



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, August 28, 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 12:28 p.m. Friday, August 28, 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
- Antolina S. Leon Guerrero, Secretary
- Gerard A. Cruz, Treasurer
- Wilfred G. Aflague, Trustee
- George A. Santos, Trustee
- Katherine T.E. Taitano, Trustee

Staff Present:

- Paula Blas, Director
- 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. April 24, 2009 and July 31, 2009 Regular Meetings

On motion of Secretary Antolina Leon Guerrero, seconded by Trustee George Santos, and without objection, the Minutes of April 24, 2009 and July 31, 2009 Regular Meetings were approved, subject to corrections. Motion passed.

III. CORRESPONDENCE

None

IV. INFORMATIONAL ITEMS

None

V. DIRECTOR’S REPORT - EXECUTIVE SUMMARY

1. Hybrid Defined Benefit (DB) / Defined Contribution (DC) Plan – Director Paula Blas stated that at the July 31, 2009 Board meeting, Mr. Richard Wright of Milliman, Inc. (Milliman), the Retirement Fund’s actuary, provided three options for a Hybrid Plan. Director Blas stated that the plan options were referred to the Members and Benefits Committee for their review and recommendation. Director Blas stated that an M&B working session is scheduled for September 9, 2009. Director Blas stated that a fourth modified version will be forwarded to her by next week.

Financial Report

1. Contributions – Director Blas stated that as of August 25, 2009, 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 July 2009 were closed on August 13, 2009.

VI. THIRD PARTY ADMINISTRATOR’S REPORT

Director Blas stated that Mike Perez of Great-West Retirement Services (Great-West) has provided, at this meeting, the TPA Report for the month ending July 31, 2009 on the Defined Contribution (DC) Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Mr. Perez reported on the Asset Summary by Fund on the 401(a) Plan. Mr. Perez stated that for the month of July 2009, the assets increased by \$10.8. Mr. Perez stated that the 457 Plan assets increased by 8.27% (\$990,427.08). Mr. Perez stated that the contribution amount in the 401(a) Plan is \$1.9 Million. The contribution amount in the 457 Plan is \$228,251.63.

Mr. Perez reported on the participant statistics:

401(a) Plan	- Active Participants with a Balance	- 9,382
	- Active Participants Contributing	- 6,046
	- Percent of Active Participants Contributing	- 64%
	- Full Withdrawals	- 37
	- Financial Hardships	- 7
	- First Contribution (New)	- 31

457 Plan	- Active Participants with a Balance	- 1,135
	- Active Participants Contributing	- 816
	- Percent of Active Participants Contributing	- 72%
	- Full Withdrawals	- 4
	- Outstanding Loans	- 177
	- New Loans Processed	- 3
	- First Contribution (New)	- 1

Trustee Wilfred Aflague asked whether there are 3,300 participants with a balance that are not contributing. Mr. Perez replied, "Yes."

Mr. Perez mentioned that there was a decrease in hardships. Chairman San Agustin inquired about the expense ratio on the investment performance. Chairman San Agustin stated that there are three funds with high expense ratios. Mr. Perez stated that foreign funds have a higher expense ratio. Mr. Terry Dennison stated that there are four funds that have expense ratios above the average. Mr. Dennison stated that Thornburg International and Pioneer Emerging Markets are on the higher side. Chairman San Agustin inquired about the cost equating to the yield. Mr. Dennison stated that the returns reported are higher net of fees.

Mr. Perez reported that employees meetings are on track. Mr. Perez stated that eight meetings are scheduled for DOE employees.

Treasurer Gerard Cruz asked how often we get the revenue sharing in the 12B1 Fees. Treasurer Cruz recommended getting a quarterly report on the 12B1 Fees. Mr. Perez stated that he will provide a quarterly report on the 12B1 Fees. Rosalia Bordallo, General Accounting Supervisor, stated that the Retirement Fund could provide the dollar amount as the breakdown is not provided.

VII. INVESTMENT COMMITTEE REPORT

Vice-Chairman Wilfred Leon Guerrero reported that the Investment Committee meeting was held on August 14, 2009. The Committee reviewed and approved the Investment Committee Minutes of July 10, 2009. Vice-Chairman Leon Guerrero also stated that the quarterly performance meeting for June 30, 2009 was held on August 27, 2009.

Vice-Chairman Leon Guerrero stated that the following were approved for Board action:

1. Treasury Inflation Protected Securities (TIPS) Fund – Vice-Chairman Leon Guerrero stated that Mr. Dennison provided an overview of TIPS and recommended that an actively managed TIPS fund be added to the menu of investment options offered to the Defined Contribution (DC) and 457 Plan participants. Vice-Chairman Leon Guerrero stated that the Investment Committee recommends adding an actively managed TIPS fund to the DC and 457 Plan. If approved, Mercer is to perform the search for the TIPS fund.

Vice-Chairman Wilfred Leon Guerrero seconded by Secretary Antolina Leon Guerrero, moved to approve that the Treasury Inflation Protected Securities (TIPS) Fund be added to the menu of investment options offered to the Defined contribution and 457 Plan participants. Without objection, the motion passed.

2. Target Date Fund – Vice-Chairman Leon Guerrero stated that Mr. Dennison provided an overview of Target Date Funds and recommended that the Retirement Fund implement Target Date Funds to replace the existing Target Risk Funds. Vice-Chairman Leon Guerrero stated that the Investment Committee recommends replacing the Target Risk Funds with Target Date Fund.

Mr. Perez made a comment on the Target Date Fund. Mr. Perez stated that mapping by age will not be able to be done this year. Vice-Chairman Leon Guerrero asked when. Mr. Perez replied, “Next year.” Vice-Chairman Leon Guerrero stated that his recommendation was for Mercer to perform a search. Chairman San Agustin asked when the search will be completed. Mr. Dennison replied, “November or December, 2009.” Mr. Dennison suggested asking Mr. Perez to find out when next year and maybe hold-off on making a change to the fund until it could be mapped properly. Chairman San Agustin asked Mr. Perez to find out the date. Mr. Perez stated that he will check on the date. Mr. Perez stated that he will get the deadline by the next Board meeting. Secretary Antolina Leon Guerrero stated that it could be done individually and not by mass. Mr. Perez stated that he will set a more definite time frame by the next Board meeting. Mr. Dennison stated that the TIPS search will continue. Treasurer Cruz inquired about the notice requirements. Mr. Perez stated that the participants will be notified. Treasurer Cruz stated that the conservative will now be our default.

Vice-Chairman Leon Guerrero stated that there are two separate recommendations. Mr. Dennison stated that the TIPS fund search could be implemented. Mr. Dennison stated that if the mapping for Target Date Fund is going to take more than six months, then he recommends holding off on search for Target Date funds. Vice-Chairman Leon Guerrero recommended authorizing the search with the provision not to do it right away.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve to replace the Target Risk Funds with the Target Date Funds which will be offered at an appropriate time and that it will be appropriately implemented. Without objection, the motion passed.

Vice-Chairman Leon Guerrero reported on the following informational item:

1. Investment Committee Goals and Objectives – Vice-Chairman Leon Guerrero stated that in determining what the Investment Committee would like to accomplish over the next five years, the following Goals and Objectives were set:

- A. Re-assess Viability of Current DC Plan by:
 - a. Working collaboratively with the Members and Benefits Committee to assess possible DB/DC Plan Hybrid Options.
 - b. Review the current list of DC Plan Investment Options.

Vice-Chairman Leon Guerrero stated that the aforementioned goals and objectives were discussed with Mr. Dennison. Vice-Chairman Leon Guerrero stated that Mr. Dennison noted that the list of DC Plan options will be reviewed quarterly. Vice-Chairman Leon Guerrero stated that an Item c was added: "Consider Increasing the Contribution Rate."

VIII. OLD BUSINESS

A. Contribution Report – July 2009

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

Mr. Perez's report shows that the DC Plan has 6,292 participants with a total contribution amount of \$865,115.16. The Deferred Compensation Plan (457) has 819 participants with a total contribution amount of \$96,189.96.

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 Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, and without objection, the meeting was adjourned at 1:06 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 28, 2009 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 25, 2009.



Antolina S. Leon Guerrero, Board Secretary

RECORDING SECRETARY:



Jackie Blas