



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Eddie Baza Calvo
 Governor

Ray Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

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

BOARD OF TRUSTEES
Regular Meeting
 Friday, October 28, 2011, 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 12:49 p.m. Friday, October 28, 2011, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
 Antolina S. Leon Guerrero, Secretary
 Gerard A. Cruz, Treasurer
 Wilfred G. Aflague, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Vice-Chairman
(Excused)
 Katherine T.E. Taitano, Trustee
(Excused)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Alice Taijeron, Great-West Retirement Services

Legal Counsel Present:

Elyze McDonald Iriarte, Carlsmith Ball LLP *(12:56 p.m.)*

Public Present:

Ricky Hernandez, Senator Ben Pangelinan's Office of Finance and Budget

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 30, 2011 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of September 30, 2011 Regular Meeting were approved, subject to technical corrections. Motion unanimously passed.

III. CORRESPONDENCE

None

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 Paula Blas stated that Public Law 31-76 authorized the Governor to issue a bond to pay the outstanding principal and interest for the COLA Awardees. Interest will continue to accrue on the outstanding balances for those Awardees who have been identified and located. Interest accrual will cease as of September 30, 2011 for those Awardees/Beneficiaries who are deceased and whose beneficiaries have not been located or identified.

Director Blas stated that she is waiting to see what the results are in the Series A Bond. Chairman San Agustin asked whether the Retirement Fund is included in the Series A or B Bond. Director Blas replied, "Probably in the Series B Bond." Director Blas mentioned that there are some issues with regards to the debt ceiling. Chairman San Agustin inquired about the University of Guam's (UOG's) Economic Adviser's response. Secretary Antolina Leon Guerrero stated that UOG said that it was a good deal according to a report in PDN. Director Blas stated that she is not sure what the next step is. Chairman San Agustin stated that the next step would be to go to market on it. Chairman San Agustin stated that the Legislature would then have to pass a resolution on a tentative basis. Secretary Leon Guerrero asked whether the Governor needs to go back to the Legislature even if the terms of the law are met. Chairman San Agustin stated that the Legislature has to approve the terms, rates and conditions. Ricky Hernandez from Senator Ben Pangelinan's Office of Finance and Budget clarified that if the interest rate is above 6.5% then it would need to go back to the Legislature. Trustee George Santos stated that they are only given a cap of 6.5%. Director Blas stated that there are still some unanswered questions.

Legal Counsel Elyze Iriarte joins the meeting at this time (12:56 p.m.)

2. ***Public Law 28-38: Interest Only Payments*** – Director Blas stated that the monthly interest payments for Department of Education (DOE) and Guam Memorial Hospital Authority (GMHA) due on October 10, 2011 were paid. The Retirement Fund continues to process retirement applications for DOE and GMHA. Director Blas stated that in addition to the outstanding balances for DOE and GMHA, the reduced contributions as a result of Public Law 31-74 have been added to this account. Interest continues to be paid on this account. Treasurer Gerard Cruz stated that the rate should change in October. Ms. Rosalia Bordallo, General Accounting Supervisor, stated that it should go down. Director Blas added that it will go down, but it is still kept at a five-year average. Chairman San Agustin asked what the rate we are looking at is. Ms. Bordallo replied, "3%." Chairman San Agustin

asked how we could accept 3% when the rate is 7%. Treasurer Cruz stated that it should be no less than the actuarial rate. Director Blas agreed that it should be the actuarial rate or higher and that the Fund can seek the actuarial rate as a “floor” for interest payments through new legislation.

3. ***Guam Memorial Hospital Authority (GMHA) Outstanding Contributions*** – Director Blas mentioned that, as of October 25, 2011, Judge Vernon Perez has not rendered his decision on the Petition for Writ of Mandamus filed on January 25, 2011 against GMHA. Legal Counsel Elyze Iriarte stated that GMHA is caught up with payments for the DC Plan only.

4. ***Bernstein Litowitz Berger and Grossmann (BLBG)*** – Director Blas stated that BLBG’s Litigation Status Report dated October 21, 2011 on the following lawsuits is provided for the Board’s information. Director Blas stated that these cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

- **Lehman Brothers**
- **Wells Fargo**
- **Genzyme Corporation**
- **Countrywide**
- **AXA Rosenberg**

Chairman San Agustin asked what the time frame is on these cases. Director Blas stated that Countrywide is ready to settle and some of the other cases may be settled by next year.

5. ***Executive Order No. 2011-14*** – Director Blas stated that effective October 10, 2011, Executive Order 2011-14 places a freeze on salary increments for all classified employees and raises for unclassified employees of the Executive Branch until further rescinded. Director Blas stated that the order applies to all line agencies and instrumentalities of the Executive Branch of the Government of Guam. The Retirement Fund’s Legal Counsel opines that the Retirement Fund is not a line agency or an instrumentality of the Executive Branch of the Government of Guam, and the Board of Trustees may approve the payment of salary increments. Secretary Leon Guerrero asked how the Retirement Fund normally treats its employees versus Government of Guam employees. Director Blas stated that it depends on how the Executive Order is written. Legal Counsel Iriarte stated that it depends on the language. Certain orders are not binding on the Retirement Fund. There are times the Retirement Fund would adhere to the Executive Order in good faith. Chairman San Agustin stated that funding for the Retirement Fund is based on the contributions. Treasurer Cruz stated that funding is from the normal cost of operations. Chairman San Agustin stated that, based on the Retirement Fund’s Legal Counsel’s opinion, the Executive Order is not applicable to the Retirement Fund. Treasurer Cruz asked whether the Retirement Fund will implement the increments. Director Blas replied, “Yes.”

6. ***Legislative Bills/Public Laws:***

- **Public Law 31-77: Fiscal Year 2012 Executive Budget (Effective October 1, 2011)** -

Director Blas stated that Public Law 31-77 provides for the following:

- The retirement contribution rate is statutorily set at 28.30%.
- The surviving spouse annuity has been increased from 50% to 60%.
- The minor child(ren) annuity has been increased from \$90 per payday to \$120 per payday for a monthly annuity of \$240. Minor child(ren) annuities are limited to five children.

Director Blas stated that at the September 30, 2011 Board meeting, there was a stay on the implementation of the increase of benefits. Chairman San Agustin stated that, based on discussions with the Members and Benefits (M&B) Committee, he recommends proceeding with implementing the increase of benefits. Chairman San Agustin stated that this is a restoration of benefits. Secretary Leon Guerrero stated that at the last M&B Committee meeting, Chairman San Agustin mentioned that survivors originally received 100% of the retiree's annuity upon the retiree's death. Then the law was amended to split the 100% between the surviving spouse and the surviving minor child(ren) of the deceased retiree. Secretary Leon Guerrero stated that with Public Law 31-77 the increase could be greater than 100% of the retiree's annuity. Chairman San Agustin stated that the children are not getting paid the full 50%. Secretary Leon Guerrero stated that the question is whether this is considered an increase in benefits. Trustee Santos stated that it is a restoration of benefits based on the historical information provided by Chairman San Agustin to the M&B Committee. Director Blas stated that she will include this with the Hybrid Plan which will be presented to the Legislature.

Trustee George Santos, seconded by Treasurer Gerard Cruz, moved to approve to implement Public Law 31-77. Without objection, the motion unanimously passed.

- **Proposed Bill: Disabled Children Benefits** - Director Blas stated that Senator Aline Yamashita is proposing a bill that would allow single retirees who have incompetent dependents the choice to leave survivor benefits to their incompetent children.
 - A copy of Legal Counsel's and the actuary's comments on the draft bill as written were provided at the September 30, 2011 Board meeting.
 - The Board instructed the Director to meet with Senator Yamashita to provide clarification on the intent of the Bill.
 - The Bill's intent is to allow single retirees to designate their incompetent (disabled) children as survivors of these retirees. Identical to benefits of a surviving spouse.
 - Incompetent children would have to be declared incompetent by the court prior to their 18 birthday.
 - More than one disabled child who survives the retiree would share the benefit.

Director Blas stated that she met with Senator Yamashita regarding clarification on the intent of the proposed bill. Director Blas stated that the proposed bill is basically for single retirees who have children that were deemed incompetent prior to their 18th birthday to be treated the same as a surviving spouse. Director Blas stated that she would like to find out from the Board if they are inclined to support this bill. Director Blas stated that if the Board supports the proposed bill, she will work with Legal Counsel to help Management draft legislation. Treasurer Cruz asked whether with the current law, being disabled, you will be eligible as a survivor. Director Blas replied, "Yes, as an Adult Disabled Survivor." The stipend is the same as the child stipend.

Secretary Leon Guerrero asked whether this proposed legislation changes it to be the equivalent as a surviving spouse which is 60%. Director Blas replied, "Yes, absent a spouse." Treasurer Cruz asked whether this will include adoption. Director Blas stated that adopted children are treated as natural children. Treasurer Cruz asked whether this will have a cost. Director Blas replied, "Yes." Secretary Leon Guerrero stated that the proposed bill does not rule out an absent parent. Director Blas stated that it could be a single-widow or single-divorced.

Chairman San Agustin stated that we are developing a new category of benefits for a disabled child to the same level as a spouse. Director Blas stated that she brought up the issue of doing this for disabled children and to prevent parents of normal children from pursuing their children to get the same benefits, but then normal children will be competent to work. Chairman San Agustin stated that this may be a trap that the Board may be getting into. As much as we would like to accommodate the disabled child of a single parent, there is still that other single person. Chairman San Agustin stated that common-law relationship is not recognized.

Secretary Leon Guerrero asked whether there is a legal opinion on the proposed legislation. Director Blas stated that Legal Counsel did provide an opinion at the last Board meeting. Treasurer Cruz asked what is it that needs to be done. Director Blas stated that she needs to know whether the Board is willing to accept something like this since Senator Yamashita is soliciting the Board's support. Director Blas stated that if the Board is willing, she will work with Legal Counsel to make sure that the language of the proposed bill is in place and that it is fully funded. Treasurer Cruz stated that we need to run some numbers to see what this is going to cost. Director Blas stated that Senator Yamashita is saying that 10% of the population is disabled. Director Blas stated that the 10% is not the Retirement Fund's population. Director Blas stated that, based on the child(ren) annuities, there are about 30-35 that are currently disabled.

Trustee Wilfred Aflague stated that he would like to support the concept of this bill, but not without knowing the costs and specific data. Trustee Aflague stated that he is concerned that the proposed legislation does not prohibit adoption. Chairman San Agustin asked whether there is any other jurisdiction that provides this benefit. Trustee Aflague stated that he could ask around and provide Management with a list. Secretary Leon Guerrero stated that she can't see making a decision without more information. Trustee Santos suggested responding to Senator Yamashita that we are looking for more data and if she could do the same.

Director Blas stated that Rich Wright of Milliman Consulting, Inc. (Milliman) provided an estimated cost of \$47 Million. Chairman San Agustin asked whether the contribution rate of 4.79% is affordable. Director Blas stated that she will ask Mr. Wright to finalize the data for the next M&B Committee meeting. Trustee Santos stated that there are a number of unanswered questions and a concern of what it will cost. Director Blas added that the bill also needs to define single parent and whether adoption is permitted. Chairman San Agustin suggested asking Senator Yamashita if she knows of any other jurisdiction that provides this benefit.

- **Public Law 31-114: Non-Employee Travel Justification Reports** - Director Blas stated that Public Law 31-114 requires the posting of non-employee travel justification reports on the agency's website.
 - The Director has 90 days to post the report for all travel that took place in Fiscal Year 2011.
 - Effective October 1, 2011 (Fiscal Year 2012), the Director has 30 days to prepare and publish on the agency's website a "justification statement" for each travel of a non-employee of the Retirement Fund.

Director Blas stated that a justification statement must be posted on the Retirement Fund's Website which should include the reason why a department or agency would send a non-employee versus an employee to such training. Legal Counsel Iriarte stated that it is not an employee/non-employee distinction. Director Blas stated that the law states that "The justification statement shall include the reason(s) why a person, other than an agency employee, was required to travel at the agency's expense." Director Blas stated that the only ones that the Retirement Fund pays for travel who are not listed on the Retirement Fund's staffing pattern are the Board of Trustees. Chairman San Agustin asked whether the Investment Consultants are included. Legal Counsel Iriarte stated that she raised the issue to Legal Counsel Joanne Grimes that she may be included in this in the event that she is reimbursed for travel. Director Blas stated that the consultant contracts do not have travel detailed out. Director Blas stated that she has to post non-employee travel justification reports for travel commencing on or after October 1, 2010 within ninety days of enactment. Director Blas stated that she will work on the language of the justification statement which she will show to the Board.

- **Public Law 31-117: Medical Referral Mileage Bank Account Act** – Director Blas stated that Public Law 31-117 creates the "Senator Edward J. Cruz Medical Referral Mileage Bank Account (MRMBA)."
 - Requires anyone who travels on government travel at Government of Guam or federal expense to donate the accrued traveled miles to the Ayuda Foundation.
 - The Department of Public Health and Social Services (DPHSS) and Department of Administration (DOA) have 60 days to promulgate Rules and Regulations for the MRMBA program.
 - The Office of Public Accountability (OPA) will be responsible to audit the MRMBA on an annual basis.

Trustee Aflague asked who will use the mileage. Director Blas stated that eligibility is outlined in Public Law 31-117. Director Blas stated that the Medical Referral Mileage Agreement is only with Continental Airlines. They are hoping that Delta Airlines will honor the agreement. Trustee Aflague stated that the federal law says that if federal funds are used, you keep the mileage. Director Blas stated that Public Law 31-117 also specifies federal funds. Trustee Aflague asked whether this law contradicts with the federal law. Director Blas stated there are still a lot of things that needs to be clarified and that Legal Counsel has indicated to wait for the Rules and Regulations for the MRMBA program.

Financial Reports

1. Contributions – Director Blas stated that as of October 25, 2011, all agencies are current with their Fiscal Year 2011 employee and employer contributions.

2. Financial Statements – Director Blas stated that the books for the month ending September 2011 is scheduled to be closed on November 4, 2011.

3. Fiscal Year 2012 Retirees' Supplemental Benefits – Director Blas stated that the supplemental benefits for retirees and survivors for the month of October 2011 were paid.

4. *Fiscal Year 2012 Annual COLA* – Director Blas stated that Public Law 31-77 provides for an annual COLA of \$1,100 to retirees and their survivors who are retired as of September 30, 2011 to be issued no later than November 1, 2011. Director Blas stated that the Retirement Fund will be disbursing the COLA in the same manner the retiree and/or survivor receives their annuity – direct deposit or by check. Director Blas stated that she received funds to pay for General Fund retirees. Autonomous agencies will not be paid until DOA provides the funds. About 1,100 retirees listed under the autonomous agencies will not get their COLA this weekend.

5. *Fiscal Year 2012 Medicare Reimbursements* – Director Blas stated that the Retirement Fund received the October 2011 allotment from the General Fund and payments were processed accordingly.

VI. LEGAL COUNSEL’S REPORT

Director Blas stated that a copy of the October 14, 2011 letter to Governor Eddie Calvo regarding the Retirement Fund’s request that the Governor address without delay, the remittance of unpaid contributions from all non autonomous agencies, is provided for the Board’s information. Director Blas stated that she just received a response from the Governor. Legal Counsel Iriarte stated that the Governor’s letter does not provide the assurance that the Retirement Fund was looking for. The Board wanted a commitment from the Governor that the Retirement Fund will be paid back in the second bond series on a date to be determined. Legal Counsel stated that the letter confirms what the statute says. Legal Counsel Iriarte reads out loud a section of the Governor’s letter: “To reach the full \$343 Million authorized, a second bond will need to be issued, subject to the final conclusions of the Fiscal Responsibility and Tax Refund Commission and further legislation to increase the debt ceiling. The established order of priority of payments from proceeds of the bond issuance equally applies to the second issuance. We believe that with a second bond issuance, the balance of the amount mandated to be paid to the Fund will be fully satisfied. We expect to go out for the second series in January or February, 2012.” Legal Counsel Iriarte stated that this does not give any comfort that the Retirement Fund will be paid in a timely manner.

Legal Counsel stated that the next step would be to see if there would be any legislation to increase the debt ceiling or filing a lawsuit and ceasing all retirement applications. Chairman San Agustin stated that the Retirement Fund asked for an assurance and we did not get the assurance. What is the Board’s alternative – fiduciary obligation? Legal Counsel Iriarte stated that the Board has to challenge the reduction in contributions that occurred over the summer and seek to recover those amounts. That would be done by filing a lawsuit or immediately sending invoices to every agency that failed to remit those contributions. Chairman San Agustin asked whether those would be converted into accounts receivable. Legal Counsel replied, “Yes.” Secretary Leon Guerrero asked whether the Retirement Fund could establish an account receivable without going to court. Legal Counsel stated that we could go to Court and inform them that the Retirement Fund has issued notices of overdue payments to each agency that did not pay and move forward with that. Chairman San Agustin asked whether the Retirement Fund could issue a letter to the Governor in response to his October 28, 2011 letter outlining the Board’s intentions which includes pursuing this matter in court. Director Blas stated that based on the way the law was written on the bond to be issued, is it correct that the Legislature only authorized the Governor to issue an initial bond of \$244 Million. Secretary Leon Guerrero stated that it is because of the debt ceiling.

Controller Diana Bernardo stated that the reduced contribution that each agency did not pay is reflected as a receivable right now. Director Blas stated that this addresses Public Law 28-38 (GMHA and DOE's outstanding balance). Director Blas stated that the case in Court now with Guthrie is on the reduced contributions. Controller Bernardo stated that the reduced contributions are already recorded as receivables from the General Fund. Director Blas stated that she will respond to the Governor's letter and inform him that the reduced contributions are now considered past due. Chairman San Agustin stated that now that this is an account receivable it should be earning interest. Director Blas asked whether we are going to separate it out to individual agencies and stop receiving retirement applications and consider the agencies delinquent. Chairman San Agustin stated that this is something Management should look at as far as what the impact would be.

Trustee Aflague asked whether we could wait until January or February 2012 to take legal action since it is already booked as receivables and we are charging interest. Director Blas stated that in response to Trustee Aflague's question, based on the order of priority of how the bond proceeds were going to be distributed, the Retirement Fund is number 4 in line which means the Retirement Fund would be in the second series bond which should be issued as early as March 2012 and no later than June 2012. Director Blas stated that the first bond has not even been issued and that is why she is concerned about implementing such drastic measures right now. Director Blas stated that we should let them be warned of the Board's intentions. Chairman San Agustin stated that we should outline the course of action we will be forced to take if this is not paid. Chairman San Agustin stated that we should ask Milliman what the impact would be towards the reduction of the contribution rate. Treasurer Cruz inquired about the amount owed. Controller Bernardo stated that it is about \$20 Million. Legal Counsel Iriarte stated that it goes back to the responsibilities of Judge Alberto Lamorena's order. Treasurer Cruz stated that we need to keep this on watch until January or February 2012. Director Blas stated that she will communicate with Governor Calvo on the recourse the Retirement Fund will take if this is not paid.

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) and Prior Year Receivables for both the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended August 31, 2011. Treasurer Cruz stated that August 31, 2011 closed with total assets for DB and DC of \$1.7 Billion (\$1.48 Billion for DB and \$252 Million from DC). Treasurer Cruz stated that the total market value was \$1.28 Billion (for DB). As of October 11, 2011, the Emerging Markets was leading cause for the losses. Chairman San Agustin asked the Investment Committee to look into the changes in the strategic allocation particularly on Emerging Markets. Treasurer Cruz stated that Terry Dennison of Mercer Consulting, Inc. (Mercer) did look into the strategic allocation. Chairman San Agustin also asked for the Investment Committee to look at what the investment opportunities are on Guam. Treasurer Cruz stated that he could have Wilshire Associates (Wilshire) look at what the investment opportunities are on Guam. Treasurer Cruz stated that Maggie Ralbovsky from Wilshire has been trying to make the Retirement Fund rethink its strategic allocation.

Treasurer Cruz stated that the year ended with a total drawdown of \$30 Million for Fiscal Year 2011. Prior year drawdowns were \$19 Million in Fiscal Year 2010, \$18 Million in Fiscal Year 2009 and \$13 Million in Fiscal Year 2008. Treasurer Cruz stated that he does not expect to drawdown \$30 Million this fiscal year.

VIII. STANDING COMMITTEE REPORTS

A. Members and Benefits Committee

Trustee Santos presented his Committee's October 2011 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 11, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of October 12, 2011 and subsequent meetings thereafter. Without objection, the motion unanimously passed.

Application for Disabled Adult Survivor Benefits – PAULINE R. SALAS

Trustee Santos stated that Ms. Salas is applying for Disabled Adult Survivor Benefits on her own behalf. Trustee Santos stated that Ms. Salas is the biological child of deceased retiree Pedro A. Salas who passed away on January 4, 2011. Trustee Santos stated that based on their review and findings during their meeting of October 12, 2011, the following application for Disabled Adult Survivor Benefits is being presented to the Board for their discussion and disposition.

Trustee George Santos, seconded by Treasurer Gerard Cruz, moved to approve the application for Disabled Adult Survivor Benefits for Pauline R. Salas, contained on Page 12, based on the Committee's review and findings during their meeting of October 12, 2011 and subsequent meetings thereafter. Without objection, the motion unanimously passed.

B. Investment Committee

Treasurer Cruz reported that the Investment Committee held its regular meeting on October 14, 2011. The Committee approved the July 27 and 28, 2011 Due Diligence Meeting Minutes for the Quarter ended March 31, 2011.

Treasurer Cruz stated that the following was approved for Board action:

Request for Proposal (RFP) for Securities Litigation Services – Treasurer Cruz stated that although the Retirement Fund currently has an existing contract for Securities Litigation Services, the Investment Committee discussed how a second opinion from another firm can provide new information, a different perspective, and alternative options for recovering losses, which will enable the Board to make more informed decisions. Treasurer Cruz stated that the Committee recommends issuing an RFP for an additional Securities Litigation Services. Treasurer Cruz stated that BLBG will be retained. Director Blas stated that the solicitation is for a second firm to provide such services.

Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to approve to issue a Request for Proposal for Securities Litigation Services. Without objection, the motion unanimously passed.

Treasurer Cruz reported that the Retirement Fund's portfolio is \$1.28 Billion as of October 27, 2011. It was at \$1.21 Billion as of October 11, 2011. Chairman San Agustin asked what contributed to the decrease to \$1.2 Billion from \$1.4 Billion in August 2011. Treasurer Cruz stated that it's attributed to the Emerging Markets loss of \$21 Million and the International Small Cap being off \$3 Million. Treasurer Cruz stated that even our fixed income was off. Chairman San Agustin asked Treasurer Cruz to communicate with these managers on what is contributing to the decline. Treasurer Cruz stated that the Committee should be receiving a report from Ms. Ralbovsky of Wilshire by mid November 2011.

Quarterly Performance Meeting - Director Blas informed the Board that the next Due Diligence is scheduled for November 30 and December 1, 2011. The Board of Trustees meeting for November will be held on December 2, 2011.

IX. TRAVEL REPORT

A. Vice Chairman Wilfred Leon Guerrero: GMI 2011 Public Funds Forum – “The Future of Corporate Reform” – September 6-8, 2011, Half Moon Bay, California

Chairman San Agustin stated that Vice Chairman Leon Guerrero's travel report on the Governance Metrics International (GMI) Public Funds Forum he attended on September 6-8, 2011 in Half Moon Bay, California, is submitted for the Board's information.

X. OLD BUSINESS

None

XI. NEW BUSINESS

None

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 Wilfred Aflague, and without objection, the meeting was adjourned at 2:30 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 28, 2011 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 2, 2011.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas