

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

INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN
January 26, 2012, 12:00pm
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 1:00pm on Thursday, January 26, 2012, in the Retirement Fund Conference Room. Investment Committee Chairman Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Chairman
Gerard A. Cruz, Member
Joe T. San Agustin, Ex-Officio

Staff Present:

Paula M. Blas, Director
Diana Bernardo, Controller

II. ACTION ITEMS

1. **October 14, 2011 Regular Investment Committee Mtg**
2. **August 24 and 25, 2011 -- Due Diligence Mtg for Quarter Ended 6/30/11**
3. **November 30 and December 1, 2011 Due Diligence Mtg for the Qtr Ended 9/30/2011**

A motion was made by Committee Member Cruz, seconded by Committee Chairman Leon Guerrero to approve the minutes of

October 14, 2011 and August 24 and 25, 2011, subject to correction. Without objection, the motion was passed. The minutes of November 30 and December 1, 2011 were tabled pending completion.

III. OPEN ITEMS

1. Investment Committee 5 Year Plan

Item 10. Perform Feasibility Study for a New Building

Director Blas stated that there was concern with the Fund's cash situation with the non-remittance of contributions by GMH, the Governor's decision to suspend the Hay Study pay increases, and the expectation of the retirement contribution rate increasing for FY-2013. General Fund is experiencing a cash shortfall which may result in a delay of payments and these events may create a need for the Fund to drawdown more cash to cover retiree payroll and operations.

The feasibility study performed by Nick Captain indicated that if the Fund decided to lease out office space, the Fund would have to charge a much higher rate than what the current market is dictating in order for it to be feasible. In addition, Legislative approval is required prior to the Fund leasing out office space. To pursue building a new building would require DPW to oversee the project since the Fund does not have construction procurement authority.

The Committee suggested looking into changing the plan to renovations and extensions to the building instead of constructing a new building. Director Blas stated that there is \$300,000.000 set aside in the budget for architectural and engineering services. The renovations and extensions of the building will become a capital improvement project; however it will remain on the 5 year plan to be monitored.

Item 11. Staff development unclassified

Director Blas stated that a position for Investment Specialist was announced and the Fund received 3 applications, but when the Fund contacted them after the job announcement closed and applications were rated, the individuals had already accepted jobs with private firms. With regards to an internship program, Director Blas stated that Terry O'Brien from UOG would contact her if there was anyone interested in doing an internship; however from an internship standpoint some may do it temporarily but the Fund can't guarantee an actual position that they would be looking for unless a position actually exists. Director Blas stated that there is a provision in the budget act that allows for exceptions to pick up unclassified positions and only certain positions with certain agencies are named. She stated that she could work with Senator Pangelinan to see if the Fund would be allowed to pick up unclassified positions and if so the Fund could hire at least 2 people, adding that the salaries for those positions can range from step 1-10, it wouldn't have to start at step 1 which would provide flexibility than hiring someone in a classified position.

IV. NEW BUSINESS

None.

V. INFORMATIONAL ITEMS

1. Asset Allocation Summaries

Asset allocation summary statements were provided to the Committee for review and informational purposes.

2. Income Summary

An income summary report was provided to the Committee for review and informational purposes.

VI. OPEN DISCUSSION

None.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

a. Schedule for 12/31/11 Due Diligence Meeting: February 22-23, 2012

The Due Diligence Meeting for quarter ending 12/31/11 is scheduled for February 22-23-2012. The Board Meeting will follow on 2/24/12.

IX. ADJOURNMENT

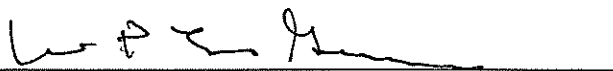
There being no further business before the Investment Committee, a motion was made by Committee Chairman Leon Guerrero, seconded by Committee Member Cruz to adjourn the meeting at 1:30pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



Wilfred P. Leon Guerrero, Chairman