

BOARD OF TRUSTEES
Special Board Meeting
Friday, March 24, 2006, 12:00 Noon
Retirement Fund Conference Room

MINUTES

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

After determining a quorum was present, the Retirement Fund Board of Trustees Special Meeting was called to order at 12:15 p.m. Friday, March 24, 2006, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
James J. Taylor, Secretary
Katherine T.E. Taitano, Treasurer
Anthony C. Blaz, Trustee
Gerard A. Cruz, Trustee
George A. Santos, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Vice-Chairman (Excused)

Staff Present:

Paula M. Blas, Acting Director
Jackie Blas, Recording Secretary

Legal Counsel Present:

Pat Mason, Carlsmith Ball

Public Present:

George Castro, Certified Court Reporter

Chairman San Agustin stated that he was not too happy when the Fund's Legal Counsel filed for an extension without the Board of Trustees' consent. Chairman San Agustin stated that the Fund's Legal Counsel appeared in Court on the Board's behalf. Chairman San Agustin asked why Legal Counsel proceeded without the Board's consent. Chairman San Agustin stated that as far as he is concerned, the time should have expired. Whatever the Attorney General did is immaterial unless the Board convenes to get this extended. Chairman San Agustin asked what is the status of the extension. Acting Director Paula Blas stated that the court granted the extension. Trustee Gerard Cruz asked whether it was to further extend the sealing of the transcript of the Executive Session of September 28, 2005. Acting Director Blas replied, "yes." Acting Director Blas stated that it is because a ruling has not been done on the G1 case. Chairman San Agustin stated that the Board should have been advised. Chairman San Agustin stated that he does not appreciate that the Fund's Legal Counsel operates on a remote control basis. Legal Counsel Pat Mason stated that he was under the impression that Legal Counsel was requested to file an extension.

Chairman San Agustin stated that there was no communication with the Board of Trustees. Acting Director Blas stated for the record that because the decision on Carl Gutierrez's calculation, the finalized annuity has not been completed and by releasing the transcript of the Executive Session, Legal Counsel felt it was still a potential problem. Trustee Cruz asked Legal Counsel to get direction from the Board of Trustees. Legal Counsel Mason stated that he agrees.

Chairman San Agustin stated that the purpose of today's Special Board Meeting is to address, in Executive Session, John Rios' request for indemnification.

II. EXECUTIVE SESSION
A. Address Potential Litigation

EXECUTIVE SESSION: 12:20 P.M.
RECONVENED: 1:10 P.M.

Chairman San Agustin stated that there is a recommendation of the Board of Trustees during the Executive Session deliberation.

Trustee Gerard Cruz, seconded by Trustee Anthony Blaz, moved to have Management develop a policy that details the procedures for claiming indemnification and that the Board of Trustees agree to negotiate a settlement with Mr. John Rios and his attorney for legal expenses incurred up through the second indictment and that any indemnification following the second indictment would need to follow the prescribed procedures as approved and that the Board's agreement to settle is not meant to be an indemnification. Any approval of amount and other conditions would be by the full Board. Without objection, the motion passed.

Trustee George Santos asked if the percentage needs to be included. Legal Counsel Mason replied, "no."
Chairman San Agustin stated that this covers everything that was discussed.

III. CORRESPONDENCE
None

IV. OPEN DISCUSSION / GENERAL PUBLIC INPUT
None

V. ANNOUNCEMENTS
None

VI. ADJOURNMENT

There being no further business before the Board of Trustees, on motion of Trustee Anthony Blaz, seconded by Trustee Gerard Cruz, and without objection, the Special Board Meeting was adjourned at 1:15 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 24, 2006 Special Board Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 14, 2006.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas