

GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
 STABILITY • SECURITY • REWARDS

**Felix P. Camacho**  
 Governor

**Michael W. Cruz, M.D.**  
 Lieutenant Governor

**Paula M. Blas**  
 Director

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Friday, August 28, 2009, 12:00 p.m.  
 Retirement Fund Conference Room

*Trustees:*

**Joe T. San Agustin**  
 Chairman

**Wilfred P. Leon Guerrero, Ed.D.**  
 Vice-Chairman  
 Investment Committee, Chairman

**Antolina S. Leon Guerrero**  
 Secretary

**Gerard A. Cruz**  
 Treasurer  
 Audit & Operations Committee,  
 Chairman

**George A. Santos**  
 Members' & Benefits Committee,  
 Chairman

**Katherine T.E. Taitano**  
 Trustee

**Wilfred G. Aflague**  
 Trustee

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 1:06 p.m. Friday, August 28, 2009, 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
- Antolina S. Leon Guerrero, Secretary
- Gerard A. Cruz, Treasurer
- Wilfred G. Aflague, Trustee
- George A. Santos, Trustee
- Katherine T.E. Taitano, Trustee

**Staff Present:**

- Paula Blas, Director
- Rosalia Bordallo, General Accounting Supervisor
- Jackie Blas, Recording Secretary

**Public Present:**

- Terry Dennison, Mercer Investment Consulting, Inc.

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

### **A. April 24, 2009 and July 31, 2009 Regular Meetings**

**On motion of Secretary Antolina Leon Guerrero, seconded by Trustee George Santos, and without objection, the Minutes of April 24, 2009 and July 31, 2009 Regular Meetings were approved, subject to corrections. Motion passed.**

## **III. CORRESPONDENCE**

### **A. July 30, 2009 Letter from Keiko Noble Regarding Retirement Benefits for Philip A. Noble**

Chairman San Agustin stated that he received a letter from Mrs. Noble regarding retirement benefits for her husband. Chairman San Agustin stated that Mrs. Noble stated in her letter that her husband was never notified by the Retirement Fund that he would not qualify for retirement benefits. Chairman San Agustin referred Mrs. Noble's letter to the Members and Benefits Committee.

### **B. August 14, 2009 Letter from Blair Nicholas of Bernstein Litowitz Berger & Grossmann (BLBG) Regarding Portfolio Monitoring Quarterly Report – Second Quarter 2009**

Chairman San Agustin stated that BLBG has provided the Retirement Fund with their Second Quarter 2009 report on their portfolio monitoring process on behalf of the Retirement Fund. Chairman San Agustin inquired about the status of the Lehman Brothers lawsuit. Director Paula Blas stated that the case is pending a hearing date. Treasurer Gerard Cruz asked whether the cases are on a contingency basis. Chairman San Agustin replied, "Yes."

## **IV. INFORMATIONAL ITEMS**

None

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

### **1. *Candelaria Rios, et al. vs. Joseph Ada, et al. (Special Proceeding Case No. SP206-93) –***

Director Blas stated that the Retirement Fund continues to compile a list of deceased COLA Awardees who did not name a beneficiary, or whose beneficiary may be deceased. Director Blas stated that COLA Award disbursements for these individuals will be made to their respective estates. Director Blas also stated that the Retirement Fund continues to release checks for gross COLA Award balances less 10% for the attorney fee and any applicable taxes. Director Blas stated that taxes, child support, or other government levies were assessed for amounts due to settle the levies.

Director Blas stated that Public Law 29-18 authorized the Department of Administration (DOA) to issue COLA Class Certificates of Claim for COLA Awards and interest calculated at a rate of 7% from date of settlement. Director Blas stated that on August 14, 2009, DOA issued a Statement of Account to each COLA recipient indicating the interest amount due and payable by the General Fund. Director Blas stated that there was no funding source identified for the interest due. Secretary Antolina Leon Guerrero asked whether the issuance of the Statement of Account stopped the clock on the interest. Director Blas replied, "Yes." Rosalia Bordallo, General Accounting Supervisor, stated that the interest is calculated on the principal and that the clock stopped when the last payment was made. Chairman San Agustin stated that of the \$70-80 Million, roughly \$10.6 Million of the COLA money was not cashed locally. Chairman San Agustin shared the information of the distribution of the COLA Awards as follows: Bank of Guam received 38%, Bank of Hawaii 7.2%, Bank Pacific 2.64%, Citibank .75%,

Citizen Security 1.49%, Community First 1.86%, First Hawaiian Bank 15.4%, and GovGuam Credit Union 15%. Chairman San Agustin stated that 17% went to off-island banks. Chairman San Agustin stated that the COLA money was supposed to stimulate the economy. Chairman San Agustin wondered whether the Gross Receipt Tax (GRT) increased during that period. Mrs. Bordallo stated that the Director of the Department of Revenue and Taxation had mentioned that they did not see an impact from the COLA payments and it did not show in the GRT.

2. **Global Custody Services** – Director Blas stated that at the July 31, 2009 Board meeting, the Board continued to suspend participation in Securities Lending. Director Blas stated that the only option still available to the Retirement Fund is the Basic Collateral option. Director Blas stated that this remains status quo.

3. **Real Estate Investment Trusts (REITS)** – Director Blas stated that at the July 31, 2009 Board meeting, the Board maintained the approved asset allocation of 2.5% in REITS and did not approve additional funding. Director Blas stated that this will be discussed under the Investment Committee report.

4. **U.S. Domestic Small Capitalization Core Equity** – Director Blas stated that at the July 31, 2009 Board meeting, the Board allocated an additional funding of \$8.8 Million in the Exchange Trade Fund (ETF) for Domestic Small Cap Equity. Director Blas stated that the additional funding came from the Guam Memorial Hospital Authority (GMHA) and the Department of Education (DOE) bond proceeds received in July 2009. Director Blas stated that this will be discussed under the Investment Committee report.

5. **Public Law 28-38** – Director Blas stated that the monthly interest payments for DOE and GMHA due on August 10, 2009 were paid. Director Blas stated that the Retirement Fund continues to process applications for retirement for GMHA and DOE eligible employees. Treasurer Cruz inquired about the balance. Mrs. Bordallo stated that it is \$12 Million.

6. **Bernstein Litowitz Berger and Grossmann (BLBG)** – Director Blas provided an update on the following:

A. **Lehman Brothers** – Director Blas stated that this is pending a hearing date.

B. **Wells Fargo** – Director Blas stated that motions for designation of lead plaintiff, with six others, and location of venue have been filed. Director Blas stated that the court granted the designation of lead plaintiff to New Orleans Employee's Retirement System group and the case is to be argued in California.

C. **Aberdeen Asset Management** – Director Blas stated that settlement discussions with Aberdeen have commenced and BLBG expected to receive a settlement offer on August 25, 2009 or September 1, 2009. Director Blas stated that a settlement offer from Aberdeen in the amount of \$700,000 was received on August 25, 2009. Director Blas stated that this settlement offer represents approximately 98% of the Retirement Fund's current unrealized losses with this manager. Director Blas stated that Terry Dennison of Mercer Investment Consulting, Inc. (Mercer) will discuss this matter. Mr. Dennison gave a highlight on: interest, mortgage, payment of principal and interest, securitization, mortgage-backed security, super senior, AAA, AA, A, BBB Equity. Mr. Dennison

stated that if mortgages are not paid, losses go from the bottom to the top. Mr. Dennison stated that the money that comes in flows from the top to the bottom. Mr. Dennison stated that the stream of principals is divided into collaterals. Mr. Dennison stated that 40% is not permissible.

Vice-Chairman Wilfred Leon Guerrero asked whether the Retirement Fund is communicating with BLBG and suggested that Aberdeen might back away. Vice-Chairman Leon Guerrero stated that by listening to Mr. Dennison's presentation, he thinks the Retirement Fund should take the offer. Director Blas stated that the question is whether to allow this type of investment. Treasurer Cruz asked whether it is an illegal investment. Vice-Chairman Leon Guerrero stated that he senses from BLBG that the Retirement Fund has a weak case. Treasurer Cruz stated that this was acquired by transfer. Mrs. Bordallo stated that if it was illegal, the Retirement Fund would have gotten rid of them.

Treasurer Cruz stated that we should follow the Retirement Fund's Legal Counsel's opinion. Director Blas stated that Legal Counsel is saying that it is not permissible. Chairman San Agustin asked how the Retirement Fund would get out of it. Treasurer Cruz stated that if it is a loss, tell them to make the Retirement Fund whole. Vice-Chairman Leon Guerrero stated that if the law is not clear, how would you hold the managers to this. Treasurer Cruz stated that Legal Counsel is saying that CMBS is illegal. Treasurer Cruz stated that we could accept the settlement. Chairman San Agustin asked whether the Board is to follow the Retirement Fund's Legal Counsel's opinion or BLBG. Vice-Chairman Leon Guerrero stated that the law is not clear. Chairman San Agustin stated that we could take the risk and then clarify the statute.

Chairman San Agustin asked whether they were good investments. Mr. Dennison replied, "Yes." Mr. Dennison stated that this is a legal issue. Trustee Wilfred Aflague stated that he agrees that this is a legal matter and is concerned with the offer being contingent upon a "release of all claims." Trustee Aflague stated that he will not be a party to this. Trustee Aflague stated that he would like to see Legal Counsel's opinion. Mrs. Bordallo asked whether, if taken to court, they will look at what is in existence. Mr. Dennison stated that he does not know. Chairman San Agustin asked whether it is possible to ask for a statutory judgment. Vice-Chairman Leon Guerrero stated that the option is to either accept BLBG's offer or go to court. Vice-Chairman Leon Guerrero asked what is the size of the portfolio? Treasurer Cruz replied, "\$49 Million." Vice-Chairman Leon Guerrero stated that if we go to court we may lose the case. Treasurer Cruz asked whether we could get an extension. Vice-Chairman Leon Guerrero stated that we need to make a decision today. Chairman San Agustin asked how we could get an expeditious clarification – from the court or the legislature. Mr. Dennison stated that the court will tell you how to interpret the law.

Chairman San Agustin stated that there are two choices – reject the settlement offer or collect \$700,000 and seek clarification. Trustee Aflague reiterated that he is concerned of granting full release of all claims. Vice-Chairman Leon Guerrero asked what happens if the Board does not do anything. Chairman San Agustin stated that the Board has to do something which is to seek clarification through the court or the legislature. Chairman San Agustin stated that we need immediate clarification. Secretary Leon Guerrero stated that Legal Counsel is saying that the law is silent on this. Vice-Chairman Leon Guerrero stated that Legal Counsel's official position is that it is not a permissible investment. Trustee Katherine Taitano stated that BLBG was asked for a recommendation and they responded. Chairman San Agustin stated that the role of the Retirement Fund's Legal Counsel will prevail. Chairman San Agustin asked what the liability on accepting this offer is. Chairman San

Agustin asked whether BLBG's investigation found only three securities in violation of the Retirement Fund's investment policy. Director Blas replied, "Yes."

Chairman San Agustin stated that the Board could reject the offer or accept it and get clarification. Trustee Taitano asked why we should accept the settlement; why not take the time to clarify. Mrs. Bordallo stated that the amount could decrease. Chairman San Agustin recommended that the Board of Trustees make a decision on the two options: Option 1 is to reject the settlement offer, and Option 2 is to accept the settlement offer and seek clarification.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to poll the Board of Trustees on the two options: Option 1 – to reject the settlement offer; and Option 2 – to accept the settlement offer and seek clarification. The following voted for Option 1: Trustee Wilfred Aflague, Trustee George Santos, and Treasurer Gerard Cruz. The following voted for Option 2: Secretary Antolina Leon Guerrero, Trustee Katherine Taitano, Vice-Chairman Wilfred Leon Guerrero, and Chairman Joe T. San Agustin. With four votes for Option 2, the motion passed to accept the \$700,000 settlement offer and seek clarification. Motion passed.**

7. ***Health Plan Study*** – Director Blas stated that the Health Plan Study has been finalized and is included in the today's Board meeting packet. Director Blas stated that Bill 107 introduced by Senator Ben Pangelinan requires full disclosure of all health utilization data and cost information to be transmitted electronically by all providers of health insurance coverage for the Government of Guam. Director Blas stated that Milliman provided a written testimony on Bill 107.

8. ***Government Retirement Contribution Rate*** – Director Blas stated that the current retirement government contribution rate is currently set at 25.2%. Director Blas stated that for the Fiscal Year 2010 Executive Budget, instead of increasing the contribution rate by 1.13%, the Legislature increased the rate by 0.84% which sets the contribution rate at 26.4%. The difference between the 1.13% and 0.84% equates to 0.29%, which is approximately under a million dollars. Director Blas stated that the Office of Finance and Budget, chaired by Senator Pangelinan, acknowledges the decrease of 0.29%. Director Blas stated that based on discussions and a commitment from the Office of Finance and Budget, the decrease will be made up in the Fiscal Year 2011 Executive Budget. Director Blas stated that the government's contribution rate will increase by no less than 1.44%.

9. ***Proposed Legislative Bills*** – Director Blas reported on the following proposals:

- A. ***Government of Guam Retirement Fund Trustees' Elections*** – Director Blas stated that the proposed amendments are to address: 1) issues regarding candidate and voter eligibility; 2) procedures for the election in the event there are only two, less than two, or no candidates running for office; and 3) procedures to fill vacancies that have become vacant with three or more years remaining in the term.
- B. ***Limitation of Non-Base Pay*** – Director Blas stated that the proposed legislation is to place a limitation on the percentage of non-base pay that may be included in the calculation of annual salary.

Treasurer Cruz stated asked whether a rider will be included in the proposed legislation on the clarification on the bonds and all equities. Director Blas stated that Legal Counsel is going to assist her on the legislation for that.

### Financial Report

1. **Contributions** – Director Blas stated that as of August 25, 2009, all agencies are current with their Fiscal Year 2009 employee and employer contributions.

2. **Financial Statements** – Director Blas stated that the books for the month ending July 2009 were closed on August 13, 2009.

3. **Fiscal Year 2009 Retirees' Supplemental Benefits** – Director Blas stated that the supplemental benefits for retirees and survivors for the month of August 2009 have been paid.

4. **Medicare Reimbursements** – Director Blas stated that the Retirement Fund continues to receive the Fiscal Year 2009 monthly allotments from the General Fund and payments are processed accordingly. Director Blas stated that based on the increased enrollment in the Medicare Reimbursement Program, the Retirement Fund will be experiencing a shortfall of approximately \$92,000 for Fiscal Year 2009. Director Blas stated that additional funding is being addressed in the Fiscal Year 2010 Executive Budget to cover this shortfall. Director Blas stated that the allotment for Fiscal Year 2009 was \$700,000 and \$900,000 for Fiscal Year 2010.

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

No report was made at this time.

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

Treasurer Cruz stated that the Treasurer's Report is provided, at this meeting. It covers the Retirement Fund's Statement of Plan Assets (unaudited) for both the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended July 31, 2009. Treasurer Cruz stated that the Retirement Fund balance is up to the September 30, 2008 level. Chairman San Agustin inquired about the GMHA Promissory Note obligation. Treasurer Cruz stated that the pay downs received were applied. Treasurer Cruz stated that this was kept off the books as per our auditor's advice.

## **VIII. STANDING COMMITTEE REPORTS**

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

Trustee George Santos presented his Committee's August 2009 report to the Board of Trustees.

**Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 10, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of August 12, 2009 and subsequent meetings thereafter. Without objection, the motion passed.**

**Surviving Spouse Benefits for Defined Benefit Plan Member Samuel Leon Guerrero Borja by Rosa S. Borja**

Trustee Santos stated that Ms. Borja is claiming that she is entitled to survivor benefits as the spouse of Mr. Borja, a disability retiree whose date of death is October 24, 2004. Trustee Santos stated that the initial contact with the Retirement Fund was on June 29, 2006. Trustee Santos stated that a review of the documents submitted establishes the following: 1) The documents from the Republic of Palau regarding marital status indicates marriage is under local customs; 2) The date of marriage is indicated as January 18, 1986, the document was received by the Clerk of Court on October 26, 2006; and 3) Ms. Borja was advised that the Retirement Fund's preliminary review of the documents and circumstances regarding dates and signature specimen of the deceased has not satisfied proof of marriage and entitlement for surviving spouse benefits. Trustee Santos stated that based on the aforementioned, the Members and Benefits Committee recommends that the Board of Trustee's disapprove the application for Surviving Spouse Benefits for Defined Benefit Plan Member Samuel Leon Guerrero Borja by Rosa S. Borja.

**Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee for disapproval of the application for Surviving Spouse Benefits for Defined Benefit Plan Member Samuel Leon Guerrero Borja by Rosa S. Borja, contained on Page 11, including relevant documents, based on the Committee's review and findings during their meeting of August 12, 2009 and subsequent meetings thereafter. Without objection, the motion passed.**

**B. Investment Committee**

Vice-Chairman Leon Guerrero reported that the Investment Committee meeting was held on August 14, 2009. The Committee reviewed and approved the Investment Committee Minutes of July 10, 2009. Vice-Chairman Leon Guerrero also stated that the quarterly performance meeting for June 30, 2009 was held on August 27, 2009. Vice-Chairman Leon Guerrero stated that the following were approved for Board action:

**1. Genzyme Corporation Securities Class Action** – Vice-Chairman Leon Guerrero stated that in its August 3, 2009 letter to the Retirement Fund, BLBG indicated that:

- a. On July 29, 2009, a securities class action lawsuit on behalf of Genzyme Corporation investors was commenced.
- b. The lawsuit arose from the Company's concealment from investors of material information relating to serious manufacturing and safety problems at the Company's most important drug production facilities.
- c. The action also seeks to hold the Company's Chairman and Chief Executive Officer liable.
- d. Based on BLBG's analysis of the Retirement Fund Portfolio, the Retirement Fund incurred losses of approximately \$1.75 Million as a result of serious misconduct and securities fraud committed by Genzyme Corporation.

- e. BLBG has conducted very detailed investigation into the misconduct by Genzyme and strongly recommends that the Retirement Fund seek to be appointed as Lead Plaintiff.
- f. The deadline to file as Lead Plaintiff is September 28, 2009.

Vice-Chairman Leon Guerrero stated that the Investment Committee recommends that the Retirement Fund seek appointment as Lead Plaintiff.

**Treasurer Gerard Cruz, seconded by Trustee Wilfred Aflague, moved to accept the Investment Committee's recommendation that the Retirement Fund seek appointment as Lead Plaintiff in the Genzyme Corporation Securities Class Action. Without objection, the motion passed.**

**2. Aberdeen Assets Management \$700,000 Settlement Offer – Vice-Chairman Leon Guerrero stated that this was discussed earlier.**

**3. Thomson Horstmann & Bryant, Inc. (THB) Letter Dated June 12, 2009 – Mr. Dennison stated that two years ago, THB was selected manager. Mr. Dennison stated that it was previously recommended to hold off funding. Mr. Dennison stated that there was a meeting two weeks ago and Mercer feels comfortable with funding THB at 40% of the mandate from the Domestic Large Cap Equity Mandate of Atalanta and Metropolitan West (MetWest). Mr. Dennison stated that it was also suggested to search for another Small Cap Manager. Mr. Dennison stated that the Investment Committee recommends the following: 1) Funding THB at 40% of the mandate, which is approximately \$45 Million; 2) Not providing additional funding to the Exchange Traded Funds (ETFs) at this time; and 3) Performing a search for another Domestic Small Cap Equity Manager.**

**Vice-Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Investment Committee's recommending to fund Thomson Horstmann & Bryant, Inc. at 40% of the mandate of \$45 Million; to forego additional funding to the Exchange Traded Funds at this time; and to authorize Mercer Investment Consulting, Inc. to search for another Domestic Small Cap Equity Manager. Without objection, the motion passed.**

**4. REITS – Mr. Dennison stated that the total target allocation is 10%. Mr. Dennison stated that Mercer had recommended funding Cornerstone up to 50% of the mandate, which is approximately another \$12 Million, and not providing further funding to Security Capital at this time due to their more aggressive investment style. Mr. Dennison stated that funding will come from Franklin Templeton. Mr. Dennison stated that the Investment Committee is asking the Board to accept Mercer's recommendation. Mr. Dennison stated that Security Capital had been funded 25% of the total allocation.**

**Vice-Chairman Wilfred Leon Guerrero, seconded by Trustee Wilfred Aflague, moved to accept Mercer Investment Consulting, Inc.'s recommendation to approve funding Cornerstone up to 50% of the mandate of \$12 Million and to defer additional funding to Security Capital. Without objection, the motion passed.**



Vice-Chairman Leon Guerrero reported on the following informational items.

**1. Capital International** – Vice-Chairman Leon Guerrero stated that after a lengthy discussion with Mr. Dennison, the Investment Committee agreed that no changes will be made to the funding and target allocations for Capital International at this time.

**2. Metropolitan West (MetWest) August 7, 2009 Letter** – Vice-Chairman Leon Guerrero stated that in its August 7, 2009 letter to the Investment Committee Chairman, MetWest: 1) Indicated that it would like to purchase a 3% position in SLF (Fin'l Select Sector Spdr), which would serve as a substitute for the Banco Santander and Mitsubishi UFJ ADRs; and 2) Asked whether this investment would violate the Retirement Fund's investment guidelines. Mr. Dennison stated that the purchase of a 3% position in SLF will not violate the investment guidelines/statutes, but it is contrary to MetWest's Domestic Large Cap Equity Mandate. Vice-Chairman Leon Guerrero stated that the Investment Committee disapproved MetWest's request.

**3. Securities Lending** – Vice-Chairman Leon Guerrero stated that based on discussions with Mr. Dennison, the Board's decision to reinstate Securities Lending should be based on an analysis provided by Northern Trust. Vice-Chairman Leon Guerrero stated that the analysis should summarize the costs and benefits to the Retirement Fund. Mr. Dennison stated that the affect is to lower the revenue from securities lending. Mrs. Bordallo was tasked to request additional information regarding Northern Trust's Securities Lending Program.

**4. Investment Committee Goals and Objectives** – Vice-Chairman Leon Guerrero stated that in determining what the Investment Committee would like to accomplish over the next five years, the following Goals and Objectives were set:

1. Continue: a) Quarterly Investment Performance Meetings; and b) Annual Manager Reviews.
2. Revisit: a) Actuarial Rate of Return; b) Asset Allocation Policy; and c) Investment Related Contracts Over Five Years Old.
3. Re-Balance Portfolio to Meet Targeted Asset Allocation Levels.
4. Achieve Approved Actuarial Rate of Return or Higher.
5. Perform Feasibility Study for a New Building.

Mr. Dennison noted the following: that the Actuarial Rate of Return will be revisited every two years; the Asset Allocation Policy will be revisited yearly with a study done every three years; the Portfolio Rebalancing will be done at every Quarterly Performance Meeting; and Achieve Approved Actuarial Rate or Higher will be reviewed yearly. Mr. Dennison stated that an Item 6 was added to the Investment Committee's Goals and Objectives: Annual Review of Investment Statutes. Vice-Chairman Leon Guerrero stated that he would also like to include Board development programs.

Chairman San Agustin inquired about a position paper on all the items mentioned above. Mr. Dennison stated that it will be made a part of the regular report. Mr. Dennison stated that the Investment Committee needs to adhere to the goals and objectives as due diligence.

**5. Asset Allocation** – Vice-Chairman Leon Guerrero stated that the Investment Committee reviewed the latest asset allocation as of June 8, 2009, noting that the total market value of the portfolio dropped from approximately \$1.129 Billion at September 30, 2008 to approximately \$1.122 Billion as of August 10, 2009.

**6. Next Due Diligence** – Vice-Chairman Leon Guerrero stated that he would like to schedule the dates for the next due diligence in December 2009. Director Blas mentioned that the regularly scheduled December Board meeting falls on Christmas Day. Director Blas asked whether the Board would like to move the December Board meeting a week earlier and schedule the due diligence accordingly. The Board of Trustees had no objection to rescheduling the December Board meeting. Director Blas stated that the Board meeting will then be rescheduled to December 18, 2009 and the due diligence will be scheduled for December 16-18, 2009.

## **IX. TRAVEL REPORT**

### **A. Chairman Joe T. San Agustin: 28th Annual ISCEBS Employee Benefits Symposium – August 9-12, 2009, Las Vegas, Nevada**

Chairman San Agustin reported that he attended the 28th Annual ISCEBS Employee Benefits Symposium on August 9-12, 2009 in Las Vegas, Nevada.

## **X. OLD BUSINESS**

None

## **XI. NEW BUSINESS**

### **A. Health Insurance negotiations – Retiree Advocate Report**

Director Blas stated that Mr. Frank G. Blaz has provided, at this meeting, his report on the Fiscal Year 2010 Government of Guam Group Health Insurance deliberations. Director Blas stated that a co-payment feature was added. Director Blas stated that for the 1000 and 1500 Plans, the co-payment is \$10.00. Director Blas stated that the rates for the 2000 Plan have decreased. Director Blas stated that the 1000 Plan now includes the United States. Director Blas stated that the premium in the 1500 Plan has increased slightly. Vice-Chairman Leon Guerrero inquired about Mr. Blaz's participation. Director Blas stated that Mr. Blaz was very instrumental and very productive during the negotiations meetings. Director Blas stated that Mr. Blaz was very easy to work with. Vice-Chairman Leon Guerrero stated that he would like to encourage Mr. Blaz to continue as the retiree advocate and would also like to present Mr. Blaz with something thanking him for a job well done. Chairman San Agustin asked whether Mr. Blaz could be compensated. Trustee Aflague stated that unless Mr. Blaz is under contract, he could not be compensated. Director Blas stated that she will draft a letter to Mr. Blaz.

**B. Resolution No. 2009-001 – Relative to Recognizing and Commending James J. Taylor, Ph.D. for his Contributions as an Elected Active Member Trustee of the Government of Guam Retirement Fund**

Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, moved to approve Board Resolution No. 2009-001 relative to recognizing and commending James J. Taylor, Ph.D. for his contributions as an elected Active Member Trustee of the Government of Guam Retirement Fund. Without objection, the motion passed.

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

None

**XII. 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 Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 3:29 p.m. Motion passed.

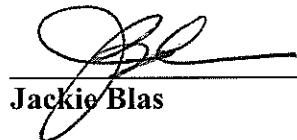
I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 28, 2009 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 25, 2009.



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Antolina S. Leon Guerrero, Board Secretary

**RECORDING SECRETARY:**



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Jackie Blas