstan stated that it does not include sick leave and annual leave.

## **VI. NEW BUSINESS**

### **A. Adoption of Investment Policy Statement (Amended February 2004)**

Chairman Salas stated that the Investment Policy Statement has been submitted for review as amended and adopted by the Investment Committee. Vice Chairman Cruz inquired about the changes. Mr. Tajalle stated that there is a change of rebalancing. The body, as far as the policy is concerned, is still in line with the statutes. The key information on page 3 has been updated and also the market value of the Retirement Fund as of September 30, 2003. Vice Chairman Cruz inquired about our current allocation. Is it the 38%, 19%, 39% and 4%? Mr. Tajalle replied yes. Mr. Tajalle stated that pending full implementation of the strategic target asset allocation, the Board has adopted an interim target allocation comprised of 40% US Equities and 10% Non-US Equities, 49% US Fixed Income, and 1% Cash Equivalents. Chairman Salas asked if this is a culmination of past Investment Committee meetings. Mr. Tajalle replied yes and recommendations from Mercer. Chairman Salas asked if were are just formalizing all the actions that's been taken. Ms. Bamba stated that we are updating the policy. Vice Chairman Cruz asked if this is a compliance to the Investment Law. Mr. Tajalle replied yes. Vice Chairman Cruz asked what is the current upper limit on equities. Mr. Tajalle replied 40% US Equities and 20% Non-US Equities. Mr. Tajalle stated that on the allocation on the Non-US Fixed Income, we have not proceeded with Emerging Markets stateside. Vice Chairman Cruz asked where is the 4% allocated? Mr. Tajalle stated that it's still in debt.

**On motion of Vice Chairman Gerard Cruz, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve and accept the Statement of Investment Policy Objective and Operating Guidelines, as revised and adopted on February 10, 2004. Motion carried**

**VII. OPEN DISCUSSION**

Mr. Aflague stated that relative to the Investment Policy, Senator Toni Sanford is requesting for a draft legislation for Prudent Man. Mr. Aflague stated that he will seek the assistance of our Investment Consultant and Legal Counsel to put together the draft legislation for the Board's review. Chairman Salas stated that the Board could initiate something at this Board meeting to give some kind of directive, until the new Board regroups, for staff and management to proceed with the draft legislation. Vice Chairman Cruz asked if there's a draft available. Ms. Bamba replied yes, but that it was drafted several years ago and it needs to be revisited and updated and we would solicit input from our consultant.

**On motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasumalie, and unanimously agreed upon, the Board of Trustees voted to approve to direct staff and management to coordinate with our Investment Consultant and Legal Counsel to update our current draft form of the Prudent Man legislation for submission to the Board of Trustees for final approval prior to submission to the Legislature. Motion carried.**

**VIII. ANNOUNCEMENTS**

None

**IX. ADJOURNMENT**

**There being no further business before the Board, on motion of Vice Chairman Gerard Cruz, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the meeting was adjourned at 12:30 p.m. Motion carried.**

Respectfully submitted,

Jackie Blas  
Board Secretary

## **D E F I N E D   C O N T R I B U T I O N S**

### **I.      C A L L   T O   O R D E R**

After determining a quorum, the Retirement Fund Board of Trustees Regular Meeting was called to order at 12:30 p.m. Wednesday, February 11, 2004, in the Retirement Fund Conference Room. Chairman Francisco B. Salas officiated.

#### **Board of Trustees Present:**

Francisco B. Salas, Chairman  
Gerard A. Cruz, Vice Chairman  
Rolenda L. Faasuamalie, Trustee  
Katherine T.E. Taitano, Trustee  
Stephen J. Guerrero, Trustee

#### **Staff Present:**

Wilfred G. Aflague, Director  
Paula M. Bamba, Administrative Services Officer  
Pete Tajalle, Controller  
Ken Dunstan, Acting Benefits Program Administrator  
Vince Camacho, Great West Retirement Services  
Jackie Blas, Board Secretary  
Rosalie Bordallo, Investment Specialist

#### **Public Present:**

Mark Heath, Metropolitan West Capital Management  
Becky Lujan, Office of Senator Toni Sanford

### **II.     R E V I E W   A N D   A P P R O V A L   O F   M I N U T E S**

#### **A.      J a n u a r y   2 8 ,   2 0 0 4   R e g u l a r   M e e t i n g**

**On motion of Vice Chairman Gerard Cruz, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Minutes of January 28, 2004 Regular Meeting were approved, subject to corrections. Motion carried.**

### **III.    O L D   B U S I N E S S**

#### **A.      C o n t r i b u t i o n   R e p o r t   a s   o f   P P E   J a n u a r y   2 4 ,   2 0 0 4**

Mr. Vince Camacho reported to the Board of Trustees that all agencies are current in their payments. Payment from Guam Memorial Hospital was received late yesterday afternoon.

### **IV.    N E W   B U S I N E S S**

#### **A.      A d d i t i o n   o f   t h e   P r o f i l e   S e r i e s   a n d   t h e   D o d g e   a n d   C o x   B a l a n c e d   F u n d**

Mr. Camacho stated that, at this time, the Board will be mirroring the mutual fund options for the 401 Plan to make the 457 Plan the same as the 401 Plan. We are including the Dodge and Cox Balanced Fund, which is part of the 401 but was not part of the 457. Basically the two plans will be practically identical with the exception of the Vanguard Windsor, which is only in the 457 and not in the 401.

Vice Chairman Cruz asked why Vanguard Windsor is not in the 401 Plan. Mr. Camacho stated that they are totally separate plans because one is the mandatory plan and the other is the voluntary plan. It's just the way the Board, at the time, decided to make their selection. Vice Chairman Cruz inquired about the Vanguard that's not in the 401. Mr. Camacho stated that it's the Vanguard Windsor. The Vanguard Windsor is a large cap fund. Mr. Camacho stated that the elements for the Windsor and the Growth are pretty much the same although the Windsor is more towards the value side than the actual Growth Fund which is more on the growth side. Mr. Camacho stated that, administratively, there is no affect to add Windsor and there's no additional cost.

Chairman Salas asked if we need to move this back to the Investment Committee if we wanted to mirror the exact same investment options. Chairman Salas stated that we will just be adding more choices for each plan. Mr. Camacho stated that the actual decision should go before the Board. The Investment Committee's action is not necessarily binding.

**On motion of Vice Chairman Gerard Cruz, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the inclusion of Dodge and Cox Balanced Fund and the Profile Series Fund into the existing 457 Plan. Motion carried.**

**On motion of Vice Chairman Gerard Cruz, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the inclusion of Vanguard Windsor II Fund from the 457 Plan as part of an investment option for the 401 Plan. Motion carried.**

#### **V. OPEN DISCUSSION**

Mr. Camacho reported to the Board of Trustees on the asset summary for 2003. Our asset for 4th Quarter 2003 was at \$90.4 Million. On the Growth Components, \$3.8 Million of that growth was due to contributions less \$1.8 Million of distributions for a net investment gain of \$5.1 Million for the quarter for the 401 Plan. Vice Chairman Cruz asked how we are doing this quarter. Mr. Camacho stated that so far we are doing okay.

Mr. Camacho stated that the asset results for the 457 Plan for the 4th Quarter is \$3.2 Million of which \$266,000 are contributions less \$141,000 of distributions for a net investment gain of \$289,000.

#### **VI. ANNOUNCEMENTS**

None

#### **VII. ADJOURNMENT**

**There being no further business before the Board, on motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasumalie, and unanimously agreed upon, the meeting was adjourned at 12:40 p.m. Motion carried.**

Respectfully submitted,

Jackie Blas  
Board Secretary