

**BOARD OF TRUSTEES**

**Regular Meeting**

Thursday June 24, 2004, 12:00 p.m.  
Retirement Fund Conference Room

**MINUTES**

**DEFINED BENEFITS**

**I. CALL TO ORDER**

After determining a quorum, the Retirement Fund Board of Trustees Regular Meeting was called to order at 12:10 p.m. Thursday, June 24, 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. Faasumalie, Trustee  
Katherine T.E. Taitano, Trustee

**Board of Trustees Absent:**

Stephen J. Guerrero, Trustee

**Staff Present:**

Wilfred G. Aflague, Director  
Paula M. Bamba, Administrative Services Officer  
Pete Tajalle, Controller  
Greg Perez, Acting Benefits Program Administrator  
Vince Camacho, Great West Retirement Services  
Jackie Blas, Board Secretary

**II. REVIEW AND APPROVAL OF MINUTES**

**A. June 9, 2004 Regular Meeting**

Ms. Paula Bamba pointed out an error on Page 2 of 13, Item VI, on the spelling of the acronym USARA and EGTRA. The correct spelling is **USERRA** and **EGTRRA**.

Vice Chairman Gerard Cruz pointed out an error on Page 12 of 13, Item VI, 3rd Paragraph: "Mrs. Rosie Bordallo, Investment Specialist, stated that the purpose of the termination is due to the Request for Proposal." ***This should read: "Mrs. Rosie Bordallo, Investment Specialist, stated that the purpose of the termination of Aberdeen and Lazard is due to the Request for Proposal which fulfills the International Mandate."***

Vice Chairman Cruz also pointed out a misstatement: "Mrs. Bordallo stated that we can't invest mutual fund." ***This should read: "Mrs. Bordallo stated that we no longer intend to use the mutual fund as a sweep function."***

**On motion of Vice Chairman Gerard Cruz, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Minutes of June 9, 2004 Regular Meeting were approved, subject to corrections, as indicated by Ms. Paula Bamba and Vice Chairman Cruz. Motion carried.**

### **III. PENSION BENEFITS**

#### **A. Members and Benefits Committee Findings of May 25, 2004 and June 17, 2004**

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their *meeting of May 25, 2004*, the following applications are recommended for **APPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANT (For Interview)
  - 1. Catherine V. Taitague

**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 application of Catherine V. Taitague, as recommended by management. Motion carried.**

- B. DISABILITY APPLICANT (For Review)
  - 1. Patrick B. Borja

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Disability application of Patrick B. Borja, as recommended by management. Motion carried.**

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their *meeting of June 17, 2004*, the following application is recommended for **APPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANT (Appeal)
  - 1. Linda J. Moore

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Disability application of Linda J. Moore, as recommended by management. Motion carried.**

- B. The Committee, during their *meeting of June 23, 2004* recommended the **approval of the request for a sixty (60) day continuance** on the Disability Application (Appeal) case of Mr. Joseph B. Cepeda.

Mrs. Faasuamalie stated that she received a formal written request from Attorney Peter F. Perez confirming Mr. Cepeda's request for a sixty (60) day continuance.

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the request for a sixty (60) day continuance on the Disability Application (Appeal) case of Mr. Joseph B. Cepeda. Motion carried.**

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their *meeting of May 25, 2004*, the following applications are recommended for **APPROVAL** by the Board of Trustees.

- C. MINOR CHILDREN ANNUITY BENEFIT APPLICANTS
  - 1. Kiva Renee Siren Meno and Kianna Neikin Siren Meno

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Minor Children Annuity Benefit applicants listed under Item C 1, as recommended by management. Motion carried.**

- D. SURVIVOR ANNUITY BENEFIT APPLICANTS
  - 1. Name: Joseph G. Baleto  
Date of Death: April 24, 2004  
Annuity Due Decease: \$47,421.36  
Surviving Spouse: Patricia S. Baleto  
Survivor's Annuity: \$23,710.80  
Percentage Earned: 50%  
Effective Date: April 24, 2004
  - 2. Name: Joaquin B. Jesus  
Date of Death: May 08, 2004  
Annuity Due Decease: \$ 8,775.36  
Surviving Spouse: Fumiko Y. Jesus  
Survivor's Annuity: \$ 4,387.68  
Percentage Earned: 50%  
Effective Date: May 08, 2004
  - 3. Name: Enrique P. Pinaula  
Date of Death: April 28, 2004  
Annuity Due Decease: \$ 25,480.32  
Surviving Spouse: Petronila G. Pinaula  
Survivor's Annuity: \$ 12,740.16  
Percentage Earned: 50%  
Effective Date: April 28, 2004

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Survivor Annuity Benefit applicants listed under Item D 1-3, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

E. AGE RETIREMENT APPLICANTS

1. Name: Julia R. Baza  
Date of Birth: January 17, 1939  
Department: Governor's Office  
Length of Service: 12 Years 05 Months 00 Days  
Service Factor: 12.416  
Average Annual Salary: \$ 40,078.42  
Annual Annuity: \$ 10,436.40  
Percentage Earned: 26.039948  
Effective Date: January 05, 2003
  
2. Name: Eloy P. Hara  
Date of Birth: June 22, 1938  
Department: Civil Service Commission  
Length of Service: 20 Years 10 Months 15 Days  
Service Factor: 20.875  
Average Annual Salary: \$ 71,727.88  
Annual Annuity: \$ 33,846.48  
Percentage Earned: 47.1873419  
Effective Date: January 01, 2000
  
3. Name: Rosita D. Laguana  
Date of Birth: March 23, 1939  
Department: Department of Education  
Length of Service: 14 Years 04 Months 00 Days  
Service Factor: 14.333  
Average Annual Salary: \$ 29,386.98  
Annual Annuity: \$ 9,060.72  
Percentage Earned: 30.832429  
Effective Date: March 01, 2003

**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 Item E 1-3, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

F. SERVICE RETIREMENT APPLICANTS

1. Name: Rickey M. Flores  
Date of Birth: February 07, 1962  
Department: Guam Police Department  
Length of Service: 25 Years 04 Months 15 Days  
Service Factor: 25.375  
Average Annual Salary: \$ 58,121.86  
Annual Annuity: \$ 33,965.04  
Percentage Earned: 58.437634  
Effective Date: January 11, 2003

2. Name: Julia R. Medina  
Date of Birth: April 12, 1936  
Department: Department of Education  
Length of Service: 30 Years 06 Months 15 Days  
Service Factor: 30.541  
Average Annual Salary: \$ 43,805.41  
Annual Annuity: \$ 31,256.16  
Percentage Earned: 71.352282  
Effective Date: July 27, 2002
  
3. Name: Maria G. Naputi  
Date of Birth: April 12, 1942  
Department: Department of Youth Affair  
Length of Service: 26 Years 02 Months 15 Days  
Service Factor: 26.208  
Average Annual Salary: \$ 42,413.40  
Annual Annuity: \$ 25,668.48  
Percentage Earned: 60.5197414  
Effective Date: October 01, 1996
  
4. Name: Joseph G. Palomo  
Date of Birth: August 31, 1953  
Department: Guam Water Works Authority  
Length of Service: 26 Years 02 Months 15 Days  
Service Factor: 26.208  
Average Annual Salary: \$ 35,010.02  
Annual Annuity: \$ 21,188.16  
Percentage Earned: 60.5202739  
Effective Date: December 02, 1998
  
5. Name: Evelyn G. Salas  
Date of Birth: June 05, 1948  
Department: Department of Education  
Length of Service: 36 Years 00 Months 00 Days  
Service Factor: 36.000  
Average Annual Salary: \$ 61,776.42  
Annual Annuity: \$ 52,509.84  
Percentage Earned: 85.0000000  
Effective Date: October 01, 2003

**On motion of Mrs. Rolenda Faasumalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve the Service Retirement applicants listed under Item F 1-5, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

- G. SERVICE RETIREMENT APPLICANT (Early Retirement Incentive Program)
  - 1. Name: John F. San Nicolas
  - Date of Birth: October 31, 1954
  - Department: Department of Education
  - Length of Service: 29 Years 10 Months 15 Days
  - Service Factor: 29.875
  - Average Annual Salary: \$ 52,597.89
  - Annual Annuity: \$ 36,654.24
  - Percentage Earned: 69.6876623
  - 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 G 1, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.**

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their *meeting of May 25, 2004*, the following applications are recommended for **DISAPPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANTS (For Review)
  - 1. Jesse M. Fernandez
  - 2. Trinidad C. Santos

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to disapprove the Disability applications of Jesse M. Fernandez and Trinidad C. Santos, as recommended by management. Motion carried.**

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their *meeting of June 23, 2004*, the following applications are recommended for **DISAPPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANT (Appeal)
  - 1. Madeline S.M. Losongco

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to disapprove the Disability application of Madeline S.M. Losongco, as recommended by management. Motion carried.**

- B. DISABILITY APPLICANT (For Review)
  - 1. Bertha S.N. Salas

**On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to disapprove the Disability application of Bertha S.N. Salas, as recommended by management. Motion carried.**

At this time, 12:21 p.m., Mr. Greg Perez, Acting Benefits Program Administrator, was excused from the meeting.

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

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

Director Wilfred Aflague reported to the Board of Trustees that the results of the June 19, 2004 election are under Item VI of the Agenda under New Business.

##### ***Outstanding Items for Incoming Board of Trustees***

Mr. Aflague reported to the Board of Trustees that the following list of outstanding items was generated for the Board's perusal:

***1. Finalization of International Investment Manager contracts for international equities, international small cap, and international emerging markets.***

Mr. Aflague stated that this has not been finalized. A letter was sent to Mercer Investment but we have not received a response. Chairman Salas asked if the Investment Committee is fully aware of this. Mr. Tajalle replied yes.

***2. Request for proposal process for the Defined Contributions Plan Administrator.***

Mr. Aflague stated that five (5) proposals were received, which have not yet been opened. Ms. Bamba stated that she had some concern on opening the proposals prior to bringing in the new Board of Trustees. Ms. Bamba stated that the proposals will be opened once the new Board comes in. Mrs. Rolenda Faasumalie stated that Ms. Bamba used good discretion on the matter.

***3. Audit report findings from the Office of the Public Auditor and Burger & Comer.***

Mr. Aflague stated that Mr. Greg Perez was subpoenaed to appear before the Grand Jury at 1:00 p.m. today on the elected official case. Mr. Aflague stated that the Attorney General's office investigator and an Attorney have been frequently interviewing him, Ms. Bamba, Mr. Tajalle and Mr. Perez. Mr. Perez was subpoenaed as his name appeared on the verification of the estimated annuity. Mrs. Faasumalie asked if Legal Counsel will be with Mr. Perez. Ms. Bamba replied no. Mr. Perez was subpoenaed as a witness.

Mr. Aflague stated that the other major item on the audit findings is the elected official's brother. We have sent him letters giving him his due process notice. We had met with him twice. Mr. Aflague stated that after both meetings with Mr. Tajalle and Mr. Duenas, the individual is still contenting that he had made contact with former administrators of the Retirement Fund. Mr. Tajalle stated that the individual did say that he had previous meetings with former Retirement Fund administrators at the time and he was assured by them that this issue will be addressed at Legal Counsel level at which point time seem to have expired from the time of his last contact up to when we started initiating our collection procedures. Repayment options were offered to the individual. Mr. Tajalle stated that the individual stated that he couldn't meet those requirements. The individual was informed that the Retirement Fund would be pursuing collections. Mr. Tajalle stated that Legal Counsel has sent a formal demand letter.

Legal Counsel is proceeding with court proceedings to take this matter to court. Mr. Aflague stated that our Legal Counsel is required to be appointed as Deputy Attorney General for litigation purposes. We have sent a letter to the Attorney General requesting for the appointment of our Legal Counsel as Deputy Attorney General. Vice Chairman Cruz asked if there will be a problem with this. Ms. Bamba replied no. Ms. Bamba stated that in former litigation issues, they don't have a problem assigning a Special Assistant Attorney for cases like this. Designation was previously granted on another case.

**4. *Proposed Defined Benefit Plan and Defined Contribution Plan statute amendments.***

Mr. Aflague stated that the above item will be presented to the new Board of Trustees.

**5. *Proposed Defined Contribution Plan amendments.***

Mr. Aflague stated that the draft of the above item will be presented to the new Board of Trustees.

**6. *Collection of outstanding balances owed by GMHA and DOE.***

Mr. Aflague stated that this is the same situation with the collection from GMH and DOE for past due contributions. The same procedure must be applied for our Legal Counsel to be designated as Deputy Attorney General.

**7. *Contractual Agreement with Selected Actuarial Consultant.***

Mr. Aflague stated that the draft contract was forwarded to Rich Wright of Milliman, Inc. Ms. Bamba stated that the revised version was received back from Rich Wright. Ms. Bamba stated that Rich Wright would have to sign the contract and that it will still require the signatures of the new Board of Trustees and the AG. Chairman Salas inquired about the time frame. Ms. Bamba replied by next week. Chairman Salas asked if it's possible that the actuary report will be delayed. Ms. Bamba replied yes. Mr. Aflague stated that Mr. Wright expressed willingness to receive data from us so he can start working, but we need the contract signed before we can give him information.

***Contributions***

Mr. Aflague reported to the Board of Trustees that as of May 31, 2004, all agencies are current with their Fiscal Year 2004 employee and employer contributions. Pedro Tajalle, Controller, stated that for that particular time frame, any and all contributions due based on the period in question were current. For pay period ending May 28, 2004, GMH is delinquent in both the Defined Contribution and Defined Benefit Plan Contribution payments. Notices have been duly sent out to the agency on the non-receipt of contributions. Payment was received yesterday for their Defined Contribution Plan. Chairman Salas reiterated that once we know these agencies are late we should immediately send out notices. Mr. Aflague stated that he and Mr. Tajalle are in constant contact with GMH's Chief Financial Officer, Mr. Austin Swett.



***Financial Audit***

Mr. Aflague reported to the Board of Trustees that the deadline for the draft completion is August 15, 2004. Mr. Tajalle stated that the audit completion is scheduled for August 31, 2004. Mr. Tajalle stated that we are not going to be in compliance with the public statute that requires audits to be completed within nine months after the end of the fiscal year. However, we should be done within a timely enough fashion for it to have an impact on operations going forward and that we will make every effort to meet the mandate requirement for the fiscal year ending 2004 audit. Mr. Aflague stated that the reason for the delay was due to the lateness in securing the signatures on the contract from the Attorney General's office and the Governor's office. Chairman Salas asked if there are any consequences or penalties incurred for being delayed on the audit. Mr. Tajalle stated that it's just the mention that we will be in non-compliance with the public mandate to have it completed by the June 30, 2004 deadline. Chairman Salas asked if we should be okay for the next audit year. Mr. Tajalle replied yes. Mr. Aflague stated that because the audit contract is for a three-year period, there won't be any delays with contract finalization.

**V. OLD BUSINESS**

None

**VI. NEW BUSINESS**

**A. Declaration of Results of Board of Trustees Election held June 19, 2004**

Mr. Aflague reported to the Board of Trustees that he received the certified results of the June 19, 2004 Trustee Election from the Guam Election Commission. Mr. Aflague stated that per Public Law 27-43, the Board of Trustees would have to declare the results of the election. Chairman Salas questioned the Certification of Results as to why Board Member Gregorio C. San Nicolas' signature was not on the certification. Ms. Bamba stated that Mr. San Nicolas is currently off-island. Mr. Aflague stated that the Guam Election Commission Board had a quorum and that the majority had signed the certification. Chairman Salas stated that it should be noted that if the majority had signed off on it and that it is affirmed that certification was withstanding the majority.

**On motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasumalie, and unanimously agreed upon, the Board of Trustees voted to approve to accept the certified results of the June 19, 2004 Trustee Election and accept the declaration of Mr. Joe T. San Agustin, Dr. Wilfred P. Leon Guerrero, Dr. James J. Taylor and Mr. George A. Santos. Motion carried.**

**VII. OPEN DISCUSSION**

None

**VIII. ANNOUNCEMENTS**

***Swearing-In Ceremony***

Mr. Aflague informed the Board of Trustees that the Swearing-In Ceremony for the elected and appointed Trustees is scheduled for 11:00 a.m. Friday, June 25, 2004 in the Conference Room.

Ms. Bamba stated that the Governor's appointees are under acting capacity pending confirmation by the Legislature. Although they are under acting capacity, they have the authority to actively participate in the Board meetings which also means voting. Mr. Aflague stated that it is not known at this time who the Governor's third appointee is.

***Farewell***

Mrs. Faasuamalie stated that she values the past four years. It was a pleasure and a valuable experience being a Trustee of the Retirement Fund Board of Trustees. Mr. Aflague stated that on behalf of the staff and management of the Retirement Fund, we enjoyed working with Mrs. Faasuamalie and each of the Trustees. Chairman Salas stated that since there is moratorium on the compensation issues for the Trustees, it should be noted that if that moratorium is ever lifted, then the current and future Board of Trustees are entitled to retroactive payment.

Chairman Salas also stated that he had also enjoyed working with staff and management of the Retirement Fund. We've come pretty close and we've gone very far with many issues that have plagued the Retirement Fund. Chairman Salas stated that with Mr. Aflague's leadership he has done a superb job and looks forward and expects that his leadership will continue. Chairman Salas also thanked the Board Secretary and the Trustees. Chairman Salas wished everyone Good Luck!

**IX. ADJOURNMENT**

**There being no further business before the Board, on motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasuamalie, 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>
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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 12:45 p.m. Thursday, June 24, 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

**Board of Trustees Absent:**

Stephen J. Guerrero, Trustee

**Staff Present:**

Wilfred G. Aflague, Director  
Paula M. Bamba, Administrative Services Officer  
Pete Tajalle, Controller  
Vince Camacho, Great West Retirement Services  
Jackie Blas, Board Secretary

**II. REVIEW AND APPROVAL OF MINUTES**

**A. June 9, 2004 Regular Meeting**

**On motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasuamalie, and unanimously agreed upon, the Minutes of June 9, 2004 Regular Meeting were approved, subject to corrections, as indicated by Ms. Paula Bamba and Vice Chairman Cruz. Motion carried.**

**III. OLD BUSINESS**

None

**IV. NEW BUSINESS**

None

**V. OPEN DISCUSSION**

None

**VI. ANNOUNCEMENTS**

Vince Camacho, Great West Retirement Services, thanked the outgoing Board of Trustees. It was a pleasure working with the Trustees.

Mr. Tajalle stated to carry forward the previous announcements on the Executive Summary regarding the outstanding contributions for DC from GMH. Notice has been sent and we will continue to follow up on the outstanding payments.

**VII. ADJOURNMENT**

**There being no further business before the Board, on motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasuamalie, and unanimously agreed upon, the meeting was adjourned at 12:49 p.m. Motion carried.**

Respectfully submitted,

Jackie Blas  
Board Secretary