

BOARD OF TRUSTEES
Regular Meeting
Friday, June 8, 2007, 12:00 p.m.
Retirement Fund Conference Room

MINUTES

DEFINED CONTRIBUTIONS

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Contribution Plan was called to order at 2:45 p.m. Friday, June 8, 2007, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
Wilfred P. Leon Guerrero, Vice-Chairman
Gerard A. Cruz, Treasurer
George A. Santos, Trustee
Antolina S. Leon Guerrero, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee
James J. Taylor, Secretary

Staff Present:

Paula Blas, Director
Diana Bernardo, Controllor
Rosalia Bordallo, General Accounting Supervisor
Mike Perez, Great West Retirement Services
Jackie Blas, Recording Secretary

Public Present:

Mark Heath, Metropolitan West Capital Management
Don Clark, Administrative Services Corporation (ASC)

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 9, 2007, March 16, 2007 (Continuation of March 9, 2007), and April 13, 2007 Regular Meetings

On motion of Trustee George Santos, seconded by Treasurer Gerard Cruz, and without objection, the Minutes of March 9, 2007, March 16, 2007 (Continuation of March 9, 2007), and April 13, 2007 Regular Meetings were approved, subject to corrections. Motion passed.

B. May 4, 2007 Regular Meeting (Pending)

Trustee George Santos, seconded by Treasurer Gerard Cruz, moved to defer approval of the Minutes of May 4, 2007 Regular Meeting. Without objection, the motion passed.

III. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. Request for Proposal (RFP): Third Party Administrator - Director Paula Blas stated that negotiations are ongoing.

2. Organic Act Citizen and U.S. Federal Estate Tax Law: ERISA 404(c) - Director Blas stated that the Retirement Fund's Legal Counsel has provided a draft memorandum regarding the non-applicability of ERISA Section 404 to Governmental Plans.

3. Great West Retirement Services Annual Plan Review – Director Blas stated that the annual plan review for the 401(a) and 457 Plans for periods ending December 31, 2006 and March 31, 2007 is scheduled for June 26, 2007.

Financial Report

1. Contributions – Director Blas stated that all agencies are current with their Fiscal Year 2007 employee and employer contributions.

2. Financial Statements – Director Blas stated that the books for the month ending May 2007 will be closed on June 12, 2007.

IV. INVESTMENT COMMITTEE REPORT

A. Termination of Invesco Stable Value Fund (Invesco)

Vice-Chairman Wilfred Leon Guerrero stated that the recommendation from Mercer Investment Consulting (Mercer) compared Galliard Stable Value Fund (Galliard) with another firm that did not submit a bid on the Request for Proposal (RFP). Vice-Chairman Leon Guerrero stated that the Investment Committee was concerned about that comparison. The Investment Committee asked Mercer to clarify the recommendation that they made. Controller Diana Bernardo stated that Mercer was comparing Galliard with Dwight which was not one of the four entities recommended by Great West Retirement Services (Great West). Chairman San Agustin stated that his understanding of the reason why Invesco is being placed was because sixteen employees had left the firm. Chairman San Agustin stated that Invesco's investment is in the stable side and the principal is not in jeopardy by the removal of the sixteen employees. Vice-Chairman Leon Guerrero stated that of the sixteen employees, three of them were principal players.

Chairman San Agustin stated that the replacement of Invesco would not be available until twelve months going forward. Treasurer Gerard Cruz stated that there is an issue with regards to the investment quality of the stable value. Treasurer Cruz stated that Invesco lost sixteen of their portfolio managers. Treasurer Cruz stated that the complication is the fact that a good portion of the Defined Contribution (DC) assets are in stable value. Treasurer Cruz stated that an email from Ashish Shrestha from Mercer stated that it would take at least three weeks to put together an analysis. Vice-Chairman Leon Guerrero stated that the Investment Committee is not comfortable in making a recommendation until they receive Mercer's analysis. Vice-Chairman Leon Guerrero requested to have Item IV A tabled until receipt of Mercer's report.

Mr. Mike Perez, Great West Retirement Services, stated that he received an email from Mercer asking them about any trading agreements with the four stable value companies that they came up with. Mr. Perez stated that they do not have any trading agreements with the four companies identified. Mr. Perez stated that it would take three to four months to establish a trading agreement. Mr. Perez stated that Great West had recommended not to terminate Invesco. Treasurer Cruz stated that it was Mercer's recommendation to terminate Invesco. Rosalie Bordallo, General Accounting Supervisor, suggested taking this opportunity to move the employees from Invesco into the Profile Fund. Chairman San Agustin asked how long would this process take. Director Blas stated that this could be done now.

Vice-Chairman Wilfred Leon Guerrero, seconded by Trustee George Santos, moved to table Item IV A: Termination of Invesco Stable Value Fund, until the Investment Committee receives Mercer Investment Consulting's report. Without objection, the motion passed.

V. OLD BUSINESS

A. Contribution Report – May 2007

Director Blas stated that Mr. Perez submitted, at this meeting, a copy of the Defined Contribution and Deferred Compensation report for the month of May 2007. Director Blas stated that all agencies are current with their contributions.

Mr. Perez's report shows that the Defined Contribution Plan (DC) has 6,342 participants with a total contribution amount of \$795,740.91. The Deferred Compensation Plan has 769 participants with a total contribution amount of \$100,345.21.

VI. NEW BUSINESS

None

VII. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

VIII. ANNOUNCEMENTS

None

IX. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Treasurer Gerard Cruz, and without objection, the meeting was adjourned at 3:05 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 8, 2007 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 13, 2007.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas