



INVESTMENT COMMITTEE MEETING
Friday, November 14, 2003, 12:00pm
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 12:30p.m., Friday, November 14, 2003, in the Retirement Fund Conference Room. Vice Chairman, Gerard Cruz officiated.

Present:

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

Also Present:

Paula Bamba, Administrative Services Officer
Pete Tajalle, Controller
Rosalia Bordallo, Investment Specialist
Stephanie Herrera, Investment Committee Secretary

Terry Dennison and Wayne Shum, Mercer Investment Consulting

II. REVIEW AND APPROVAL OF MINUTES

On Motion by Mr. Salas, seconded by Ms. Taitano, the minutes of September 3, 2003 and September 25, 2003, were unanimously approved. Motion carried.

III. OLD BUSINESS

None.

Felix P. Camacho
Governor

Kaleo S. Moylan
Lieutenant Governor

Wilfred G. Aflague
Director

Trustees:

Francisco B. Salas
Chairman

Gerard A. Cruz
Vice-Chairman

Stephen J. Guerrero
Trustee

Rolenda Lujan Faasuumalie
Trustee

Katherine T.E. Taitano
Trustee

IV. NEW BUSINESS

On Motion by Mr. Tajalle, seconded by Ms. Taitano, the discussion on interest and penalties, associated with the DC Plan, was included as an agenda item, under New Business. Motion carried.

- Interest & Penalties – DC Plan

As reported by Mr. Tajalle, after review by the retirement staff, of existing statutes regarding the DC Plan, it was found that there are no provisions within the statute to address late payments; however, it has been management's previous practice to mirror interest and penalty charges for late DC contributions, with reflect to the DB plan.

The retirement fund staff has requested for the investment committee to consider adopting a policy by which the fund charges interest and penalties, to mirror the DB plan statute. The fund staff is to get clarification on whether the investment committee or investment board can make the determination to impose this fee, without changing the plan document. Mr. Tajalle advised that the fund will continue with previous practice until such determination has been made and a formal policy has been established.

Motion made by Mr. Salas, seconded by Ms. Taitano, to refer this matter to legal counsel. Motion approved.

- Investment Manager Reviews

As requested by the Investment Committee members, and as outlined by Mercer Investment Consulting, the following investment managers presented their annual reviews to the investment committee and retirement fund staff.

Mr. Jim Webb and Mr. Bob Davis represented Davis Hamilton Jackson and Associates
Mr. John Campbell and Mr. Ed Hines represented INVESCO
Mr. Peter Sullivan and Joan, (via telephone) represented Dresdner RCM

- Review and Discussion
- Review of the Third Quarter 2003 Investment Performance Report

Following the presentations made by the investment managers, a review and discussion was held by the committee members, retirement staff, and investment consultant, relating to their performances.

Motion was made by Ms. Bordallo, based on the request of Deutsche Asset Mgmt., (letter dated 9/9/03), to have their in-house legal counsel determine whether or not they can make such a request by the retirement fund. Motion seconded by Mr. Salas. (Attachment)

- Progress update on the four manager selection exercises

Ms. Bamba reported that the RFP search for international equity closes on December 15, 2003.

V. OPEN DISCUSSION

None.

VI. ANNOUNCEMENTS


None.

VII. ADJOURNMENT

Being that there is no further business before the Investment Committee, for the Defined Benefits Retirement plan, the Vice Chairman adjourned this meeting at 4:00 p.m.

* The Defined Contributions portion of this meeting has been table for the next Investment Committee.

Respectfully Submitted,

A handwritten signature in black ink that reads "Stephanie A. Herrera". The signature is written in a cursive style with a large initial 'S'.

Stephanie A. Herrera