

**BOARD OF TRUSTEES**  
**Regular Meeting**  
Wednesday April 28, 2004, 12:00 p.m.  
Retirement Fund Conference Room

**MINUTES**

|                         |
|-------------------------|
| <b>DEFINED BENEFITS</b> |
|-------------------------|

**I. CALL TO ORDER**

After determining a quorum, the Retirement Fund Board of Trustees Regular Meeting was called to order at 12:06 p.m. Wednesday, April 28, 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  
Rosalia Bordallo, Investment Specialist

**Public Present:**

Mark Heath, Metropolitan West Capital Management

**II. REVIEW AND APPROVAL OF MINUTES**

**A. April 14, 2004 Regular Meeting**

**On motion of Mrs. Rolenda Faasuamalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Minutes of April 14, 2004 Regular Meeting were approved, subject to corrections. Motion carried.**

**III. PENSION BENEFITS**

**A. Members and Benefits Committee Findings of February 24, 2004**

Mrs. Rolenda Faasumalie stated that based on the Committee's findings during their meeting of February 24, 2004, the following applications are recommended for **APPROVAL** by the Board of Trustees.

- A. Note: Disability Applicants Minda S. Reglos and Jesse L. San Nicolas were presented and approved by the Board of Trustees at their February 25, 2004 Board Meeting due to the severity of their disabilities.
- B. **DISABLED ADULT SURVIVOR APPLICANTS**
  - 1. Joseph J.I. Untalan, Gil A.I. Untalan

**On motion of Mrs. Rolenda Faasumalie, seconded by Vice Chairman Gerard Cruz, and unanimously agreed upon, the Board of Trustees voted to approve the Disabled Adult Survivor applications of Joseph J.I. Untalan and Gil A.I. Untalan, as recommended by management. Motion carried.**

- C. **SURVIVOR ANNUITY BENEFIT APPLICANTS**
  - 1. Name: Cristobal P. Aguon  
Date of Death: January 13, 2004  
Annuity Due Decease: \$18,278.88  
Surviving Spouse: Angelina T. Aguon  
Survivor's Annuity: \$ 9,139.44  
Percentage Earned: 50%  
Effective Date: January 13, 2004
  - 2. Name: Juan M. Mendiola  
Date of Death: January 10, 2004  
Annuity Due Decease: \$ 19,372.32  
Surviving Spouse: Teresita D. Mendiola  
Survivor's Annuity: \$ 9,686.16  
Percentage Earned: 50%  
Effective Date: January 10, 2004
  - 3. Name: Joaquin F. Munoz  
Date of Death: January 23, 2004  
Annuity Due Decease: \$ 12,773.28  
Surviving Spouse: Concepcion D. Munoz  
Survivor's Annuity: \$ 6,386.64  
Percentage Earned: 50%  
Effective Date: January 23, 2004
  - 4. Name: John R. Santos  
Date of Death: January 15, 2004  
Annuity Due Decease: \$ 22,040.88  
Surviving Spouse: Josefina B. Santos  
Survivor's Annuity: \$ 11,020.56  
Percentage Earned: 50%  
Effective Date: January 15, 2004

- |    |                      |                       |
|----|----------------------|-----------------------|
| 5. | Name:                | Mary Ann S. Taijito   |
|    | Date of Death:       | January 13, 2004      |
|    | Annuity Due Decease: | \$ 36,871.44          |
|    | Surviving Spouse:    | Juan M. Taijito       |
|    | Survivor's Annuity:  | \$ 18,435.84          |
|    | Percentage Earned:   | 50%                   |
|    | Effective Date:      | January 13, 2004      |
|    |                      |                       |
| 6. | Name:                | Esperanza T. Taimanao |
|    | Date of Death:       | January 02, 2004      |
|    | Annuity Due Decease: | \$ 18,818.88          |
|    | Surviving Spouse:    | Moises S. Taimanao    |
|    | Survivor's Annuity:  | \$ 9,409.44           |
|    | Percentage Earned:   | 50%                   |
|    | Effective Date:      | January 02, 2004      |

**On motion of Mrs. Rolenda Faasumalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Survivor Annuity Benefit applicants listed under Items C 1-6, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

**D. AGE RETIREMENT APPLICANTS**

- |    |                        |                            |
|----|------------------------|----------------------------|
| 1. | Name:                  | Conchita F. Diego          |
|    | Date of Birth:         | June 20, 1932              |
|    | Department:            | Department of Education    |
|    | Length of Service:     | 24 Years 01 Month 00 Days  |
|    | Service Factor:        | 24.083                     |
|    | Average Annual Salary: | \$ 33,924.55               |
|    | Annual Annuity:        | \$ 18,728.88               |
|    | Percentage Earned:     | 55.207453                  |
|    | Effective Date:        | October 17, 2000           |
|    |                        |                            |
| 2. | Name:                  | Pilar G. Guerrero          |
|    | Date of Birth:         | October 05, 1935           |
|    | Department:            | Department of Education    |
|    | Length of Service:     | 21 Years 09 Months 15 Days |
|    | Service Factor:        | 21.791                     |
|    | Average Annual Salary: | \$ 28,297.97               |
|    | Annual Annuity:        | \$ 14,001.12               |
|    | Percentage Earned:     | 49.477471                  |
|    | Effective Date:        | October 01, 2001           |

**On motion of Mrs. Rolenda Faasumalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Age 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. OPTIONAL RETIREMENT APPLICANT
1. Name: Francisco S. Palacios  
 Date of Birth: July 05, 1946  
 Department: Department of Labor  
 Length of Service: 22 Years 07 Months 15 Days  
 Service Factor: 22.625  
 Average Annual Salary: \$ 35,660.29  
 Annual Annuity: \$ 16,962.24  
 Percentage Earned: 47.566186  
 Effective Date: December 19, 2003

**On motion of Mrs. Rolenda Faasuamalie, seconded by Vice Chairman Gerard Cruz, and unanimously agreed upon, the Board of Trustees voted to approve the Optional Retirement applicant listed under Item E 1, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

- F. SERVICE RETIREMENT APPLICANT (EARLY RETIREMENT INCENTIVE PROGRAM)
1. Name: Manuel P. Duenas II  
 Date of Birth: January 04, 1958  
 Department: Guam Community College  
 Length of Service: 26 Years 09 Months 15 Days  
 Service Factor: 26.791  
 Average Annual Salary: \$ 48,624.13  
 Annual Annuity: \$ 30,136.08  
 Percentage Earned: 61.9776230  
 Effective Date: December 11, 1999

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Service Retirement (Early Retirement Incentive Program) applicant listed under Item F 1, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

*MEMBERS' SERVICES DIVISION*

- A. REQUEST FOR EXCLUDED SERVICE CREDIT
1. Vicente L. San Nicolas – Employment with Public Utility Agency of Guam

Mr. Wilfred Aflague, Director, stated that Mr. Vicente L. San Nicolas is the Mayor of Asan-Maina. Mr. Aflague stated that Mayor San Nicolas is a retiree and he had requested for this service credit for a previous employment at PUAG. Research has been conducted and the request for the additional service credit went through the Members and Benefits Committee which the Committee approved. Mr. Stephen Guerrero asked if Mr. San Nicolas' annuity adjustment will be paid retroactive to the time he initially retired. Mr. Kenneth Dunstan, Acting Benefits Program Administrator, replied yes, to the effective date of retirement.

Mr. Dunstan stated that Mr. San Nicolas had petitioned the Members and Benefits Committee for consideration of the excluded service credit prior to his effective date of retirement. Mr. Guerrero asked why Mr. San Nicolas' request wasn't granted prior to this time. Mr. Dunstan stated that it had to go through the research process for documentation and securing affidavits from his former supervisor and co-workers. Mr. San Nicolas has met all the documentation criteria established by the excluded service credit. Vice Chairman Gerard Cruz inquired as to the date of Mr. San Nicolas' retirement. Mr. Dunstan replied December 1999. The additional service credit is for about one year and two months. This is about a 2.75% increase.

**On motion of Mrs. Rolenda Faasumalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve Mr. Vicente L. San Nicolas' request for Excluded Service Credit, as recommended by management. Motion carried.**

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

##### ***Board Election***

Mr. Aflague reported to the Board of Trustees that a portion of the subject of the Board Election will be under Old Business.

Mr. Aflague stated that the final list of candidates for the June 19, 2004 election consist of five active members and four retiree members. Mrs. Rolenda Faasumalie inquired about Mr. Rufo Lujan. Mr. Aflague stated that Mr. Lujan had pulled out of the election.

##### ***Meeting with Department of Education***

Mr. Aflague reported to the Board of Trustees that a meeting was held with the Department of Education (DOE) and the Guam Memorial Hospital Authority (GMH) regarding their outstanding contribution balances. The meeting with DOE was held on April 21, 2004 at the DOE Superintendent's Office. Mr. Pete Tajalle, Controller, stated that DOE owes for FY2003.

##### ***Meeting with Guam Memorial Hospital Authority***

Mr. Aflague stated that the meeting with GMH was held on April 23, 2004 here at the Fund. Mr. Aflague stated that GMH was brought up to date with the final dollar figures that are past due for FY1998 through FY2003 contributions. Mr. Aflague stated that both agencies (DOE & GMH), as all other GovGuam agencies, are current with their FY2004 contributions.

Mr. Aflague stated that he had a meeting with staff to discuss the final step before proceeding with litigation for collection. Mr. Aflague stated that options were discussed. One was to terminate membership, but we can't do that. Mr. Aflague stated that everything that can be done up to this point has been done to make collections. Mr. Aflague stated that the Board needs to make a decision to proceed with litigation. Mr. Aflague reminded the Board of Trustees that if they wanted to discuss the possible litigation with the Fund's Legal Counsel, we could arrange to have Legal Counsel present at the next Board Meeting. Mr. Aflague stated that the Legal Counsel was unable to attend today's meeting.

Mrs. Rolenda Faasumalie stated that, for future discussions on this matter, the Board of Trustees should be provided with a synopsis of what has occurred. Chairman Salas recommended that management prepare a packet for the Board of Trustees.

Vice Chairman Cruz asked if during the Fund's meeting with GMH, did GMH come up with any alternatives. Mr. Aflague replied no. Mr. Aflague stated that Mr. Tajalle had asked Mr. McMillan a question regarding the Long Term Care Facility in Barrigada Heights. Mr. Aflague stated that we got the impression that they may be willing to give that up as a physical asset. Vice Chairman Cruz asked what are we going to do with the building. Mr. Stephen Guerrero stated that we don't want to compound our liabilities. Mr. Tajalle stated that Mr. McMillan will conduct a research on the property if there's any endowment agreement. Vice Chairman Cruz asked how much does GMH owe. Mr. Tajalle stated roughly about \$16 Million which includes contributions and interest and penalties.

Chairman Salas recommended that a working session be scheduled for sometime next week. The Board of Trustees decided to meet next week Wednesday, May 5, 2004 at 12:00 Noon. Mr. Aflague stated that he will arrange for the Fund's Legal Counsel to attend the working session and that a packet will be prepared for the working session.

### ***Contributions***

Mr. Aflague reported to the Board of Trustees that all agencies are current with their FY2004 employee and employer contributions.

### ***2002 Financial Audit***

Mr. Aflague reported to the Board of Trustees that the 2002 Financial Audit should be completed by the end of this month. Mr. Tajalle stated that there was an exit conference meeting held last Friday. They just need to clear up some minor statement changes and some clerical changes. The auditor had requested for a one-week extension to make the necessary changes. We are close to finalizing the audit. Mr. Tajalle stated that we have begun the process of the 2003 audit procedures.

## **V. OLD BUSINESS**

### **A. Guam Election Commission Written Response to Retirement Fund Inquiries**

Mr. Aflague reported to the Board of Trustees that he met with Mr. Gerald Taitano, Executive Director of the Guam Election Commission, where he had requested for a written response to the following three questions that the Board of Trustees wanted answered: 1) What is the anticipated cost for the June 19, 2004 Retirement Fund Trustee Election; 2) What is the estimated cost for a machine count of the ballots; and 3) What is the estimated cost for a hand count of the ballots. Mr. Taitano's letter listed the anticipated cost for the June 19, 2004 election as \$99,513.00. The estimated cost for machine count is \$99,513.00 and the estimated cost for hand count is \$92,943.00.

Mr. Aflague stated that he received a letter dated April 12, 2004 from James Brooks, former Chairman of the Guam Election Commission, expounding on the merits of a hand count. Mr. Brooks also wrote a letter dated April 22, 2004 referring to the GovGuam Employees Federal Credit Union election where he stated there were approximately 10,000 members who voted which were hand tallied. Mr. Aflague stated that on April 23, 2004 he verified with Mr. Tom Graves, Credit Union President, that the final tally was \$1,004. The figure that Mr. Brooks quoted was incorrect.

Mr. Aflague stated that the Guam Election Commission has stated that they will conduct the election in accordance with the Board of Trustees' decision. The Guam Election Commission's rationale for a machine count is that the cost differential is not that great and the process is more reliable and easier to defend in court. Mrs. Rolenda Faasuamalie asked if the personnel services the overtime for Guam Election Commission staff. Ms. Paula Bamba stated that we have not paid overtime on the invoices submitted by the Guam Election Commission. Mrs. Faasuamalie inquired about the amount used for advertisements. Ms. Bamba stated that the advertising cost a little more than \$9,408.00.

Chairman Salas asked the Board of Trustees for their input on the hand count versus the machine count. Vice Chairman Cruz asked if the law is indifferent as to whether we use the machine or hand count. Ms. Bamba stated that it's silent. Vice Chairman Cruz stated that, in his personal opinion, since this is our first crack at this election, there are too many unknowns to change the dynamic of the election process. Vice Chairman Cruz suggested going with the machine count. Mrs. Faasuamalie, Ms. Taitano and Mr. Guerrero all agreed to go with the machine count. Chairman Salas stated that it is the consensus of the Board of Trustees to approve the machine count. Ms. Taitano recommended that Chairman Salas direct management to inform the Guam Election Commission to proceed with the machine count.

## **VI. NEW BUSINESS**

### ***April 27, 2004 Investment Committee Meeting***

Vice Chairman Gerard Cruz stated that as per the Investment Committee Meeting held on April 27, 2004, he would like to make a motion to change the current mandate of Citigroup Asset from Long Term Duration to Active Duration Portfolio. Also, to change their bench mark to the Lehman Aggregate Index.

Mr. Stephen Guerrero inquired about the changes. Do we have the changes? Mrs. Rosalie Bordallo, Investment Specialist, stated that the changes are coming from Mercer Investment Consulting. Mr. Guerrero asked when will the changes be submitted to us. Chairman Salas stated that this has been presented at the April 27, 2004 Investment Committee Meeting. Mr. Guerrero asked if we have the documents for reference. Mr. Aflague stated that it's in the packet of the April 27, 2004 Investment Committee Meeting. Mr. Guerrero stated that any items for action should be submitted in document form to the Board of Trustees.

**On motion of Vice Chairman Gerard Cruz, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve to change the current mandate of Citigroup Asset from Long Term Duration to Active Duration Portfolio and to change bench mark to the Lehman Aggregate Index. Motion carried.**

## **VII. OPEN DISCUSSION**

### ***Merrill Lynch Seminar***

Mr. Tajalle reported to the Board of Trustees that the Fund's Investment Section attended the seminar sponsored by Merrill Lynch which was held on April 27, 2004 at the Hyatt Hotel. Mr. Tajalle stated that Merrill Lynch is of the same opinion as our investment consultant that future interest rates are going to rise and their recommendation at the seminar was to shift focus from the long duration fixed income investments into the shorter duration. Mr. Aflague stated that the seminar basically supported the action just taken above under New Business.

## **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 12:45 p.m. Motion carried.

Respectfully submitted,

Jackie Blas  
Board Secretary

|                                    |
|------------------------------------|
| <b>D E F I N E D CONTRIBUTIONS</b> |
|------------------------------------|

**I. CALL TO ORDER**

After determining a quorum, the Retirement Fund Board of Trustees Regular Meeting was called to order at 12:45 p.m. Wednesday, April 28, 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  
Rosalia Bordallo, Investment Specialist

**Public Present:**

Mark Heath, Metropolitan West Capital Management

**II. REVIEW AND APPROVAL OF MINUTES**

**A. April 14, 2004 Regular Meeting**

On motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasuamalie, and unanimously agreed upon, the Minutes of April 14, 2004 Regular Meeting were approved, subject to corrections. Motion carried.



### III. OLD BUSINESS

#### *Asset Balance 2004*

Mr. Camacho, Great West Retirement Services, stated that he has provided a copy of the Asset Summary for the first quarter of 2004 for both DC and the 457 Plan. Mr. Camacho stated that for DC, we saw an increase in assets from \$90 Million to \$94 Million. Chairman Salas asked if the investment gain is \$1.8 Million. Mr. Camacho replied yes. Chairman Salas asked what is the annual percentage. The gain is about 8%. Mr. Aflague replied yes 8%. Chairman Salas pointed out that 1/3 is in stable value.

### IV. NEW BUSINESS

#### A. **Addition of the Standish International Fixed Income Fund, the State Street Aurora Fund, and the Pioneer Emerging Markets A Fund to the 401(a) Plan**

Mr. Camacho stated that there are three additional mutual fund options to be included in the 401(a) Plan: the Standish International Fixed Income Fund, the State Street Aurora Fund, and the Pioneer Emerging Markets A Fund. This inclusion will become effective May 1, 2004.

Mr. Camacho stated that there was an oversight on his part for not specifically identifying, at the previous Board meeting, the inclusion of the mutual fund options for the 457 Plan to mirror the 401(a) Plan. Vice Chairman Gerard Cruz asked if this just stands as a clarification. Mr. Camacho replied yes. Mr. Camacho stated for the record, the inclusion were the Dodge and Cox Balanced Fund and the Profile Series Fund into the existing 457 Plan and the inclusion of the Vanguard Windsor II Fund from the 457 Plan as part of an investment option for the 401(a) Plan.

### V. OPEN DISCUSSION

#### *Contribution Report*

Mr. Camacho reported to the Board of Trustees that the contribution report for April 2004 was not submitted for this Board meeting due to transition of responsibilities from MCR with regards to the payroll contributions, but that all agencies are current with their contributions. Mr. Camacho stated that he would have a contribution report by the next Board meeting. Chairman Salas stated that since Great West Retirement Services is taking over some administrative functions, what are the staff currently doing that were allocated for those functions. Mr. Pete Tajalle, Controller, stated that the staff are being redirected within their section and duties are being allocated. Chairman Salas asked how many staff are we talking about. Mr. Tajalle replied two. Chairman Salas asked if the two staff doing payroll for DC contributions a full time task. Mr. Aflague stated that they handle withdrawals and distributions. Mr. Aflague stated that two staff will be under the Quality Assurance section.

#### *Administrative Secretary II*

Mr. Stephen Guerrero inquired about the Administrative Secretary II position. Mr. Aflague stated that the deadline to submit applications is May 7, 2004. Chairman Salas stated that there is a sub-committee to review this matter. Ms. Katherine Taitano stated that the sub-committee will be meeting shortly. Mr. Guerrero asked if we still have the situation with the Deputy Director and the Private Secretary. Mr. Aflague replied no. We have corrected the Private Secretary which has been changed to Board Secretary. Mr. Guerrero asked if this is an unclassified position. Mr. Aflague replied yes.

### VI. ANNOUNCEMENTS

None

**VII. ADJOURNMENT**

**There being no further business before the Board, on motion of Mrs. Rolenda Faasumalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the meeting was adjourned at 12:55 p.m. Motion carried.**

Respectfully submitted,

Jackie Blas  
Board Secretary