



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 28, 2010, 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 12:10 p.m. Friday, May 28, 2010, in the Retirement Fund Conference Room. Acting Chairman Gerard A. Cruz officiated.

Board of Trustees Present:

Gerard A. Cruz, Acting Chairman
 Antolina S. Leon Guerrero, Secretary
 Wilfred G. Aflague, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Joe T. San Agustin, Chairman (*Off-Island*)
 Wilfred P. Leon Guerrero, Vice-Chairman*
 (*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 and Alice Taijeron, Great-West Retirement Services

** Vice-Chairman Wilfred Leon Guerrero participated via conference call.*

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. April 30, 2010 Regular Meeting

On motion of Secretary Antolina Leon Guerrero, seconded by Trustee George Santos, and without objection, the Minutes of April 30, 2010 Regular Meeting were approved, subject to corrections. Motion unanimously 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 the Members and Benefits (M&B) Committee, in collaboration with members from the Legislature and the Retirement Fund's Legal Counsel, held a working session on May 11, 2010 to discuss the retirement plan alternatives. Director Blas stated that the Committee decided to sample survey the DC participants to assess their understanding of their DC plan retirement benefits and participants' willingness to contribute more of their salary towards a DB plan retirement benefit. Director Blas stated that the survey will take place during the months of June and July 2010.

Financial Report

1. *Contributions* - Director Blas stated that as of May 26, 2010, all agencies are current, including Guam Memorial Hospital Authority (GMHA), with their Fiscal Year 2010 employee and employer contributions.

2. *Financial Statement* - Director Blas stated that the books for month ending April 2010 were closed on May 19, 2010.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – April 2010

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 April 30, 2010 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Mr. Perez reported that the 401(a) Plan had total assets of \$214,991,517.13 as of April 30, 2010. There was an asset change of \$3,306,468.43 or a percentage change of 1.56% from March 31, 2010. The 457(b) Plan had total assets of \$16,699,373.43 as of March 31, 2010. The asset change was \$457,915.66 or a percentage change of 2.82% from February 28, 2010.

Mr. Perez stated that the total contribution amount in the 401(a) Plan was \$2,112,064.92. The 457(b) Plan had a contribution amount of \$329,476.84.

Mr. Perez reported on participant statistics:

401(a) Plan

| | |
|---|-------|
| Active Participants (with a balance) | 9,771 |
| Contributing Participants | 6,949 |
| Percent of Active Participants Contributing | 71% |
| Full Withdrawals | 50 |
| Financial Hardships | 12 |
| First Contributions (New) | 37 |

457(b) Plan

| | |
|---|-------|
| Active Participants (with a balance) | 1,163 |
| Contributing Participants | 869 |
| Percent of Active Participants Contributing | 75% |
| Full Withdrawals | 4 |
| Outstanding Loans | 208 |
| New Loans Processed | 13 |
| First Contributions (New) | 12 |

Mr. Perez reported that the total disbursement in the 401(a) Plan was \$788,871.73. The largest disbursement was "Payment to Self" in the amount of \$688,555.10. The 457(b) Plan's total disbursement was \$99,532.26. The largest disbursement was "Loan" in the amount of \$81,309.35.

Mr. Perez stated that Great-West conducted fourteen employee meetings with a total of 34 attendees.

Mr. Perez reported that the total calculated profile revenue was \$55,471.93 as of March 31, 2009 and \$117,084.75 as of March 31, 2010.

Trustee Wilfred Aflague asked whether an employee is considered active if he/she leaves the Government of Guam and does not withdraw his/her contributions. Mr. Perez replied, "Yes."

Director Blas indicated that today is Mr. Perez's last day. The Board of Trustees thanked Mr. Perez and wished him good luck.

VII. INVESTMENT COMMITTEE REPORT

Acting Chairman Cruz reported that the Investment Committee meeting was held on May 14, 2010. The Committee reviewed and approved the Investment Committee Minutes of April 9, 2010.

Acting Chairman Cruz stated that on May 27, 2010 the Investment Committee held its performance review meeting for the quarter ended March 31, 2010. Mr. Terry Dennison of Mercer Investment Consulting, Inc. (Mercer) provided an overview of the DC Plan's March 31, 2010 Quarterly Investment Performance. Mr. Dennison stated that Dodge & Cox has improved but Mercer is recommending that they remain on the watch list for at least one more quarter.

Mr. Dennison recommended the following:

1. The Board should ask Great-West if the Thornburg International Value Fund R3 can be replaced with a less expensive share class within the Thornburg Fund. Although the returns for the Thornburg Fund are relatively high, the net expense is .90%.

Mr. Dennison stated that Thornburg has a high expense ratio. There are three share classes. One share class has an expense ratio of 2.14% which is about 90 basis points, nine tenths of one percent above the median fund expense ratio in that particular category. Mr. Dennison stated that they suggested that the Board ask Great-West, in light of the \$11 Million plus dollars in that fund, if there is a cheaper share class available with that level of assets. While international is a relatively more expensive asset class and generally has a higher expense ratio, that 90 basis points difference from the median expense ratio is something that needs to be looked at.

Acting Chairman Cruz stated that the Investment Committee is requesting that Great-West see if they could change the share class for Thornburg to a more affordable share class. Mr. Perez stated that Great-West will look into this matter.

2. Given the continued poor performance of the Pioneer Emerging Markets Fund, the Board should perform a search for a replacement fund.

Mr. Dennison stated that Mercer recommends conducting a search to replace Pioneer. Mr. Dennison stated that the search should be completed in time for consideration before the July Board meeting.

Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to approve to have Mercer Investment Consulting, Inc. perform a search for a replacement fund for Pioneer Emerging Markets Fund. Without objection, the motion unanimously passed.

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 12:25 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 28, 2010 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 25, 2010.

AShGuerrero

ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:

Jackie Blas

Jackie Blas