

BOARD OF TRUSTEES
Regular Meeting
Friday, December 15, 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 2:01 p.m. Friday, December 15, 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
Gerard A. Cruz, Treasurer
James J. Taylor, Secretary
Anthony C. Blaz, Trustee
Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

George A. Santos, Trustee

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller
Rosalia Bordallo, General Accounting Supervisor
Mike Perez, Great West Retirement Services
Jackie Blas, Recording Secretary

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. July 14, 2006 and August 18, 2006 Regular Meetings

On motion of Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, and without objection, the Minutes of July 14, 2006 and August 18, 2006 Regular Meetings were approved, subject to corrections. Motion passed.

B. September 8, 2006, October 20, 2006 and November 17, 2006 Regular Meetings

Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, moved to defer approval of the Minutes of September 8, 2006, October 20, 2006 and November 17, 2006 Regular Meetings. Without objection, the motion passed.

III. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. Request for Proposal (RFP): Defined Contribution Investment Consultant Services –

Director Paula Blas stated that Management is working with Mercer to finalize price negotiations and contract for services.

2. Request for Proposal (RFP): Third Party Administrator – Director Blas stated that evaluations are ongoing and this would be discussed at next month's meeting.

Financial Report

1. Contributions – Director Blas stated that all agencies are current with their Fiscal Year 2007 contributions.

2. Financial Statements / Fiscal Year 2006 Audit- Director Blas stated that the books for the Fiscal Year ending November 2006 are closed and the Fiscal Year 2006 audit is ongoing.

IV. OLD BUSINESS

A. Contribution Report – November 2006

Mike Perez, Great West Retirement Services, stated that all agencies are current with their contributions. Mr. Perez stated that payment was received from the General Fund and the Guam Public School System (GPSS), but not the data.

B. DCRS/457 Investment Advisory Services

1. Reality Investing – Overview

Mr. Perez stated that this is a follow up to his presentation of November 17, 2006. Mr. Perez provided a written proposal for the Board's review. Vice-Chairman Wilfred Leon Guerrero asked whether Legal Counsel has reviewed the proposal. Director Blas replied, "no."

Mr. Perez provided documentation on the following:

- Government Markets Press Briefing Document Regarding Managed Accounts
- Advised Assets Group (AAG), LLC – Legal Structure for Investment Advisory Services
- Advised Assets Group – Due Diligence Report
- Methodology Behind Reality Investing – AAG & Ibbotson Associates
- Reality Investing Advisory Services Agreement and Form ADV

Mr. Perez stated that 50% of all participants want “do it for me” when it comes to managing their retirement account. About 20% of the participants said they “do it myself” and felt they had the knowledge and expertise to manage their own account with simple “guidance.” About 20% were “help me do it” who said they could manage their own account, but needed a tool like investment advice to provide assurance they were making the right long term decisions. Finally, there are about 10% of participants “don’t do anything.”

Treasurer Gerard Cruz asked how long has the managed account been in effect. Mr. Perez replied, “two years.” Mr. Perez stated that there are twelve mutual funds and five profiles. The options are a) Education/Guidance, b) enhanced guidance, advice only, managed accounts.

2. Proposed Agreement

Chairman San Agustin recommended referring this matter to the Investment Committee. Controller Diana Bernardo suggested waiting on the Third Party Administrator Request for Proposal (RFP). Controller Bernardo stated that it would not be wise to enter into an agreement at this time. Treasurer Cruz stated that the Board needs time to review the contract. Treasurer Cruz suggested having Legal Counsel review the contract.

Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, moved to refer the proposed Reality Investing Advisory Services Agreement to the Retirement Fund’s Legal Counsel. Without objection, the motion passed.

V. NEW BUSINESS

None

VI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

VII. ANNOUNCEMENTS

None

VIII. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee Anthony Blaz, seconded by Trustee Katherine Taitano, and without objection, the meeting was adjourned at 2:30 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 15, 2006 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 05, 2007.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas