



**INVESTMENT COMMITTEE MEETING**  
Tuesday, January 13, 2004, 10:00am  
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 10:08a.m., Tuesday, January 13, 2004, 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:*

Pete Tajalle, Controller  
Rosalia Bordallo, Investment Specialist  
Larry Quichocho, General Accounting Supervisor  
Stephanie Herrera, Investment Committee Secretary

Mike Perez, Great West

**II. REVIEW AND APPROVAL OF MINUTES**

Approval of the minutes of November 14, 2003, was tabled to the next investment committee meeting.

**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 Faasuamalie**  
Trustee

**Katherine T.E. Taitano**  
Trustee

#### IV. NEW BUSINESS

- Update – International Foreign Equity Investment Manager (Small Cap & Emerging Markets)

As reported by Mr. Tajalle, the closing date for the RFP was December 15, 2003. All packages have been opened and evaluated by the fund's administrative services officer, Paula Bamba. To expedite the process, it was decided by the committee members and retirement staff, the RFP's that have met the criteria, will be sent to the investment consultant on January 14, 2003 for their review.

- Update – Actuary RFP

Mr. Tajalle advised that there were two responses for the RFP for the Actuary, however, one has since pulled out and the minimum requirement is two. Due to this result, the RFP will be re-issued this week and the process will start over. At the recommendation of Mr. Cruz, the RFP will be published nationally, i.e. Pensions & Investments, to allow for a greater number of responses.

- Review & Discussion – Legal response to interest & penalty charges for the DC Plan

A review of comments received by legal counsel, with regards to the DC Plan interest charges was discussed by the committee and staff members. (Attachment)

As stated by Mr. Tajalle, in the plan document was a reference to a provision in the statute regarding charges of interest and penalties which is no longer existing. The Fund has been charging based the DB plan provisions of the law. The Fund is currently looking at identifying interest charges, especially with late payments in the DC Plan and also allocation. The Fund has brought this to the attention of the committee, as a request for a policy and procedure to be put in place.

As recommended by Mr. Salas, for those agencies who have not paid contributions within five (5) days after the pay period ending, a letter of warning should be sent to those agencies who have not made payment. If after ten (10) days, payment is not received, a second letter of warning will be sent. He further stated that a copy of all letters be issued to participants, Supervisors, and Department Heads. Ms. Bordallo advised the committee that the Fund begins to assess interest on the sixth day. This is to be included in any second letters of warning that may be required. It was decided that the interest for DC will be charged will be at 7.5%, as with the DB Plan, and this procedure will be in place, until this policy has been modified.

Further recommended by Mr. Tajalle, the Fund will start work on a draft policy. Mr. Cruz suggested that the Fund look into other plan documents to see if they have similar penalties that are imposed on late contributions, or some language, with regards to how to calculate interest and what is a true cost of collection. Mr. Perez is to contact Vince Camacho and advise him of this issue, as there may be other policies Great West has in place, that the Fund could look into.

- Review & Discussion – August 2003 Summit Expenditures

Mr. Tajalle informed the committee that the Fund is going to summarize all the costs from the summit and that investment committee approval is needed, due to it being over and above the contracted consulting agreement. This item is to be included in the agenda for the next investment committee meeting.

**V. OPEN DISCUSSION**

None.

**VI. ANNOUNCEMENTS**

Proposed investment committee schedule. (Attachment)

**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 11:30p.m.

Respectfully Submitted,



Stephanie A. Herrera