

BOARD OF TRUSTEES
Reconvened Regular Meeting
Friday, September 21, 2007, 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 reconvened at 12:25 p.m. Friday, September 21, 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
Antolina S. Leon Guerrero, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee

Staff Present:

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

Chairman San Agustin stated that the Board has reconvened for the purposes of discussing the Fiscal Year 2008 Government of Guam Retirement Fund Proposed Budget.

II. NEW BUSINESS

A. Fiscal Year 2008 Government of Guam Retirement Fund Proposed Budget

Treasurer Gerard Cruz stated that there are no significant changes in the proposed budget. The staffing pattern remains the same. Chairman San Agustin stated that there is a 32% staff vacancy. Director Paula Blas stated that Management is in the process of recruiting Accounting Technicians. The recruitment for the Investment Specialist is on-going. Treasurer Cruz stated that there is one approach to reclassification. Vice-Chairman Wilfred Leon Guerrero suggested hiring under a special contract for an Investment Specialist and an In-House Attorney. Treasurer Cruz stated that there is a Request for Proposal (RFP) for an attorney. Treasurer Cruz stated that the Retirement Fund may be in a better position if it has two different legal firms representing the Retirement Fund instead of hiring just one attorney in-house. Director Blas stated that the Retirement Fund's Legal Counsel is currently being paid \$108,000. The in-house attorney may cost \$105,000 with benefits. Treasurer Cruz recommended to continue with the present RFP for legal services and to proceed with a contract for the Investment Specialist position.

Chairman San Agustin stated that the utilities and postage has increased. Director Blas stated that the Retirement Fund has taken over the administrative expenses from the Department of Administration (DOA) for notifications to retirees.

Treasurer Cruz stated that the Director and Officers (D&O) Insurance coverage has increased by \$69,000 to cover a possible increase. This brings the total to \$214,000. Secretary James Taylor asked whether the coverage remains the same. Treasurer Cruz replied, "Yes." Director Blas stated that the increase is due to the Disaster Recovery Plan.

Chairman San Agustin asked about the Audit Fees. Director Blas stated that the position of the Internal Auditor was never established. Treasurer Cruz stated that the Internal Auditor will report to the Audit Committee.

Chairman San Agustin asked about the Insurance Expense. Director Blas stated that the rates dropped for the active employees.

Treasurer Cruz stated that the Personnel Benefits is pending the personnel contract restriction issue and the other issue is the attorney RFP.

Treasurer Cruz stated that Travel Expense remains the same at \$52,000.

Vice-Chairman Leon Guerrero asked Director Blas what were her priorities for last year. Director Blas stated that her priorities were to complete the Fiscal Year 2007 Audit on time, the Retirement Fund's newsletter, the website, that the accounting division be staffed properly, the global custodian, the imaging project, and to be current with the back log. Director Blas stated that the COLA project is for the entire year. Director Blas stated that her priorities for Fiscal Year 2008 are the Computer Imaging System and the renovation or rebuilding of the Retirement Fund office. Vice-Chairman Leon Guerrero asked what the imaging machine will do. Director Blas stated that it would scan the actual documents. Trustee Antolina Leon Guerrero stated that this will limit the records storage and would maintain the records electronically.

Secretary Taylor suggested making the records room fire proof. Director Blas stated that the current building is old and the infrastructure was not renovated. Treasurer Cruz recommended sealing or building around the records room to protect the files. Treasurer Cruz recommended increasing the Building Costs by \$50,000.

Treasurer Cruz stated that there is a \$14,000 variance under contractual. Mercer Investment Consulting, Inc. is budgeted for \$160,000 under the Defined Benefits Plan and \$40,000.00 under the Defined Contribution Plan.

Treasurer Cruz stated that Office Supplies remain the same at \$48,500.00. Treasurer Cruz stated that the Trustees Meals decreased to \$6,000.00. Treasurer Cruz stated that this needs to be increased in the amount of \$1,000.00 to bring the total to \$7,000.00. Treasurer Cruz stated that the Trustee Expense is for the Certified Court Reporter which is required for Executive Sessions. The Trustee Compensation is \$50.00 a month. Chairman San Agustin asked about the General Miscellaneous. Director Blas stated that it is for when the Retirement Fund utilizes a locksmith for the safe or locked doors/desk drawers without keys.

Vice-Chairman Leon Guerrero asked about Training and Development. Is there reimbursement? Director Blas stated that the staff is reimbursed. Vice-Chairman Leon Guerrero stated that the budget should be increased for employees training. Chairman San Agustin stated that the University of Guam (UOG) could provide continuing education. Chairman San Agustin asked Secretary Taylor to check with UOG on their continuing education. Treasurer Cruz recommended increasing the Training and Development in the amount of \$10,000 to bring it to a total of \$33,000.00.

Treasurer Gerard Cruz, seconded by Trustee Antolina Leon Guerrero, moved to approve the Fiscal Year 2008 Government of Guam Retirement Fund Proposed Budget effective October 1, 2007, as amended, with the discussions incorporated to increase the Building Costs by \$50,000, increase Training and Development by \$10,000, and increase the Trustee Meals by \$1,000. Without objection, the motion passed.

III. ADJOURNMENT

There being no further business before the Board for the Defined Benefits Plan, on motion of Treasurer Gerard Cruz, seconded by Trustee Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:18 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 21, 2007 Reconvened 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