

**BOARD OF TRUSTEES**  
**Regular Meeting**  
Wednesday March 10, 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 12:37 p.m. Wednesday, March 10, 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  
Katherine T.E. Taitano, Trustee  
Stephen J. Guerrero, Trustee

**Board of Trustees Absent:**

Rolenda L. Faasumalie, 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  
Peter Duenas, Benefits Specialist III

**Public Present:**

Mark Heath, Metropolitan West Capital Management  
James Taylor, Guam Community College

**II. REVIEW AND APPROVAL OF MINUTES**

**A. February 25, 2004 Regular Meeting**

Ms. Katherine Taitano indicated that the following sentence on Page 4 of 7 of the Minutes of February 25, 2004, Second Paragraph, does not read as a complete sentence: "Chairman Salas stated that whatever concerns needs to be addressed rather than just speculation."

Vice Chairman Gerard Cruz stated that this is with regards to the issue of the election and that what the Chairman was trying to say was that we need to address whatever concerns are out there rather than just speculate. The sentence should read: **“Chairman Salas stated that concerns needs to be addressed rather than speculated upon.”**

**On motion of Mr. Stephen Guerrero, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Minutes of February 25, 2004 Regular Meeting were approved, subject to corrections as indicated by Ms. Katherine Taitano. Motion carried.**

### **III. PENSION BENEFITS**

#### **A. Members and Benefits Committee Findings of January 27, 2004**

Ms. Katherine Taitano stated that based on the Committee’s findings during their meeting of January 27, 2004, the following applications are recommended for **APPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANT
- 1. Patrick J. Sablan

**On motion of Ms. Katherine Taitano, seconded by Vice Chairman Gerard Cruz, and unanimously agreed upon, the Board of Trustees voted to approve the Disability application of Patrick J. Sablan, as recommended by management. Motion carried.**

- B. MINOR CHILD SURVIVOR ANNUITY BENEFIT APPLICANT
- 1. Bella Rose Gumataotao

**On motion of Ms. Katherine Taitano, seconded by Vice Chairman Gerard Cruz, and unanimously agreed upon, the Board of Trustees voted to approve the Minor Child Survivor Annuity Benefit application of Bella Rose Gumataotao, as recommended by management. Motion carried.**

- C. SURVIVOR ANNUITY BENEFIT APPLICANTS
- 1. Name: William R. Eay  
Date of Death: December 21, 2003  
Annuity Due Decease: \$ 7,083.12  
Surviving Spouse: Teresita E. Eay  
Survivor’s Annuity: \$ 3,541.68  
Percentage Earned: 50%  
Effective Date: December 21, 2003
- 2. Name: Baldovino A. Terlaje  
Date of Death: January 07, 2004  
Annuity Due Decease: \$ 33,066.24  
Surviving Spouse: Marta J. Terlaje  
Survivor’s Annuity: \$ 16,533.12  
Percentage Earned: 50%  
Effective Date: January 07, 2004

**On motion of Ms. Katherine Taitano, 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 C 1-2, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

**D. AGE RETIREMENT APPLICANTS**

1. Name: Anita L. Anderson  
Date of Birth: April 03, 1937  
Department: Department of Education  
Length of Service: 05 Years 03 Months 15 Days  
Service Factor: 5.291  
Average Annual Salary: \$ 36,996.29  
Annual Annuity: \$ 3,914.88  
Percentage Earned: 10.581817  
Effective Date: August 15, 1998
  
2. Name: Carlton O. Anderson  
Date of Birth: December 28, 1934  
Department: Department of Education  
Length of Service: 05 Years 04 Months 15 Days  
Service Factor: 5.375  
Average Annual Salary: \$ 37,608.64  
Annual Annuity: \$ 4,043.04  
Percentage Earned: 10.750295  
Effective Date: August 15, 1998
  
3. Name: Tomas T. Atoigue  
Date of Birth: January 16, 1935  
Department: Guam Water Works Authority  
Length of Service: 16 Years 07 Months 00 Days  
Service Factor: 16.583  
Average Annual Salary: \$ 43,805.49  
Annual Annuity: \$ 15,970.32  
Percentage Earned: 36.457348  
Effective Date: October 31, 1997
  
4. Name: Prudencio L. Cabedo  
Date of Birth: November 12, 1934  
Department: Guam Community College  
Length of Service: 20 Years 05 Months 15 Days  
Service Factor: 20.458  
Average Annual Salary: \$ 32,974.61  
Annual Annuity: \$ 15,216.24  
Percentage Earned: 46.145322  
Effective Date: October 01, 1998

5. Name: Ramon H. Flesvig  
 Date of Birth: March 20, 1939  
 Department: Department of Education  
 Length of Service: 12 Years 11 Months 00 Days  
 Service Factor: 12.916  
 Average Annual Salary: \$ 41,273.12  
 Annual Annuity: \$ 11,263.44  
 Percentage Earned: 27.290013  
 Effective Date: August 24, 2000
  
6. Name: Sylvia B. Mendiola  
 Date of Birth: December 29, 1943  
 Department: Guam Community College  
 Length of Service: 12 Years 05 Months 00 Days  
 Service Factor: 12.416  
 Average Annual Salary: \$ 33,711.31  
 Annual Annuity: \$ 8,778.48  
 Percentage Earned: 26.040162  
 Effective Date: January 10, 2004

**On motion of Ms. Katherine Taitano, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the Age Retirement applicants listed under Items D 1-6, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

- E. OPTIONAL RETIREMENT APPLICANTS
1. Name: Engracia C. Anderson  
 Date of Birth: December 16, 1938  
 Department: Department of Education  
 Length of Service: 23 Years 07 Months 00 Days  
 Service Factor: 23.583  
 Average Annual Salary: \$ 39,784.78  
 Annual Annuity: \$ 20,715.60  
 Percentage Earned: 52.069158  
 Effective Date: November 20, 1997
  
  2. Name: Maria R. Blaz  
 Date of Birth: December 05, 1940  
 Department: Department of Administration  
 Length of Service: 23 Years 10 Months 15 Days  
 Service Factor: 23.875  
 Average Annual Salary: \$ 30,227.78  
 Annual Annuity: \$ 14,464.56  
 Percentage Earned: 47.851876  
 Effective Date: October 01, 1996

3. Name: Juan R. Francisco  
Date of Birth: January 19, 1946  
Department: Department of Education  
Length of Service: 21 Years 10 Months 00 Days  
Service Factor: 21.833  
Average Annual Salary: \$ 25,986.99  
Annual Annuity: \$ 12,047.52  
Percentage Earned: 46.359813  
Effective Date: November 29, 2003
  
4. Name: Ana LG Mendiola  
Date of Birth: December 18, 1942  
Department: Department of Education  
Length of Service: 20 Years 09 Months 15 Days  
Service Factor: 20.791  
Average Annual Salary: \$ 24,826.36  
Annual Annuity: \$ 9,767.52  
Percentage Earned: 39.343343  
Effective Date: August 01, 1997
  
5. Name: Orlina S. Quenga  
Date of Birth: September 23, 1956  
Department: Department of Education  
Length of Service: 24 Years 00 Months 00Days  
Service Factor: 24.000  
Average Annual Salary: \$ 31,859.85  
Annual Annuity: \$ 10,776.48  
Percentage Earned: 33.824641  
Effective Date: November 29, 2003
  
6. Name: Josefina A. Sanchez  
Date of Birth: July 21, 1947  
Department: Guam Memorial Hospital Authority  
Length of Service: 20 Years 06 Months 15 Days  
Service Factor: 20.541  
Average Annual Salary: \$ 22,174.42  
Annual Annuity: \$ 7,117.68  
Percentage Earned: 32.098607  
Effective Date: April 19, 1997

**On motion of Ms. Katherine Taitano, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the Optional Retirement applicants listed under Items E 1-6, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

- F. SERVICE RETIREMENT APPLICANTS
1. Name: Anthony P. Benavente  
 Date of Birth: August 19, 1953  
 Department: Guam Community College  
 Length of Service: 26 Years 01 Month 15 Days  
 Service Factor: 26.125  
 Average Annual Salary: \$ 69,026.44  
 Annual Annuity: \$ 41,631.60  
 Percentage Earned: 60.3125411  
 Effective Date: June 01, 1999
  
  2. Name: Mary H. Crisostomo  
 Date of Birth: August 23, 1944  
 Department: Department of Education  
 Length of Service: 27 Years 08 Months 15 Days  
 Service Factor: 27.708  
 Average Annual Salary: \$ 47,482.37  
 Annual Annuity: \$ 30,516.96  
 Percentage Earned: 64.270085  
 Effective Date: December 02, 1998
  
  3. Name: Theodore M. Chritchfield  
 Date of Birth: November 17, 1927  
 Department: University of Guam  
 Length of Service: 31 Years 10 Months 15 Days  
 Service Factor: 31.875  
 Average Annual Salary: \$ 71,875.23  
 Annual Annuity: \$ 53,681.76  
 Percentage Earned: 74.687427  
 Effective Date: October 01, 1998
  
  4. Name: Evangeline M. Del Rosario  
 Date of Birth: January 04, 1945  
 Department: Department of Education  
 Length of Service: 25 Years 07 Months 15 Days  
 Service Factor: 25.625  
 Average Annual Salary: \$ 42,603.69  
 Annual Annuity: \$ 25,162.80  
 Percentage Earned: 59.062489  
 Effective Date: October 14, 1998
  
  5. Name: Adoracion O. Mendoza  
 Date of Birth: September 22, 1927  
 Department: Department of Education  
 Length of Service: 25 Years 04 Months 15 Days  
 Service Factor: 25.375  
 Average Annual Salary: \$ 44,432.26  
 Annual Annuity: \$ 25,965.12  
 Percentage Earned: 58.437540  
 Effective Date: April 16, 2002

6.	Name:	Franklin F. Toves
	Date of Birth:	September 11, 1955
	Department:	Port Authority of Guam
	Length of Service:	26 Years 02 Months 00 Days
	Service Factor:	26.166
	Average Annual Salary:	\$ 35,541.44
	Annual Annuity:	\$ 21,472.32
	Percentage Earned:	60.414884
	Effective Date:	October 01, 2002

**On motion of Ms. Katherine Taitano, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the Service Retirement applicants listed under Items F 1-6, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

G. OLD BUSINESS

Ms. Katherine Taitano stated that documentation was provided to the Committee regarding Ms. Glenna L. Woodruff's request to obtain Educational Training Credit. Ms Woodruff did comply with all requirements, all documents were in order.

Ms. Katherine Taitano stated that based on the Committee's findings during their meeting of January 27, 2004, Ms. Glenna L. Woodruff's request to obtain Educational Training Credit is recommended for **APPROVAL** by the Board of Trustees.

**On motion of Ms. Katherine Taitano, seconded by Vice Chairman Gerard Cruz, and unanimously agreed upon, the Board of Trustees voted to approve Ms. Glenna L. Woodruff's request to obtain Educational Training Credit, as recommended by management. Motion carried.**

Ms. Katherine Taitano stated that based on the Committee's findings during their meeting of January 27, 2004, the following applications are recommended for **DISAPPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANTS
  - 1. Lolita B. Conlu
  - 2. Pedro G. Cepeda
  - 3. Benjamin J. Duenas

Mr. Stephen Guerrero asked if Ms. Conlu's application for disability had previously been presented to Board of Trustees. Ms. Paula Bamba stated that this is an appeal by Ms. Conlu.

**On motion of Ms. Katherine Taitano, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to disapprove the Disability applications of Lolita B. Conlu, Pedro G. Cepeda, and Benjamin J. Duenas, as recommended by management. Motion carried.**

#### IV. INVESTMENT COMMITTEE

##### A. Investment Committee Meeting of February 10, 2004

Vice Chairman Gerard Cruz stated that the minutes of the Investment Committee Meeting of February 10, 2004 are submitted for the Board's approval.

**On motion of Vice Chairman Gerard Cruz, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Investment Committee Meeting Minutes of February 10, 2004. Motion carried.**

#### V. EXECUTIVE SUMMARY

Mr. Wilfred Aflague, Director, stated that the Executive Summary reiterates the issues regarding the Board Election. Mr. Aflague stated that the "Notice of Election" was published in yesterday's Pacific Daily News. The notices are being delivered to all the agencies to be attached to employees' paychecks. The retirees will be notified via their annuity checks. The notice of the election is also on the Website. Notice to the inactive members will be through their last known addresses. Mr. Stephen Guerrero asked if the notices sent to the last known address will suffice with the court. Mr. Guerrero stated that this may become an issue later. Ms. Bamba stated that according to Legal Counsel it should be sent to the last known address, which is the last known address given to the Retirement Fund. For those without addresses, a list will be generated to see if their files show an updated address. We are looking at 1,500 inactive members. Ms. Bamba stated that the issue of the election that was scheduled for February 14, 2004 was the short notice given of the election. For the June 19, 2004 election, notices will go out via the Pacific Daily News, our website, our newsletter and for the agencies, notices will be attached to the employees' paychecks.

The election is to be held on June 19, 2004, as agreed in the stipulation signed by Judge Lamorena. Ms. Bamba stated that there is a concern from candidates who filed their candidacy for the February 14, 2004 election if they would have to resubmit their nomination packets. Ms. Bamba stated that they would not have to resubmit their nomination packets again. We are going to establish the register as of the six months prior to the election which is December 19, 2003 and cross check the signatures to make sure that the individuals that signed their petitions are still eligible to be on that particular petition. If there are any discrepancies, then the Guam Election Commission will notify the candidates that they are short signatures.

Mr. Aflague stated that as of February 29, 2004, all agencies are current with their fiscal year 2004 employee and employer contributions.

Mr. Aflague also stated that the 2002 Financial Audit is complete and is in the process of finalization with the Office of the Public Auditor. This is expected to be completed before the end of this month. Mr. Pete Tajalle, Controller, stated that completion is subject to the Public Auditor's review and finalization. Mr. Tajalle stated that the goal for the 2003 Financial Audit is trying to meet the mandate of the completion date of June 30, 2004.



## **VI. OLD BUSINESS**

Ms. Katherine Taitano stated that with regards to the upcoming election, she is concerned that the Public Auditor is a potential candidate. Will there be a conflict of interest with her position as the Public Auditor? Ms. Taitano recommended that we check with Legal Counsel regarding this matter if this will be a problem. Ms. Paula Bamba stated that this issue was brought up to Legal Counsel already. You can't disqualify a member who is qualified to run for a seat on the Board. The independence issue as far as overseeing the audit, or the ethics, or the conflict of interest, comes from an individual standpoint and her elected seat for the Public Auditor's position. Ms. Bamba stated that Legal Counsel stated that as long as she meets the qualifications, she's able to run. Ms. Taitano stated that she feels this issue needs to be addressed. Vice Chairman Gerard Cruz asked if there's a "Conflict of Interest Statement" that a Board or Trustee has to sign upon election. Mr. Aflague replied no. Chairman Salas stated that this issue could eventually be brought up.

Chairman Salas stated that he would like to put forth a motion to have Legal Counsel provide a written opinion. Management should contact Legal Counsel to give us a recommendation and the basis for the position of the Board regarding this matter. Mr. Aflague suggested that we wait until we get an official list of candidates. Chairman Salas withdrew his motion and stated that we'll move on this as soon as we get the final listing of candidates from the Guam Election Commission.

Ms. Taitano asked if Legal Counsel could clarify whether having the Public Auditor on the Retirement Fund Board of Trustees will pose a conflict. Mr. Pete Tajalle, Controller, stated that we may have to look at the legislation that establishes the Office of the Public Auditor and see if there's any limitation on the Public Auditor holding another position.

## **VII. NEW BUSINESS**

Chairman Salas inquired about the status of the actuary RFP. Ms. Bamba stated that the actuary RFP closed on March 1, 2004. We received six proposals. The proposals will be evaluated by the Review Committee. Ms. Bamba stated that she is looking at scheduling the meeting for sometime next week. Chairman Salas asked if we will get the actuarial report by June. Ms. Bamba replied yes, possibly by June.

Chairman Salas stated that this is a very sensitive issue and we need to get this done. When could we meet on this. Ms. Bamba stated that we could have the Review Committee meeting on the RFP evaluation next week Wednesday, March 17, 2004, at 12:00 Noon.

Chairman Salas inquired about the status of the Investment Committee Management research for the Small Cap Manager. Mr. Tajalle stated that Mercer is in the process of finalizing their evaluations. We should get some kind of response from them before the end of this month. This will be included in the April Investment Committee meeting.

Mr. Aflague reminded the Chairman of one more meeting, which is the Committee to review the audit findings. Ms. Katherine Taitano stated that we could meet sometime next week. Vice Chairman Cruz suggested including in the audit meeting the two pieces of legislation which were discussed in the Investment Committee meeting, which is the recapture and the administrative error with the exception of the Prudent Man legislation. The audit meeting will be held next week Wednesday, March 17, 2004 at 11:00 a.m.

Vice Chairman Cruz reminded the Board of Trustees and management of the upcoming Asia Pacific Association for Fiduciary Studies 4th Annual Pacific Region Investment Conference which will be held on March 25-26, 2004 in Palau. Vice Chairman Cruz stated that as the Retirement Fund is a member of that association, he would like to see some kind of representation at the conference.

**On motion of Chairman Francisco Salas, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve to have the following attend the Asia Pacific Association for Fiduciary Studies 4th Annual Pacific Region Investment Conference to be held on March 25-26, 2004 in Palau: Vice Chairman Gerard Cruz, Mr. Stephen Guerrero, and Mr. Pete Tajalle, contingent upon his confirmation. Motion carried.**

**VIII. OPEN DISCUSSION**

None

**IX. ANNOUNCEMENTS**

None

**X. ADJOURNMENT**

**There being no further business before the Board, on motion of Ms. Katherine Taitano, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the meeting was adjourned at 1:15 p.m. Motion carried.**

Respectfully submitted,

Jackie Blas  
Board Secretary

<b>D E F I N E D CONTRIBUTIONS</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 1:15 p.m. Wednesday, March 10, 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  
Katherine T.E. Taitano, Trustee  
Stephen J. Guerrero, Trustee

**Board of Trustees Absent:**

Rolenda L. Faasuamalie, 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  
Peter Duenas, Benefits Specialist III

**Public Present:**

Mark Heath, Metropolitan West Capital Management  
James Taylor, Guam Community College

**II. REVIEW AND APPROVAL OF MINUTES**

**A. February 25, 2004 Regular Meeting**

**On motion of Mr. Stephen Guerrero seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Minutes of February 25, 2004 Regular Meeting were approved, subject to corrections as indicated by Ms. Katherine Taitano. Motion carried.**

**III. OLD BUSINESS**

**A. Contribution Report as of PPE February 21, 2004**

Mr. Vince Camacho, Great West Retirement Services, reported to the Board of Trustees that so far everyone is up to speed on their contributions for DC. Mr. Camacho also stated that both plans now have the same investment options and those have been put into place.

**IV. NEW BUSINESS**

None

**V. OPEN DISCUSSION**

Vice Chairman Cruz asked if we are seeing a growth in the new plan. Mr. Camacho stated that we just started this on March 1, 2004. On the first day we received seven new members. Enrollment is open until May 31, 2004.

**VI. ANNOUNCEMENTS**

None

**VII. ADJOURNMENT**

**There being no further business before the Board, on motion of Vice Chairman Gerard Cruz, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the meeting was adjourned at 1:17 p.m. Motion carried.**

Respectfully submitted,

Jackie Blas  
Board Secretary