



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY • SECURITY • REWARDS

Felix P. Camacho
 Governor

Michael W. Cruz, M.D.
 Lieutenant Governor

Paula M. Blas
 Director

BOARD OF TRUSTEES
Regular Meeting
 Friday, May 29, 2009, 12:00 p.m.
 Retirement Fund Conference Room

Trustees:

Joe T. San Agustin
 Chairman

Wilfred P. Leon Guerrero, Ed.D.
 Vice-Chairman
 Investment Committee, Chairman

Antolina S. Leon Guerrero
 Secretary

Gerard A. Cruz
 Treasurer
 Audit & Operations Committee,
 Chairman

George A. Santos
 Members' & Benefits Committee,
 Chairman

Katherine T.E. Taitano
 Trustee

Wilfred G. Aflague
 Trustee

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 1:00 p.m. Friday, May 29, 2009, 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
 George A. Santos, Trustee
 Antolina S. Leon Guerrero, Trustee

Board of Trustees Absent:

Gerard A. Cruz, Treasurer
 Katherine T.E. Taitano, Trustee

Staff Present:

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

Public Present:

Terry Dennison, Mercer Investment Consulting, Inc.

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 27, 2009 and April 24, 2009 Regular Meetings

Secretary James Taylor, seconded by Trustee Antolina Leon Guerrero, moved to table the Minutes of March 27, 2009 and April 24, 2009 Regular Meetings. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. INFORMATIONAL ITEMS

None

V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. **Request for Proposal (RFP): Third Party Administrator (TPA)**— Director Paula Blas stated that the TPA agreements with Great-West Retirement Services (Great-West) and Advisory Assets Group (AAG) were included in the Board's packets at the April 24, 2009 Board meeting. Director Blas stated that Management and staff continue to work with Legal Counsel in finalizing the agreements. Director Blas stated that the Service Level Guarantee (SLG) is still under review by both the Retirement Fund and Great-West Legal Counsels and is not available for the Board's consideration at this time. Director Blas stated that it is the Retirement Fund's Legal Counsel's recommendation that the SLG not hold up the Board's review of the TPA and AAG agreements. Director Blas stated that approval of the TPA and AAG agreements will be subject to an agreed-upon SLG. Finalization of the entire agreement is expected to be reached before the June 2009 Board meeting. Director Blas stated that a conference call with Legal Counsel is scheduled for next week. The agreement will then be finalized for the Board by the June 2009 Board meeting.

2. **Replacement of American Bond Funds of America** – Director Blas stated that at the March 6, 2009 Reconvened Board meeting, Mercer Investment Consulting, Inc. (Mercer) was asked to conduct a search for a replacement fund for the American Bond Funds of America. Director Blas stated that Mercer's recommendation for a replacement fund is provided to the Board for review and approval. Director Blas stated that Terry Dennison from Mercer Investment Consulting, Inc. will entertain this item under the Investment Committee report.

3. **Hybrid Defined Benefit (DB)/Defined Contribution (DC) Plan** – Director Blas stated that at the April 24, 2009 Board meeting, Richard Wright from Milliman, Inc., the Retirement Fund's actuary, provided options for a Hybrid Plan. Director Blas stated that Mr. Wright briefly discussed the advantages and disadvantages of a DB and DC plan. Director Blas stated that the Retirement Fund requested further analysis from Milliman regarding the costs associated with the alternative retirement plan designs. Director Blas stated that the analysis from Milliman is expected to be completed by mid June 2009. Director Blas stated that she asked Mr. Wright to provide additional cost analysis.

Financial Report

1. **Contributions** – Director Blas reported that all agencies are current with their Fiscal Year 2009 employee and employer contributions.

2. *Financial Statements* – Director Blas stated that the books for the month ending April 2009 were closed on May 12, 2009.

VI. THIRD PARTY ADMINISTRATOR’S REPORT

Director Blas stated that Mike Perez of Great-West has provided, at this meeting, the TPA Report for the month ending April 30, 2009 on the Defined Contribution Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Mr. Perez stated that there are issues with the Department of Labor and Guam Housing Corporation. There is no response from the Director of Labor or their Human Resources Officer. Mr. Perez stated that the departments are scheduled quarterly. Chairman San Agustin stated that he is concerned about the departments not responding, canceling and not rescheduling their seminars. Mr. Perez stated that the Guam Housing Corporation employees met with Great-West on a one-on-one basis. Trustee Antolina Leon Guerrero stated that educating the members is a huge task. This will remain an issue until they are educated. Director Blas stated that the window to transfer from the Defined Benefit (DB) Plan to the Defined Contribution (DC) Plan closed on March 1, 2009.

Chairman San Agustin inquired about the Disbursement Summary Report. Mr. Perez stated that it is the method of how the funds were distributed when an employee resigns. Chairman San Agustin also inquired about the “Payment to Self” of \$303,275.27. Director Blas stated that the funds were distributed to several participants who either resigned or who are retiring. Secretary James Taylor asked whether an individual who worked for ten years then resigned would be able to get his/her money back. Mr. Perez replied, “Yes.” Vice-Chairman Wilfred Leon Guerrero asked whether it is allowable. Director Blas stated that it is statutory law. Trustee Leon Guerrero stated that it needs to be set up for savings. Rosalia Bordallo, General Accounting Supervisor, stated that it is the employees’ mentality that it’s their money. Mrs. Bordallo stated that the government should have a rule that they can not be reemployed with the government for a period of one year. Vice-Chairman Leon Guerrero stated that this is an issue for the Members and Benefits Committee to review. Director Blas stated that the DC Plan is a retirement savings. Chairman San Agustin stated that this matter is being referred to the M&B Committee.

Trustee Leon Guerrero asked how one would qualify for a 457 loan. Mr. Perez stated that the participant would need to have at least \$2,000.00 in their account to qualify and would have up to five years to pay-off the loan. Mr. Perez stated that there is no government money involved in the 457 plan. Secretary Taylor mentioned that in Palau, a member can not touch their money unless they are retiring. Mrs. Bordallo stated that the law should be changed to decrease the lock-in to twenty years service.

RECESSED: 1:30 P.M.

RECONVENED: 2:40 P.M.

VII. INVESTMENT COMMITTEE REPORT

Vice-Chairman Leon Guerrero reported that the Investment Committee meeting was held on May 15, 2009. Vice-Chairman Leon Guerrero reported on the following information items:

1. Replacement of American Bond Funds of America – Vice-Chairman Leon Guerrero stated that during the March 6, 2009 Reconvened Board meeting, the Board authorized replacement of the American Bond Funds of America and requested that Mercer perform a search for a replacement manager. Vice-Chairman Leon Guerrero stated that the Investment Committee received six possible funds for the replacement of American Bond. Vice-Chairman Leon Guerrero stated that the Investment Committee is recommending Hartford as the replacement for American Bond Funds of America.

Vice-Chairman Wilfred Leon Guerrero, seconded by Trustee Antolina Leon Guerrero, moved to approve to replace American Bond Funds of America with Hartford. Without objection, the motion passed.

2. Hybrid DB/DC Plan – Vice-Chairman Leon Guerrero stated that due to the impact of market volatilities on the DC Plan, the Investment Committee previously requested that Milliman provide an analysis on a Hybrid DB/DC Plan. Vice-Chairman Leon Guerrero stated that during the April 24, 2009 Board meeting, Mr. Wright of Milliman discussed options for the Hybrid Plan. Vice-Chairman Leon Guerrero stated that Management indicated that Milliman is still reviewing other options, which will be discussed with the Board when the reports are completed. Vice-Chairman Leon Guerrero stated that this matter is being referred to the Members and Benefits Committee.

Letter from Dr. Robert Ryan

Vice-Chairman Leon Guerrero inquired about the status of the letter from Dr. Ryan. Director Blas stated that she did respond to Dr. Ryan's letter. Director Blas stated that Terry Dennison from Mercer Investment Consulting, Inc. was asked to formalize why Dr. Ryan's request is not recommended. Secretary Taylor asked whether there were not enough reasons. Director Blas stated that it was not the type of fund recommended. Mr. Dennison stated that he responded to the Director's request. Mr. Dennison stated that he provided mutual fund options.

VIII. OLD BUSINESS

A. Contribution Report – April 2009

Director Blas stated that Mike Perez of Great-West, submitted, for this meeting, a copy of the Defined Contribution (DC) Plan and the Deferred Compensation (457) Plan report for the month of April 2009.

Mr. Perez's report shows that the Defined Contribution Plan (DC) has 7,077 participants with a total contribution amount of \$941,065.28. The Deferred Compensation Plan (457) has 855 participants with a total contribution amount of \$114,474.33. Trustee Leon Guerrero asked whether the 7,077 participants is related to the number in the Third Party Administrator's (TPA's) report. Mr. Perez stated that the numbers on this report are by pay period endings and the numbers on the TPA report are for the month.

IX. NEW BUSINESS

None

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XI. ANNOUNCEMENTS

None

XII. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Trustee Antolina Leon Guerrero, and without objection, the meeting was adjourned at 2:50 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 29, 2009 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 31, 2009.



Antolina S. Leon Guerrero, Board Secretary

RECORDING SECRETARY:



Jackie Blas