

**BOARD OF TRUSTEES**

**Regular Meeting**

Friday, July 13, 2007, 12:00 p.m.  
Retirement Fund Conference Room

**MINUTES**

**DEFINED BENEFITS**

**I. ATTENDANCE, QUORUM, AND CALL TO ORDER**

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Benefits Plan was called to order at 12:15 p.m. Friday, July 13, 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  
Katherine T.E. Taitano, Trustee (*12:25 p.m.*)  
Antolina S. Leon Guerrero, Trustee

**Board of Trustees Absent:**

James J. Taylor, Secretary (*Off-Island Conference*)

**Staff Present:**

Paula Blas, Director  
Diana Bernardo, Controller  
Rosalia Bordallo, General Accounting Supervisor  
Jackie Blas, Recording Secretary

**Public Present:**

John Davis, KUAM  
Terry Dennison & Ashish Shrestha, Mercer Investment Consulting Inc.

Chairman San Agustin asked Trustee Antolina Leon Guerrero whether she was sworn in prior to the June 8, 2007 Board of Trustees Meeting. Trustee Leon Guerrero replied, "No." Chairman San Agustin stated that Trustee Leon Guerrero will then be considered as an observer in the June 8, 2007 Board meeting. Director Paula Blas stated that Trustee Leon Guerrero was sworn in by Chief Justice Philip Carbullido on June 27, 2007 and was confirmed by the Legislature on July 2, 2007.

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. May 4, 2007, May 8, 2007 (Reconvened Meeting) and June 8, 2007 Regular Meetings**

Chairman San Agustin asked whether the minutes of May 4, 2007, May 8, 2007 and June 8, 2007 were reviewed by Secretary James Taylor. Recording Secretary Jackie Blas stated that Secretary Taylor had reviewed the May 4 and May 8, 2007 minutes. Trustee Leon Guerrero stated that she reviewed the June 8, 2007 minutes. Chairman San Agustin stated that Trustee Leon Guerrero is an alternate in the absence of Secretary Taylor.

Trustee Leon Guerrero stated that she had a question on the last paragraph on Item XI A on Page 8 of 9. Trustee Leon Guerrero asked what the intention was with regards to the 120 days discretion. Director Blas stated that the policy states that it would be done incrementally but not to exceed 120 days for full adjustment. Chairman San Agustin stated that this would allow 120 days for members to be able to make the adjustment.

Treasurer Gerard Cruz made a correction on the last paragraph on Item VIII on Page 6 of 9. Treasurer Cruz stated that the "weighted average cost of the portfolio is .25%," not 2.5%. Treasurer Cruz also made the following corrections on the first paragraph on Page 7 of 9: "total asset is \$1.6 Billion," not \$1.6 Million and "The \$1.469 Billion includes the April 2007 receivables," not \$1.469 Million. Recording Secretary Blas noted the corrections made by Treasurer Cruz.

**On motion of Trustee Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, and without objection, the Minutes of May 4, 2007, May 8, 2007 (Reconvened Meeting) and June 8, 2007 Regular Meetings were approved, as corrected and subject to further corrections. Motion passed.**

## **III. CORRESPONDENCE**

### **A. June 4, 2007 Letter from Thomas DeRoche, IFEBP, Regarding Certificate Series Transcript**

Chairman San Agustin stated that the June 4, 2007 letter from Mr. DeRoche is an informational item. Chairman San Agustin stated that, for the last two years, the Retirement Fund has been trying to get someone to Guam to conduct a training program for the Retirement Fund staff. Director Blas stated that she has been trying to have IFEBP dovetail any training around Guam. Director Blas stated that she has submitted a request for training on island.

### **B. June 7, 2007 Letter from Francesco Squillacioti, State Street Global Markets, Regarding Investor Services and Securities Finance**

Chairman San Agustin stated that the June 7, 2007 letter from Mr. Squillacioti is an informational item. Chairman San Agustin stated that State Street Global Markets was one of the firms interviewed for the Custodial Banking Services.

**C. June 19, 2007 Letter to Senator Ben Pangelinan Regarding Clarification on the Eligibility of Survivors to the COLA Award Monies for Deceased Retirees**

Chairman San Agustin stated that the June 19, 2007 letter to Senator Pangelinan is in response to his letter dated June 5, 2007. Director Blas stated that there were some concerns with survivors that did not receive COLA letters. Director Blas stated that the reason the Retirement Fund did not issue COLA letters at that time was because the way Public Law 28-151 read. This letter explains that being a survivor does not automatically make them a beneficiary. It makes it to whoever the retiree named as beneficiary in their file at the Department of Administration (DOA) or their employer during their active employment. Director Blas stated that some of the issues and concerns the Retirement Fund was going to have in doing the distribution to retirees who have passed on has been explained to Senator Pangelinan. Director Blas stated that the Retirement Fund is going to issue letters to survivors informing them of the status of administering COLA benefits based on the current public law. Director Blas stated that the Retirement Fund provided the Legislature with draft language to amend the current statute for the Retirement Fund to administer the COLA benefits. Vice-Chairman Wilfred Leon Guerrero asked whether the retirees are able to change their beneficiary form now. Director Blas stated that she is not sure because the retirees' status is a post employment status. Treasurer Cruz stated that the only time a beneficiary is relevant is when an individual passes. An individual, while alive, has the discretion to change who they want as their beneficiary. Chairman San Agustin stated that the designated beneficiary normally is the survivor. Chairman San Agustin stated that the COLA award is being treated as property. The Department of Administration has the information of who is listed when the employee was still in active service. Director Blas stated that DOA is having the same issues with this particular statute as the Retirement Fund in terms of the administration of the COLA benefits. Vice-Chairman Leon Guerrero suggested that the retirees be notified to update their beneficiary forms. Trustee Leon Guerrero asked whether Director Blas is trying to clarify the issue that it is not linked to the beneficiary. Director Blas replied, "Yes." Chairman San Agustin stated that out of 4,877 COLA awardees, 1,500 have passed away.

**IV. INFORMATIONAL ITEMS**

None

**V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY**

**1. *William Don Parkinson vs. Government of Guam, Guam Memorial Hospital Authority***

**(GMHA) and Guam Public School System (GPSS)** - Director Blas stated that on June 26, 2007, Mr. Parkinson filed an opposition to the Motion for Dismissal of action by the Government of Guam. The hearing was held on Wednesday, July 11, 2007. Director Blas stated that she does not have an update as to what the hearing entailed. Chairman San Agustin stated that Mr. Parkinson did get a judgment ordering the government to pay. The government is now appealing the judgment granted by Judge Michael Bordallo.

**2. *Candelaria Rios, et al. vs. Joseph Ada, et al. (Special Proceeding Case No. SP206-98)*** -

Director Blas stated that this case remains status quo. There is no hearing scheduled on the Writ of Prohibition filed by the taxpayers. Director Blas stated that the Legislature will be entertaining Bill 68

(authorizes the issuance of value certificates to COLA claimants by establishing the COLA Relief Act) and Bill 149 (authorizes \$10 Million in promissory notes from the Guam Telephone Authority (GTA) proceeds to pay for the COLA judgment award). Director Blas stated that Chairman San Agustin testified on both bills. Chairman San Agustin stated that the status quo is not an option. Chairman San Agustin further stated that the credibility of the government is at stake. Chairman San Agustin stated that the way the certificate was structured was so vague. The certificate was supposed to have a 7% interest rate with no maturity. Chairman San Agustin stated that the Legislature wanted to take the \$10 Million GTA sale proceeds to pay the COLA awardees. Chairman San Agustin asked what the discount rate would be. Director Blas stated that the discounted rate is between \$8-9 Million.

Director Blas stated that Bill 149 created three categories to pay the COLA awardees as follows: 1) Payments shall first be made to a recipient who is eligible for COLA award payment of between One Dollar and Ten Thousand Dollars; 2) A partial payment of Two Thousand Five Hundred Dollars to a recipient who is eligible for COLA award payment of between Ten Thousand Dollars and One Cent and Twenty Thousand Dollars; and 3) Any remaining amount after the above distribution is made shall be equally divided among all remaining eligible recipients. Chairman San Agustin stated that his suggestion to the Legislature was to pay off the 52% and then deal with the 48%. Director Blas stated that both bills may be entertained during the Legislative Session.

3. ***Organic Act / Trust Agreement*** – Director Blas stated that Secretary Taylor is still working on the comments and recommendations regarding the Trust Agreement.

4. ***Request for Proposal (RFP): Custodial Bank Services*** – Director Blas stated that the Selection Panel concluded their evaluations. The Selection Panel is still in the process of determining their selection.

5. ***Request for Proposal (RFP): Real Estate Investment Trusts (REITS)*** – Director Blas stated that she received the analysis from Mercer Investment Consulting Inc. (Mercer). Director Blas stated that she will convene the Selection Panel so they could proceed with the selection process. The Selection Panel will consist of the following individuals: Gerard A. Cruz, George A. Santos, and Katherine T.E. Taitano.

6. ***Request for Proposal (RFP): U.S. Domestic Small Capitalization Core Equity*** - Director Blas stated that she received the analysis from Mercer Investment Consulting Inc. (Mercer). Director Blas stated that she will convene the Selection Panel so they could proceed with the selection process. The Selection Panel will consist of the following individuals: James J. Taylor, Gerard A. Cruz, and Rosalia L. Bordallo.

7. ***Request for Proposal (RFP): Transition Management Services*** - Director Blas stated that the preliminary analysis is still pending from Mercer Investment Consulting Inc. (Mercer). Director Blas stated that Mercer will have the analysis completed during the August 2007 quarterly performance meeting. The Selection Panel will consist of the following individuals: Wilfred P. Leon Guerrero, Katherine T.E. Taitano, and Diana T. Bernardo.

8. ***Request for Proposal (RFP): Study Related to Alternative Options for Investing in Real Estate in Guam*** – Director Blas stated that the RFP is still on hold.

9. **Request for Proposal (RFP): Medical Consultant Services** –Director Blas stated that, based on the Members and Benefits Committee (M&B) recommendation, M&B is requesting to take the RFP for Medical Consultant Services off the Director’s Executive Summary.

10. **Request for Proposal (RFP): Legal Services** – Director Blas stated that the Selection Panel will convene during the week of August 13-17, 2007. The Selection Panel will consist of the following individuals: Katherine T.E. Taitano, James J. Taylor, and George A. Santos.

11. **Request for Proposal (RFP): U.S. Domestic Core Fixed Income** – Director Blas stated that the RFP closed on June 25, 2007. Director Blas stated that there were seventy-eight (78) requests for the RFP and twenty-eight (28) proposals were received. The Selection Panel will consist of the following individuals: Gerard A. Cruz, Wilfred P. Leon Guerrero, and Rosalia L. Bordallo.

12. **Request for Proposal (RFP): U.S. Domestic Large Capitalization Growth Equity** - Director Blas stated that the RFP closed on June 25, 2007. Director Blas stated that there were eight-four (84) requests for the RFP and thirty-six (36) proposals were received. The Selection Panel will consist of the following individuals: James J. Taylor, George A. Santos, and Diana T. Bernardo.

13. **Request for Proposal (RFP): U.S. Domestic Large Capitalization Value Equity** - Director Blas stated that the RFP closed on June 25, 2007. Director Blas stated that there were sixty-six (66) requests for the RFP and twenty-eight (28) proposals were received. Director Blas stated that this may be entertained in late August. The Selection Panel will consist of the following individuals: Gerard A. Cruz, Antolina S. Leon Guerrero, and Rosalia L. Bordallo. Mr. Terry Dennison, Mercer Investment Consulting Inc. (Mercer), stated that he would need fifteen to eighteen working days minimum of getting a final list of six to eight names. Mr. Dennison stated that he would be back on island in the first week of August 2007. Director Blas stated that the Selection Panel will convene in September 2007.

14. **Public Law 28-38** – Director Blas stated that the monthly interest payments for the Guam Public School System (GPSS) and Guam Memorial Hospital Authority (GMHA) were paid for the month of July. The Retirement Fund continues to process applications for retirement for GMHA and GPSS eligible employees.

15. **Bernstein Litowitz Berger and Grossman (BLB&G): Portfolio Monitoring Reports** – Director Blas stated that Mr. Nicolas Blair from BLB&G was not able to attend the June Board meeting. Director Blas stated that Mr. Blair will be attending the August 10, 2007 Board meeting to report on the fourth quarter 2006, first quarter 2007 and second quarter 2007 Portfolio Monitoring Reports.

### **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 June 2007 closed on July 11, 2007.

3. ***Fiscal Year 2007 Retirees' Supplemental Benefits*** – Director Blas stated that the June 2007 supplemental benefits were sent to the Department of Administration (DOA).

4. ***Medicare Reimbursements*** – Director Blas stated that the allotments for Fiscal Year 2007 continue to be received monthly and are processed accordingly.

## **VI. LEGAL COUNSEL'S REPORT**

Director Blas stated that the Retirement Fund's Legal Counsel provided, at this meeting, an update on the status of current litigation involving the Retirement Fund.

***Joseph Guthrie*** - Director Blas stated that a decision is needed on the Guthrie case. Mr. Guthrie has filed a stipulation for dismissal of the case with the understanding that the Retirement Fund would pay for the court fees in the amount of \$219.00. Director Blas stated that the stipulation was signed by Judge Michael Bordallo. Chairman San Agustin asked whether the Retirement Fund is obligated to reimburse Mr. Guthrie. Director Blas stated that it would cost more money to bring this matter to court.

**Trustee Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve to reimburse Mr. Joseph Guthrie his filing costs in the total amount of \$219.00. Chairman Joe San Agustin and Vice-Chairman Wilfred Leon Guerrero voted no. With four affirmative votes, the motion passed.**

***Carl Gutierrez*** – Director Blas stated that she also needs a decision on the Carl Gutierrez case. Director Blas stated that the Retirement Fund's Legal Counsel received a request from Mr. Gutierrez's attorney, Randall Cunliffe, to settle the case. Director Blas stated that the recommendation Attorney Cunliffe is making is that they be allowed to offset the amount due to the Retirement Fund with the enhancement that Mr. Gutierrez would have gotten from August 2006 through the present; and all he would have to do is pay the difference. Director Blas stated that the Board never disputed the fact that Mr. Gutierrez is entitled to the benefits. The Board is only asking that the Retirement Fund be made whole. Director Blas stated that at the time that this was decided on which was a year ago, Mr. Gutierrez never came back to the Retirement Fund so his enhancement was suspended. Chairman San Agustin asked how you would credit something that you do not have. Director Blas stated that Mr. Gutierrez owes \$66,000. Director Blas stated that she would like for the minutes to reflect that the Retirement Fund is not going to pay retroactively; that when Mr. Gutierrez pays what is due, benefits will be paid prospectively. Director Blas stated that it was not clear in the minutes. Vice-Chairman Leon Guerrero stated that he would like to see something from the Retirement Fund's Legal Counsel saying that the Board agrees that if Mr. Gutierrez pays now he would be eligible prospectively. Director Blas stated that the Board's decision never addressed the effective date. Rosalia Bordallo, General Accounting Supervisor, stated that the Board's decision gave Mr. Gutierrez thirty days to make payment. Trustee George Santos stated that the intent of the Board is not to dispute whether Mr. Gutierrez is eligible, it is just to have him make payment and benefits will be prospective. Chairman San Agustin stated that the process should be to return this matter to the Members and Benefits Committee to develop a proposal to the Board. Treasurer Cruz stated that the proposal should be consistent with the law.

**Guam Memorial Hospital Authority (GMHA)** – Director Blas stated that the Attorney General is asking the Retirement Fund to reconsider. Chairman San Agustin suggested letting the court handle this matter. Director Blas stated that there was a lien against former GMHA Trustees. The GMHA Trustees could not sell their homes. Vice-Chairman Leon Guerrero recommended that the Board of Trustees does not deviate from the decision that was previously made. Chairman San Agustin stated that the Board will stand pat on this matter.

**James MacIntyre** – Director Blas stated that this case has been dormant since 2002. Mr. MacIntyre was a disability applicant. Mr. MacIntyre died in March 2007. Mr. MacIntyre’s estate is being addressed by an administrator in the mainland. Director Blas stated that the Retirement Fund has not heard from Mr. MacIntyre’s attorney. Director Blas stated that there is a \$107,302.52 claim against the Retirement Fund. Director Blas stated that the dispute with this case is whether preexisting conditions applied or not. Director Blas stated that Mr. MacIntyre’s preexisting conditions did apply at the time he applied for disability. Director Blas stated that the statute has been changed. Trustee Leon Guerrero stated that the question raised by Legal Counsel is whether the Board should approach this or leave it alone. Trustee Katherine Taitano recommended reviewing this matter since it was dormant since 2002. Director Blas asked whether to let this matter sit. Chairman San Agustin recommended to revisit the case and to refer the matter to the Members and Benefits Committee.

## **VII. TREASURER’S REPORT OF FINANCIAL STATUS**

Treasurer Cruz stated that there are no changes to the Cash Drawdown Report that was previously approved by the Board. The books for the month ending June 2007 closed on July 11, 2007. The financial audit will commence at the end of the year.

Treasurer Cruz stated that the Board approved a drawdown of \$5 Million for June, July, and August 2007. The Retirement Fund only needs to drawdown \$3 Million in June, July and August 2007. Chairman San Agustin stated that Mr. Dennison mentioned a withdrawal of \$21 Million for the last quarter. Mr. Dennison replied, “Yes.” Mr. Dennison stated that it is the net from the contributions minus benefit payments. Treasurer Cruz stated that the projection for the next three months is \$3 Million. Chairman San Agustin asked whether these are actual withdrawals. Mr. Dennison stated that the report shows a break down of the net cash flow which is not investment cash flow; they are contributions by the vendor payments which is negative \$21 Million. The investment income was \$11 Million which is a cash item. The net of the two would then be a negative \$10 Million. There was a non-cash capital gain or loss of a positive \$15 Million. Mr. Dennison asked whether the estimated cash flow information shared with the managers. Director Blas replied, “No.” Chairman San Agustin stated that the Retirement Fund is trying to avoid a capital loss. Mrs. Bordallo stated that she is concerned in drawing down interest from the bonds. Mr. Dennison stated that they pay every six months. It is not on an accrual basis. Treasurer Cruz stated that the issue is notifying the managers. Mr. Dennison stated that a month notice is all the managers need. Mr. Dennison stated that every pension plan is being liquidated.

Chairman San Agustin mentioned that the Office of the Public Auditor (OPA) issued the financial report for the Government of Guam. Chairman San Agustin stated that it is still showing a write-off with Guam Memorial Hospital Authority (GMHA) in the amount of \$650,000.00. Chairman San Agustin stated that he has always maintained that you can not write-off a Retirement Fund obligation.

Controller Diana Bernardo stated that she will look into the matter of the write-off with Guam Memorial Hospital Authority.

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Members and Benefits Committee**

Trustee Santos reported to the Board of Trustees on his Committee's June 2007 end of the month report.

**Trustee George Santos, seconded by Treasurer Gerard Cruz, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 9, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of June 20, 2007 and subsequent meetings thereafter. Without objection, the motion passed.**

### **B. Investment Committee**

Vice-Chairman Leon Guerrero stated that the Investment Committee meeting was held on June 29, 2007. The Investment Committee reviewed and approved the Investment Committee Minutes of May 25, 2007.

Vice-Chairman Leon Guerrero stated that the Investment Committee is recommending that a Request for Proposal (RFP) for Proxy Voting Services be issued. Chairman San Agustin stated that it looks like the investment managers are actually casting their votes. Mr. Dennison stated that if in the absence of direction to retain the voting rights at the trusteeship level, the managers generally vote. Mr. Dennison stated that it is common for public funds to assume responsibility to establish the proxy voting procedure. The trustees, proxy committee or investment committee would have to establish what the policy is to direct ISS. Vice-Chairman Leon Guerrero stated that he is concerned that the proxy voting is being ignored.

**Vice-Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Investment Committee's recommendation for the issuance of a Request for Proposal for Proxy Voting Services. Without objection, the motion passed.**

Vice-Chairman Leon Guerrero stated that the Investment Committee met with Terry Dennison and Ashish Shrestha from Mercer Investment Consulting Inc. (Mercer) on July 11 and 12, 2007 and discussed Defined Contribution (DC) Plan investment performance for the quarter ended March 31, 2007. Mr. Dennison stated that they discussed a variety of issues. Mr. Dennison stated that they reviewed the Small Cap and the REITS manager researches. Mr. Dennison stated that they provided their input to the Selection Committee and assisted in understanding the chart presentation and analysis. Mr. Dennison stated that they also reviewed the performance report. The report was provided for the second fiscal quarter which ended on March 31, 2007. Mr. Dennison stated that they will be back on island on August 8-10 2007 to discuss the second quarter performance. Mr. Dennison stated that they have been blessed for the last several years with excellent performance on the market. Although the first quarter market returns were less than recent quarters, we still had a strong performance. The most important measure is how well the total fund has done net of fees against our benchmarks. The first quarter total fund return on a net of fees basis was 2%, which is 60 basis points.



The first half of the fiscal year for two quarters had 190 basis points which is 1.9% ahead of the index. The last four quarters had 150 basis points ahead of our target with a return of 11.5%. Mr. Dennison stated that for three years the return was 8.6% and for five years it was 8.1%. Mr. Dennison stated that they provided the Board with information about the market performance for second quarter which was very strong. Mrs. Bordallo stated that the Retirement Fund should be concerned that the market is going too high. Mr. Dennison stated that the economy is doing very well. The economy has some weak spots. There is a shock factor going on. Mr. Dennison stated that credit quality in the consumer sector is declining and there is a rise on the number of mortgage defaults. Chairman San Agustin asked whether it is possible to develop a portfolio turnover rate by investment manager. Mr. Dennison stated that the custodians provide a summary of purchases and sales from which they could determine the turnover rate. It will vary by manager. Mr. Dennison stated that it could be constructed to show a turnover rate. It is not in the manager's interest to have turnover for the sake of turnover because their rate of return is impacted by commissions and other transaction costs. Chairman San Agustin asked how you would evaluate the manager's investment style – on a risk basis or a performance basis. Mr. Dennison stated that they reviewed, with the Investment Committee, not just the returns but also the risks. Mr. Dennison stated that they reviewed the risk return on an individual manager basis.

**1. Comments by Chairman Joe San Agustin: Needed Statutory Changes in Investment Profile**

Vice-Chairman Leon Guerrero stated that the comments by Chairman San Agustin on the needed statutory changes in investment are reading material for the Board.

**2. Investment Literature (Submitted by Chairman Joe San Agustin)**

Vice-Chairman Leon Guerrero stated that the investment literature from Chairman San Agustin is for informational purposes.

**C. Audit Committee**

Treasurer Cruz stated that the Fiscal Year 2006 audit has been completed. The financial audit for Fiscal Year 2007 will commence at the end of the year.

**D. Governmental Liaison**

No report was made at this time.

**IX. TRAVEL REPORT**

**A. Joe T. San Agustin: May 15-16, 2007 IFEBP Certificate Series on Health Benefit Plan Basics, and May 17-18, 2007 Financial Planning Basics, San Diego, California**

Director Blas stated that the travel report submitted by Chairman San Agustin is for informational purposes. Chairman San Agustin stated that training is part of the educational requirement which the Retirement Fund should develop. Mr. Dennison commented that it is not uncommon for new Trustees to be provided some mechanism to get a basic level of investment education in order to fully participate in the decision making process. The training should be thought of both in terms initial and recurring training. Chairman San Agustin stated that Mr. Dennison's points are well taken.

**B. George A. Santos: June 11-13, 2007 IFEBP Trustees and Administrators Institutes, Las Vegas, Nevada**

Director Blas stated that the travel report submitted by Trustee Santos is for informational purposes.

**C. Wilfred P. Leon Guerrero: June 10-13, 2007 IFEBP Trustees and Administrators Institutes, Las Vegas, Nevada**

Director Blas stated that the travel report submitted by Vice-Chairman Leon Guerrero is for information purposes.

**X. OLD BUSINESS**

**A. Bernstein Litowitz Berger & Grossmann (BLB&G) LLC – Supreme Court Decision on *Tellabs***

Director Blas stated that a copy of the Supreme Court's Decision in *Tellabs* is provided, at this meeting, for the Board's information. Director Blas stated that BLB&G filed a friend-of-the-court brief on behalf of the Retirement Fund. Director Blas stated that the justices held in favor of investors in three important points.

**XI. NEW BUSINESS**

**A. Senator Palacios' Bill Relative to Providing the Retirement Fund Greater Flexibility in the Procurement Process**

Director Blas stated that Bill 145 is relative to decentralizing the procurement process. Director Blas stated that in Bill 145, Senator Palacios is still suggesting for the Retirement Fund to follow the procurement process. The Retirement Fund would not have to go to the General Services Agency (GSA). Director Blas stated that there is a section in the bill that would allow the Retirement Fund to promulgate its own rules and regulations. Vice-Chairman Leon Guerrero asked who is working with Senator Palacios on this bill. Director Blas stated that she is along with Chairman San Agustin. Director Blas stated that they were not part of the actual drafting of the bill. Vice-Chairman Leon Guerrero stated that the Board should support this bill. Chairman San Agustin agreed with Vice-Chairman Leon Guerrero. Chairman San Agustin stated that this bill was introduced by Speaker Mark Forbes. Director Blas stated that the Legislature took the exemption of the decentralization of procurement and only gave the Retirement Fund the contract portion. Senator Palacios' bill would give the Retirement Fund everything. Chairman San Agustin stated that procurement is currently by delegation.

**XII. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

**XIII. ANNOUNCEMENTS**

None

**XIV. ADJOURNMENT**

**There being no further business before the Board for the Defined Benefits Plan, on motion of Trustee George Santos, seconded by Trustee Antolina Leon Guerrero, and without objection, the meeting was adjourned at 2:05 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 13, 2007 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 10, 2007.**

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**James J. Taylor, Board Secretary**

**RECORDING SECRETARY:**

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**Jackie Blas**