

BOARD OF TRUSTEES
Regular Meeting
Friday, September 14, 2007, 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 1:50 p.m. Friday, September 14, 2007, 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
Gerard A. Cruz, Treasurer
James J. Taylor, Secretary
George A. Santos, Trustee
Katherine T.E. Taitano, Trustee
Antolina S. Leon Guerrero, Trustee

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller
Rosalia Bordallo, General Accounting Supervisor
Jackie Blas, Recording Secretary

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. August 10, 2007 Regular Meeting

On motion of Trustee George Santos, seconded by Trustee Antolina Leon Guerrero, and without objection, the Minutes of August 10, 2007 Regular Meeting were approved, subject to corrections. Motion passed.

III. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Request for Proposal (RFP): Third Party Administrator* – Director Paula Blas stated that the Office of the Public Auditor (OPA) is in the process of hiring an Appeals Hearing Officer. A Hearing Officer should be contracted by September 17, 2007. The hearing date for the Great West Retirement Services (GWRS) appeal will be scheduled by the end of September 2007. Secretary James Taylor stated that the OPA has become the Chief Procurement Officer, something that is inappropriate. Chairman San Agustin asked how can the OPA entertain an appeal when the Retirement Fund made no decision on the matter.

2. *Galliard Capital Management Stable Value Fund* – Director Blas stated that Galliard has been notified to set up the Stable Value Fund which takes 45-60 days. This should be in place by early October 2007.

3. *Invesco Stable Value Fund* – Director Blas stated that Invesco has been notified of their termination in August 2007. Contractually, Invesco has a twelve (12) month policy for liquidation of assets at book value which will not create a loss to the participants. As an option to Invesco clients, Invesco amended their policy to allow for a ten (10) day notification to liquidate Invesco assets at market value which is approximately 97% of book value. As a result, this may realize a loss for the participants. Treasurer Gerard Cruz suggested revisiting the profile funds offered. Director Blas stated that it is being revisited. Secretary Taylor expressed significant concern that Invesco calls their fund a money market fund yet requires a one year notification to liquidate. They are asking for over a \$1,500,000 penalty for liquidating what should be a liquid fund. Secretary Taylor asks whether there is any evidence of collusion between Great West and Invesco in the choice of Invesco.

Financial Report

1. *Contributions* – Director Blas stated that, as of September 12, 2007, all agencies are current with their Fiscal Year 2007 employee and employer contributions.

2. *Financial Statements* – Director Blas stated that the books for the month ending August 2007 were closed on September 12, 2007.

IV. INVESTMENT COMMITTEE REPORT

Vice-Chairman Wilfred Leon Guerrero reported that the Investment Committee meeting was held on August 31, 2007. The Investment Committee reviewed and approved the Investment Committee Minutes of July 27, 2007.

Vice-Chairman Leon Guerrero stated that the Investment Committee has scheduled the September 30, 2007 Quarterly Performance Meeting with Mercer Investment Consulting, Inc. for November 14 and 15, 2007.

V. OLD BUSINESS

A. Contribution Report – August 2007

Director Blas stated that Mike Perez, Great West Retirement Services, submitted, for this meeting, a copy of the Defined Contribution and Deferred Compensation report for the month of August 2007.

Mr. Perez's report shows that the Defined Contribution Plan (DC) has 6,098 participants with a total contribution amount of \$759,717.22. The Deferred Compensation Plan has 802 participants with a total contribution amount of \$102,986.79.

VI. NEW BUSINESS

None

VII. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

VIII. ANNOUNCEMENTS

A. Asia Pacific Association for Fiduciary Studies (APAFS) Conference

Treasurer Cruz reminded the Board of Trustees of the APAFS 7th Annual Pacific Region Investment Conference scheduled for October 18-19, 2007 in Manila.

IX. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee Antolina Leon Guerrero, seconded by Trustee George Santos, and without objection, the meeting was adjourned at 2:05 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 14, 2007 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 16, 2007.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas