



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
 STABILITY · SECURITY · REWARDS

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Friday, March 26, 2010, 12:00 p.m.  
 Retirement Fund Conference Room

**MINUTES**

Felix P. Camacho  
 Governor

Michael W. Cruz, M.D.  
 Lieutenant Governor

Paula M. Blas  
 Director

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

**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 12:21 p.m. Friday, March 26, 2010, 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  
 Wilfred G. Aflague, Trustee  
 George A. Santos, Trustee

**Board of Trustees Absent:**

Gerard A. Cruz, Treasurer (*Off-Island*)  
 Katherine T.E. Taitano, Trustee

**Staff Present:**

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

**Public Present:**

Chris Budasi, Senator Ben Pangelinan's Office  
 Terry Dennison, Mercer Investment Consulting, Inc.

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. February 26, 2010 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of February 26, 2010 Regular Meeting were approved, subject to corrections. Motion passed.

## III. CORRESPONDENCE

None

## IV. INFORMATIONAL ITEMS

None

## V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. **Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives** – Director Paula Blas stated that in response to addressing the need to provide a reliable type of benefit for DC participants, Milliman Consulting, Inc. (Milliman), the Retirement Fund's actuary, provided plan alternatives for the Board to consider. Richard Wright of Milliman presented the alternatives on March 11, 2010 to the Retirement Fund Board, the Executive and Legislative branches, the Public Auditor, Attorney General, and other stakeholders. Director Blas stated that the details of the DB/DC alternative plan designs are attached for the Board's review. Director Blas suggested creating a smaller group to include the Board of Trustees, Legislature, Governor's Office and BBMR. Chairman San Agustin recommended having Trustee George Santos chair this panel. Trustee Santos accepted. Chairman San Agustin referred this item to the Members and Benefits (M&B) Committee to come up with a recommendation to the Board by April 2010 and that legislation should be submitted by June 2010.

2. **Investment Fund Options** – Director Blas stated that at the December 18, 2009 Board meeting, the Board approved adding the BlackRock TIPS Fund and the Barclays Global Investors Target Date Funds, now known as the BlackRock LifePath Funds, to the 401(a) DC and 457 Plans. The Target Date Funds will also serve as the Default Fund. Director Blas stated that notification to participants will take place at least 60 days prior to implementation. Full implementation will take place on April 14, 2010.

3. **Third Party Administrator (TPA) Annual Review** – Director Blas stated that the annual review for Great-West Retirement Services (Great-West) was held on March 24, 2010.

4. **Administrative Services Corporation (ASC) Protest Appeal** – Director Blas stated that on October 29, 2009, ASC filed an appeal with the Office of Public Accountability (OPA) in reference to the Retirement Fund's contract award to Great-West. Director Blas stated that the formal hearing was concluded on January 13, 2010. The OPA issued her decision on March 1, 2010 denying ASC's appeal. The OPA's decision is attached.

## Financial Report

1. **Contributions** – Director Blas stated that as of March 23, 2010, Guam Memorial Hospital Authority (GMHA) has not remitted contributions for pay period ending February 27, 2010. All other agencies are current with their Fiscal Year 2010 employee and employer contributions. Director Blas stated that a letter was sent to GMHA on March 23, 2010 regarding their late contributions. A copy of the letter was given the Chairman San Agustin. Secretary Antolina Leon Guerrero asked whether this is the first written notice given to GMHA. Director Blas replied, “Yes.” Director Blas stated that the delinquency prevents GMHA employees from retiring. Three employees have expressed their intent to retire and one is applying for disability retirement. Chairman San Agustin reiterated that the Retirement Fund will not accept the applications. Controller Diana Bernardo stated that as of March 25, 2010, GMHA has paid the DC contributions but has not paid the DB portion. Chairman San Agustin asked why GMHA is prompt in their DC payments. Is there a federal law? Director Blas stated that there is a stronger penalty on the DC Plan. Mike Perez of Great-West stated that there is a certain time to make payment. Trustee Wilfred Aflague stated that it maybe because DC has a smaller contribution amount than DB.

2. **Financial Statements** – Director Blas stated that the books for the month ending February 2010 were closed on March 18, 2010.

## **VI. THIRD PARTY ADMINISTRATOR’S REPORT**

### **A. Contribution Report – February 2010**

Director Blas stated that Mr. Perez of Great-West has provided, at this meeting, the TPA Report for the month ending February 28, 2010 on the Defined Contribution (DC) Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Mr. Perez stated that their annual review was conducted on March 24, 2010. Mr. Perez reported that plan assets and participants’ assets are lower. The plan is 15 years old. The 457 Plan participants are lower on Guam than the states. Mr. Perez asked whether the Board’s recommendation is to increase participation. Mr. Perez stated that he would like to implement an auto enrollment for the 457 Plan which will make all new employees automatically enrolled in the 457 Plan. Chairman San Agustin asked what the condition of the DC Plan is now. Mr. Perez stated that there is 8.52% participation. The larger states have 32% participation. There is a 9% average growth rate. Mr. Perez stated that he recommends that the Board look at implementing automatic enrollment. Chairman San Agustin asked why employees are not participating in the 457 Plan. Mr. Perez stated that the lump sum distribution is high and hardship. The employees are using their retirement funds. Guam is not a culture of saving. Secretary Leon Guerrero asked whether Mr. Perez’s recommendation is for the Board to look at options for which employees will participate in the 457 Plan. Mr. Perez stated that Great-West is looking at providing lifetime benefits for DC employees.

Mr. Perez reported that the 401(a) Plan has 9,737 active participants, with a balance. There are 7,043 active participants contributing. The percentage of active participants contributing is 72%.

Mr. Perez further reported that there were 16 new employee meetings with 215 participants. Chairman San Agustin asked whether the Guam Fire Department (GFD) is still declining station visits for their new employees. Mr. Perez replied, “Yes.” Mr. Perez stated that detailed information have been mailed to the 140 GFD participants. Chairman San Agustin inquired about the Attorney General’s Office. Mr. Perez stated that they’ve made several attempts but there is still no response. Secretary Leon Guerrero asked whether letters were sent to their employees. Mr. Perez replied, “Yes.”

Vice-Chairman Wilfred Leon Guerrero pointed out that Great-West is complying with the investment options offered to the DC employees.

## **VII. INVESTMENT COMMITTEE REPORT**

Vice-Chairman Leon Guerrero reported that on March 24 and 25, 2010, the Investment Committee held its performance review meeting for the quarter ending December 31, 2009. The Committee also held an annual review of its Third Party Administrator (TPA).

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

- 1. *Quarterly Performance Meeting*** – Vice-Chairman Leon Guerrero stated that Mr. Terry Dennison of Mercer Investment Consulting, Inc. (Mercer) provided an overview of the DC Plan's September 30, 2009 quarterly investment performance. Vice-Chairman Leon Guerrero stated that Mr. Dennison indicated that Mercer has no recommendations for changes to the investment options offered to plan participants.
- 2. *Annual Review of Third Party Administrator (TPA)*** - Vice-Chairman Leon Guerrero reported that Kent Morris, Vice- President, and Mike Perez, Regional Director, of Great-West Retirement Services (Great-West) provided an overview for 2009 and discussed Great-West's objectives for 2010.
- 3. *Minutes*** - Vice-Chairman Leon Guerrero reported that the Committee reviewed and approved the February 19, 2010 Investment Committee Minutes.
- 4. *Performance Meeting for the Quarter Ending March 31, 2010 and Annual Manager Review*** – Vice-Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is scheduled for May 27 and 28, 2010.

## **VIII. OLD BUSINESS**

None

## **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 Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 12:54 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 26, 2010 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on April 30, 2010.**



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**ANTOLINA S. LEON GUERRERO, Board Secretary**

**RECORDING SECRETARY:**



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**Jackie Blas**