

INVESTMENT COMMITTEE MEETING
Thursday, March 4, 2004, 11:06am
Retirement Fund Conference Room

MINUTES

DEFINED BENEFITS

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting, for the Defined Benefits plan, was called to order at 11:06a.m., Thursday, March 4, 2004, in the Retirement Fund Conference Room. Chairman of the Investment Committee, Gerard Cruz officiated.

Present:

Gerard Cruz, Vice Chairman of the Board of Trustee
Frank Salas, Chairman of the Board of Trustee
Katherine T.E. Taitano, Trustee

Also Present:

Wilfred Aflague, Director
Pete Tajalle, Controller
Rosalia Bordallo, Investment Specialist
Ken Dunstan, Acting Benefits & Member Administrator
Dominica Tajalle, Investment Committee Secretary

II. REVIEW AND APPROVAL OF MINUTES

Chairman of the Investment Committee requested that changes be made on page 1 of the minutes to read, "The Investment Committee Chairman and Vice Chairman", and on the same page 1, correction on the spelling of "Counsel".

On Motion by Mr. Tajalle, seconded by Mr. Salas, the minutes of February 10, 2004, Were accepted subject to changes as noted above. Motion carried.

III. OLD BUSINESS

- Review of Summit Expenses – Per Mr. Tajalle, Cost still being finalized. Issues relating to Mercer's billing rates have been raised by Management, as determination needs to be finalized as to contract applicable work, and additional cost associated with the summit. Additionally, rates charged by Mercer appeared excessive. Mr. Salas requested that each board member be given a copy of the existing contract, the request for proposal and the proposal submitted by Mercer, for their review in light of the stated billing rates.

- DC Interest & Penalty charges draft policy – still in preparation stage

IV. NEW BUSINESS

- Proposed Legislation “Administrative Errors”

Mr. Tajalle questioned section D, number one (1), and section D, number three (3). Dealing with restrictions on recovery of overpayments. Mr. Aflague expressed similar concerns. Mr. Cruz responded that the proposed legislation also gave determination of the adjustment to the Board. Mr. Cruz questioned the necessity of the proposed legislation. Ms. Bordallo responded that this was required in order to allow for the Fund to recoup overpayments directly from the annuitant. Mr. Cruz inquired if the establishment of a Board policy would preclude the necessity of this legislation. Ms. Bordallo reiterated that this statute is required as current legislation does not allow for the recoupment of overpayment from the retiree’s annuity. Mr. Cruz indicated that local statute would not suffice as Federal statutes do not allow for the garnishment of overpayments from retiree annuities.

- Proposed Legislation “Prudent Man”
- Mr. Tajalle recommended that the two proposed legislation be tabled until the next committee meeting. There was no objection.

IV. OPEN DISCUSSION

Mr. Cruz requested an update item IV, under New Business (Mercer) if there were any updates regarding their Investment recommendation 14a, if it was in compliance with the investment laws.

Mr. Cruz requested for a formal response from “Mercer” regarding the validity of the RFP, with Legal Statute.

Mr. Tajalle reported that there has been no response yet, but he will follow up with Mercer.

- “Investment Policy”

Mr. Cruz asked if there were any discrepancies between the current practice and what is in the Policy, and if the Retirement Fund is still operating in the old Investment Policy.

Ms. Bordallo reports that there are discrepancies between the two, and that the Retirement Fund operates under the current “Investment Law”.

Mr. Cruz asked if the current Investment Policy mirror the components of the current Investment Law, and adds that to his understanding there is a bit of contradiction in some sections.

Ms. Bordallo reported that, though the policy has been changed, the Retirement Fund has not hired new managers that would fulfill the mandates of the policies.

Mr. Cruz requested a formal letter from Mercer affirming validity of IPS.

Mr. Cruz asked for Retirement Fund recommendation regarding a section in the Investment Policy "that requires the Investment Consultant to have an office here on Guam".

Ms. Bordallo reports that this is not "necessarily" management's prerogative, but that it is the Board of Trustee's prerogative.

Mr. Aflague reports that it is a requirement that the Retirement Fund can't impose until the contract period is completed, and he also stated that this was not part of the RFP.

Mr. Cruz questioned the necessity of having the Investment Consultant maintaining an office locally in the past and its impact on investment decisions.

Ms. Bordallo responded that this was dependent upon the type of investment decision and the nature of the decision. In the past having the investment consultant locally, allowed for immediate accessibility when investment analysis was required.

Mr. Salas motioned to perform an analysis of the cost associated with having the investment consultant on and off island. Motioned seconded by Ms. Taitano. Motion carried.

Status of 2004 Employee and Employer Contributions

- Mr. Tajalle reported that all agencies are current on their fiscal year 2004 contributions.

VI. ANNOUNCEMENTS

None.

VII. ADJOURNMENT

Being that there is no further business before the Investment Committee, for the Defined Benefits Retirement plan, the Chairman adjourned this meeting at 12:10 p.m.

Respectfully Submitted,


Dominica Tajalle

DEFINE CONTRIBUTION

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting, for the Defined Contribution Plan, was tabled and rescheduled due to the absence of Mr. Vince Camacho of Great West.

Present:

Frank Salas, Chairman
Katherine T.E. Taitano, Trustee

Also Present:

Wilfred Aflague, Director
Pete Tajalle, Controller
Rosalia Bordallo, Investment Specialist
Stephanie Herrera, Investment Committee Secretary
Dominica Tajalle

II. APPROVAL OF MINUTES

NONE.

III. OLD BUSINESS

NONE

IV. NEW BUSINESS

V. OPEN DISCUSSION

VI. ANNOUNCEMENTS

NONE.

VII. ADJOURNMENT

Respectfully Submitted,


Dominica Tajalle