

BOARD OF TRUSTEES
Regular Meeting
Wednesday, September 10, 2003, 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 12:12 p.m. Wednesday, September 10, 2003, 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
Greg Perez, Acting Benefits Program Administrator
Jackie Blas, Board Secretary

Public Present:

Mindy Fothergill, KUAM

II. REVIEW AND APPROVAL OF MINUTES

A. August 13, 2003 Regular Meeting

Mr. Stephen Guerrero inquired about number 11 on Page 7 of 19 of the minutes. Mr. Guerrero wanted clarification on the years of service being 32 years and the individual's date of birth being November 10, 1963 which means the individual is only 39 years old. Chairman Francisco Salas recommended that further discussion on this matter be under New Business.

On motion of Mrs. Rolenda Faasuamalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Minutes of August 13, 2003 Regular Meeting were approved, subject to corrections. Motion carried.

III. PENSION BENEFITS

A. Members and Benefits Committee Findings of August 26, 2003

Mrs. Rolenda Faasuamalie stated that action was taken at Committee level on the following disability application.

- A. DISABILITY APPLICANT
- 1. Joseph B. Cepeda

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their meeting of August 26, 2003, the following disability applications are recommended for **APPROVAL** by the Board of Trustees.

- A. DISABILITY APPLICANTS
- 1. John A. Leon Guerrero
- 2. JoAnn D. Delfin

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 John A. Leon Guerrero, as recommended by management. Motion carried.

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 JoAnn D. Delfin, as recommended by management. Motion carried.

Mrs. Rolenda Faasuamalie stated that based on the Committee's findings during their meeting of August 26, 2003, the following applications are recommended for **APPROVAL** by the Board of Trustees.

- B. SURVIVOR ANNUITY BENEFIT APPLICANTS
- 1.

Name	Jose S. Apuron
Date of Death	July 11, 2003
Annuity Due Decease	\$ 17,178.24
Surviving Spouse	Rosa P. Apuron
Survivor's Annuity	\$ 8,589.12
Percentage Earned	50%
Effective Date	July 11, 2003
- 2.

Name	Jose B. Garrido
Date of Death	July 18, 2003
Annuity Due Decease	\$ 25,013.52
Surviving Spouse	Juanita C. Garrido
Survivor's Annuity	\$ 12,506.88
Percentage Earned	50%
Effective Date	July 18, 2003

3.	Name	Jose F. Naputi
	Date of Death	July 06, 2003
	Annuity Due Decease	\$ 13,778.16
	Surviving Spouse	Maria G. Naputi
	Survivor's Annuity	\$ 6,889.20
	Percentage Earned	50%
	Effective Date	July 06, 2003
4.	Name	Helen G. Orallo
	Date of Death	July 22, 2003
	Annuity Due Decease	\$ 25,970.64
	Surviving Spouse	Bert T. Orallo
	Survivor's Annuity	\$ 12,985.44
	Percentage Earned	50%
	Effective Date	July 22, 2003
5.	Name	John R. Sammons
	Date of Death	June 18, 2003
	Annuity Due Decease	\$ 47,255.04
	Surviving Spouse	Kristen F. Sammons
	Survivor's Annuity	\$ 23,627.52
	Percentage Earned	50%
	Effective Date	June 18, 2003
6.	Name	Edward B. Santos
	Date of Death	June 02, 2003
	Annuity Due Decease	\$ 19,572.00
	Surviving Spouse	Carmelita S. Santos
	Survivor's Annuity	\$ 9,786.00
	Percentage Earned	50%
	Effective Date	June 02, 2003
7.	Name	Juliana F. Tongson
	Date of Death	July 09, 2003
	Annuity Due Decease	\$ 16,449.60
	Surviving Spouse	Raymond V. Tongson
	Survivor's Annuity	\$ 8,224.80
	Percentage Earned	50%
	Effective Date	July 09, 2003

On motion of Mrs. Rolenda Faasumalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve Items B 1-7, as recommended by management, being that all calculations are in order and subject to corrections. Motion carried.

C. OPTIONAL RETIREMENT APPLICANT

1. Name: John M. Palomo
Date of Birth: June 30, 1945
Department: Port Authority of Guam
Length of Service: 20 Years 01 Month 15 Days
Service Factor: 20.125
Average Annual Salary: \$ 53,554.36
Annual Annuity: \$ 22,082.88
Percentage Earned: 41.234513
Effective Date: July 01, 2002

On motion of Mrs. Rolenda Faasuamalie, seconded by Ms. Katherine Taitano, and unanimously agreed upon, the Board of Trustees voted to approve Item C 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 August 26, 2003, the following disability applications are recommended for **DISAPPROVAL** by the Board of Trustees.

A. DISABILITY APPLICANTS

1. Mariano D. Quinata
2. Juanito Prieto

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 Mariano D. Quinata, as recommended by management. Motion carried.

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 Juanito Prieto, as recommended by management. Motion carried.

IV. INVESTMENT COMMITTEE

A. Investment Committee Meeting of September 3, 2003

Vice Chairman Gerard Cruz informed the Board of Trustees that the Investment Committee Meeting was held on September 3, 2003. Vice Chairman Cruz stated that he is recommending acceptance of the FY2000 and 2001 Audit Reports and Management's response to these findings.

Vice Chairman Cruz stated that he is also recommending approval of Management's submission of the FY2004 Budget to become effective October 1, 2003.

On motion of Vice Chairman Gerard Cruz, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the external audit for FY2000 and 2001 and management's report. Motion carried.

On motion of Vice Chairman Gerard Cruz, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve Management's submission of the FY2004 Budget. Motion carried.

Vice Chairman Cruz recommended that the minutes of the September 3, 2003 Investment Committee Meeting should first be reviewed and approved by the Committee and then submitted to the Board of Trustees.

V. EXECUTIVE SUMMARY

Director Wilfred Aflague reported to the Board of Trustees that all agencies are current with their employee/employer contributions except DOE and GMH. We received \$1.2 Million from the General Fund to pay outstanding balances for the following line agencies: Guam Fire Department, Governor's Office, BBMR, Bureau of Planning, Attorney General's Office, AHRD, GEPA, Department of Labor, Department of Parks and Recreation, Vocational Rehabilitation/DISID, and the Mayor's Council.

Director Aflague stated that he and the Controller had been assisting Senator Toni Sanford on technical information regarding the proposed FY2004 Budget. The Legislature adopted the proposed employee contribution rate of 20.81 on the FY2004 Budget. Director Aflague stated that he anticipates that the FY2004 Budget will be passed effective October 1, 2003.

Director Aflague reported to the Board of Trustees that we had just closed out the August 2003 Financial Statement.

Director Aflague reported to the Board of Trustees that Paula Bamba and Rosalia Bordallo will be off-island to attend the Financial Planning Management Training. The Director stated that we managed to convince BBMR to authorize to send two staff now as a cost saving measure. If we were to send one staff at a later date, it would cost more money because the next training will be held in Florida or New York. Director Aflague further stated that Chairman Salas will also be off-island next week to attend the NAGDCA 2003 Annual Conference.

Director Aflague reported to the Board of Trustees that the next piece of legislation that will be coming up on the legislative floor is Bill 153, which is the Trustees election. Director Aflague mentioned that the Board of Trustees had approved the requested budget of \$120,000.00 for the Election Commission. Director Aflague further stated that he met with Mr. Gerald Taitano, Director of the Guam Election Commission, and he is looking forward to assisting the Retirement Fund in the election process of the Board of Trustees.

Director Aflague reported to the Board of Trustees that in the upcoming budget bill, there is a provision that Vice Speaker Aguon included allowing individuals to retire from all agencies as long as their employee/employer share plus an interest penalty of 7.5% are met. If this was to go unchallenged, then we would see the bulk of employees coming in from DOE and GMH ready to retire. Director Aflague stated that he is going to be working with the Attorney General to follow up on the lawsuit on DOE and GMH regarding contributions that were earned by the employees. By October 1, 2003, all remittances should come from all agencies. Director Aflague stated that the Retirement Fund will then work on the past due accounts from DOE and GMH.

Mrs. Rolenda Faasumalie inquired if employees have been coming in to retire. Director Aflague stated that we had a lot of resignations and refunding of contributions. Mrs. Faasumalie asked if we have allocated our funds. Pete Tajalle, Controller, stated that we have allocated \$1 Million per month and an increase of \$1.2 Million is expected in the next two months. Mr. Tajalle stated that a transfer was made on September 9th. We have taken a drawdown of \$11.5 Million to meet the cash needs for the month of September and to take us into the month of October.

Mr. Tajalle stated that we anticipate that by the end of the month we should be receiving funds from DOE upon receipt of Section 30 monies to cover their outstanding balance which is about \$16.7 Million. Mrs. Faasuamalie also inquired about the refund process. Mr. Tajalle stated that by law, there's a twelve-month waiting period. An individual could request for a waiver of the twelve-month waiting period for medical reasons, foreclosure and relocation evaluation. Mr. Tajalle stated that 30% are relocating off-island. Director Aflague stated that Mr. Greg Perez, Acting Benefits Program Administrator, will get the figures together on resignations and retirements. Mrs. Faasuamalie inquired about the number of members under Defined Benefits. Director Aflague stated that there are about 5,700 members under the Defined Benefits and 6,000 members under the Defined Contributions. Vice Chairman Cruz asked if a good percentage of members in the Defined Benefits are close to the retirement age. Mr. Tajalle stated that it varies.

Chairman Salas stated that he is looking forward to the next actuary report. Director Aflague concluded his Executive Summary by informing the Board of Trustees that Senator Toni Sanford would like to sit down with the Board of Trustees and work on a long-term reform of the Retirement Fund.

VI. OLD BUSINESS

A. Disability Applicants

Mrs. Rolenda Faasuamalie inquired about the retroactive payment for the five disability applicants. Mr. Greg Perez stated that the retro is based on January 21, 2003 forward to the actual date of commencement. The total projected retro is in the amount of \$43,184.24.

On motion of Mrs. Rolenda Faasuamalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to approve the retroactive payment in the total amount of \$43,184.24. Motion carried.

VII. NEW BUSINESS

Ms. Katherine Taitano inquired about the transfer of responsibility of life and health insurance premium to autonomous agencies. Ms. Paula Bamba stated that the agencies will be billed. The Retirement Fund will be paid in two installments as mandated in the FY2004 Budget. Mr. Pete Tajalle stated that if the agencies don't meet the installment payments, the Retirement Fund will remit the retirees share of the premium directly to the agency where they did not remit their share directly to the Retirement Fund. It would then be up to that agency to remit along with our check to the insurance provider. The insurance providers will not accept installment payments.

VIII. OPEN DISCUSSION

Mr. Stephen Guerrero inquired about the effective date of an actual retirement. Is it at the time the Board takes action? Ms. Paula Bamba replied that the effective date is the date of application. Mr. Guerrero requested for a listing of when the effective date was applied on the various types of retirement. Mr. Greg Perez will provide a matrix. Director Aflague stated that the final approval is made by the Board of Trustees, but that the retirees have been paid annuity. Director Aflague stated that we should be timelier. Our goal is to have finalized annuities no longer than three months after estimated annuities. Mr. Perez stated that there are pending cases which may be the cause of the delay.

Mr. Guerrero stated that he's concerned of any over payment. Ms. Bamba stated that one of the problems we are facing is that of the payroll records to be reconciled at DOA Payroll Division. Mr. Tajalle stated that it's a lengthy process especially for individuals from GMH and DOE.

Ms. Katherine Taitano inquired about the billing from Phil Torres. Director Aflague stated that he is not convinced of the double payment for legal services. Legal Counsel has responded to Phil Torres. Mr. Torres has not responded. Director Aflague wonders what the Guam Bar Association will say on a billing such as this to justify this kind of a billing from Phil Torres.

Chairman Salas stated that Sunday's PDN was pretty packed with retirement issues. The Chairman stated that he has been getting copies of newspaper articles pertaining to the Retirement Fund. Chairman Salas requested that copies be provided to all Trustees. Chairman Salas stated that the Legislature knows our position on the payment of supplemental annuities. "If you want us to fund the supplemental annuities, give us the funds."

IX. ANNOUNCEMENTS

None

X. 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 12:55 p.m. Motion carried.

Respectfully submitted,

Jackie Blas
Board Secretary

D E F I N E D CONTRIBUTIONS

I. CALL TO ORDER

After determining a quorum, the Retirement Fund Board of Trustees Regular Meeting was called to order at 12:55 p.m. Wednesday, September 10, 2003, 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
Greg Perez, Acting Benefits Program Administrator
Jackie Blas, Board Secretary

II. REVIEW AND APPROVAL OF MINUTES

A. August 13, 2003 Regular Meeting

Mr. Stephen Guerrero stated that he is still concerned about number 11 on Page 7 of 19 of the minutes. Mr. Greg Perez stated that it may be that the individual was a participant on the early out retirement credit which is five years. This individual may also have educational credit and that the sick leave balance could also have been converted to service.

On motion of Vice Chairman Gerard Cruz, seconded by Mrs. Rolenda Faasumalie, and unanimously agreed upon, the Minutes of August 13, 2003 Regular Meeting were approved, subject to corrections. Motion carried.

III. OLD BUSINESS

A. Contribution Report as of PPE August 23, 2003

Ms. Paula Bamba informed the Board of Trustees that Mr. Vince Camacho is off-island in Washington, D.C. Mr. Camacho did provide his report for Pay Period Ending August 23, 2003 on the Defined Contribution System and the Deferred Compensation Plan.

On motion of Mrs. Rolenda Faasumalie, seconded by Mr. Stephen Guerrero, and unanimously agreed upon, the Board of Trustees voted to accept the Contribution Report as of PPE August 23, 2003. Motion carried.

IV. NEW BUSINESS

Mrs. Rolenda Faasumalie inquired about the letter to the Chairman from Mr. David John, President, Administrative Services Corporation. Chairman Salas stated that Mr. John was concerned about the unconditional promise that was related to the administration of the 401 Plan and the 457 Plan. The present contract has been in existence for eight years. Chairman Salas stated that Mr. John had some concerns on whether or not it's fair and equitable and that perhaps we might want to review the present contract with the present plan administrator, which is BenefitsCorp. Chairman Salas informed Mr. John that he has nothing negative as far as the present situation. Chairman Salas stated that the Board of Trustees will look at it and that it would be tasked to the Investment Committee for review if this is cost effective. Any issues with BenefitsCorp should be brought up to the Board of Trustees. Chairman Salas stated that he spoke to Mr. Perez, the former Chairman, and that Mr. Perez stated that the previous Board was in the middle of two typhoons which just pushed everything back.

Mrs. Faasumalie inquired about the term of the contract. Ms. Paula Bamba stated that the term of contract is open-ended. Vice Chairman Gerard Cruz inquired about the length of the existing contract. Ms. Bamba stated that the contracts date back to 1996 for the 401 Plan and 1999 for the 457 Plan. Vice Chairman Cruz asked if there are any issues with BenefitsCorp. Ms. Bamba stated that we currently don't have any issues with BenefitsCorp. It works really well with the Retirement Fund. Chairman Salas stated that if this is a cost effective issue, I would like to defer this matter to the Investment Committee to explore.

V. OPEN DISCUSSION

None

VI. ANNOUNCEMENTS

Off-Island Travel: Mr. Stephen Guerrero will be off-island for one week at the end of September. Vice Chairman Gerard Cruz will be off-island for three days next week. Chairman Salas will be off-island for two weeks starting next week.

VII. 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 1:10 p.m. Motion carried.

Respectfully submitted,

Jackie Blas
Board Secretary