

BOARD OF TRUSTEES
Regular Meeting
Friday, June 9, 2006, 12:00 p.m.
Retirement Fund Conference Room

MINUTES

DEFINED CONTRIBUTIONS

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Contribution Plan was called to order at 2:08 p.m. Friday, June 9, 2006, 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
James J. Taylor, Secretary
Katherine T.E. Taitano, Treasurer
Anthony C. Blaz, Trustee
Gerard A. Cruz, Trustee
George A. Santos, Trustee

Staff Present:

Paula M. Blas, Acting Director
Diana Bernardo, Controller
Jackie Blas, Recording Secretary

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. February 24, 2006, March 10, 2006, April 21, 2006 and May 12, 2006 Regular Meetings

Secretary James Taylor, seconded by Trustee Anthony Blaz, moved to defer approval of the Minutes of February 24, 2006, March 10, 2006, April 21, 2006 and May 12, 2006 Regular Meetings. Without objection, the motion passed.

III. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. ***Defined Contribution Statutory Amendments*** - Acting Director Paula Blas stated that Bill 293 is scheduled to be heard on June 12, 2006. Chairman San Agustin stated that Bill 293 is to redefine the direct contribution in compliance with federal laws. Trustee Gerard Cruz stated that Bill 293 is the Plan Document.
2. ***Request for Proposal (RFP): Defined Contribution Investment Consultant Services*** - Acting Director Blas stated that submission of proposals closed on May 10, 2006. There were five (5) proposals received. Acting Director Blas stated that clarification is pending from all five offerors. Acting Director Blas stated that the Selection Committee is headed by Secretary James Taylor along with two staff.
3. ***Request for Proposal (RFP): Third Party Administrator*** - Acting Director Blas stated that the RFP for Third Party Administrator, with changes, has been reviewed by the Investment Committee. Management is requesting for the Board's approval of the RFP subject to incorporating the Investment Committee's recommendations so the RFP could be issued prior to the next Board meeting. Acting Director Blas stated that the RFP is not ready for public release and should be kept confidential until appropriate public notification has been given. Chairman San Agustin asked what the changes are. Acting Director Blas stated that the changes are on the process and also some changes on the qualification.

Trustee George Santos, seconded by Trustee Gerard Cruz, moved to approve the Request for Proposal for the Third Party Administrator subject to incorporation of the Investment Committee's recommendations. Without objection, the motion passed.

4. ***Standard Insurance Benefits*** - Acting Director Blas stated that the Fund received Standard Insurance's Survivor Death and Long Term Pre-Retirement Disability Renewal rates for Fiscal Year 2007. According to Standard Insurance, since both plans have been severely under funded in previous years, the total proposed premiums for Fiscal Year 2007 is \$33.62 per month. This represents a \$13.78 increase compared to the current premiums of \$19.84 per month. Chairman San Agustin stated that a study must be made on the two plans. Secretary Taylor suggested asking the University of Guam (UOG) to do a research. Chairman San Agustin suggested proceeding with Secretary Taylor's recommendation to direct Management to ask UOG to conduct a study on health care.

Acting Director Blas stated that since the \$33.62 exceeds the maximum premium of \$24.22, which is allowed by Public Law 27-106, the Fund needs to revisit various cost mitigation options in order to reduce the amount of the increase. Acting Director Blas stated that Management is requesting to refer this matter to the Members and Benefits Committee for review.

Financial Report

1. **Contributions** - Acting Director Blas stated that all agencies are current with their Fiscal Year 2006 employee and employer contributions.
2. **Financial Statements / Fiscal Year 2005 Audit** - Acting Director Blas stated that the books for the month ending May 2006 are closed and the Fiscal Year 2005 Audit has been completed and issued.

IV. OLD BUSINESS

A. Contribution Report – May 2006

Acting Director Blas stated that a copy of the Contribution Report for May 2006 is provided for the Board's information.

V. NEW BUSINESS

None

VI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

A. Investment Committee – Vice-Chairman Wilfred Leon Guerrero reported that the Investment Committee meeting was held on May 5, 2006. Vice-Chairman Leon Guerrero stated that there are two (2) open items: 1) Request for Proposal (RFP) – Defined Contribution Third Party Administrator: Vice-Chairman Leon Guerrero stated that this is pending finalization and issuance; 2) Request for Proposal (RFP) – Defined Contribution Investment Consultant: Vice-Chairman Leon Guerrero stated that the submission of proposals closed on May 10, 2006.

Committee meeting was held on May 5, 2006. Vice-Chairman Leon Guerrero stated that there are two (2) open items: 1) Request for Proposal (RFP) – Transaction Monitoring Services: Vice-Chairman Leon Guerrero stated that this is pending review and selection; 2) Request for Proposal (RFP) – Global Custody Search: Vice-Chairman Leon Guerrero stated that this is pending revisions and finalization of the RFP.

B. Mercer Consulting, Inc. – Trustee Cruz suggested that Mercer Consulting, Inc. establish a local office for accessibility.

VII. ANNOUNCEMENTS

A. Asia Pacific Association for Fiduciary Studies Pacific Region 6th Annual Investment Conference

Trustee Cruz informed the Board of Trustees that the Asia Pacific Association for Fiduciary Studies (APAFS) 6th Annual Pacific Region Investment Conference is scheduled for November 9-10, 2006 at the Shangri-la Makati in the Philippines.

VIII. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Trustee Anthony Blaz, and without objection, the meeting was adjourned at 2:29 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 9, 2006 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 17, 2006.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas