

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, June 25, 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 12:20 p.m. Friday, June 25, 2010, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

**Board of Trustees Present:**

Joe T. San Agustin, Chairman  
 Gerard A. Cruz, Treasurer  
 Wilfred G. Aflague, Trustee  
 George A. Santos, Trustee  
 Katherine T.E. Taitano, Trustee (12:40 p.m.)

**Board of Trustees Absent:**

Wilfred P. Leon Guerrero, Vice-Chairman  
 (Off-Island)  
 Antolina S. Leon Guerrero, Secretary  
 (Off-Island)

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Rosalia Bordallo, General Accounting Supervisor  
 Jackie Blas, Recording Secretary  
 Alice Taijeron and Melanie Mendiola, Great-West Retirement Services

**Public Present:**

Danielle Quenga & Nick Delgado, KUAM

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. May 28, 2010 Regular Meeting

Chairman San Agustin inquired about the status of Pioneer Emerging Market. Treasurer Gerard Cruz stated that the requested changes on the mandates will be discussed during the August 2010 due diligence meeting at which time Terry Dennison of Mercer Investment Consulting, Inc. (Mercer) will present some options for replacement. Chairman San Agustin asked whether the Board felt that the administrative expenses are very high. Director Paula Blas replied, "Yes." Director Blas stated that Mr. Dennison suggested for Management to ask Great-West Retirement Services (Great-West) to look at the other share classes within the Thornburg Funds to see whether there were any other funds that had a less expensive expense ratio. Director Blas stated that this will also be discussed during the August 2010 due diligence meeting.

**On motion of Trustee George Santos, seconded by Treasurer Gerard Cruz, and without objection, the Minutes of May 28, 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 Blas stated that the Members and Benefits (M&B) Committee along with members from the Legislature and the Retirement Fund's Legal Counsel met to discuss the retirement plan alternatives. Prior to entertaining any decision, the M&B Committee decided to survey the DC participants to assess their understanding of their DC plan retirement benefits and participants' willingness to contribute more towards a DB plan retirement benefit.

Director Blas stated that the attached draft survey is being reviewed by the Retirement Fund staff and Legal Counsel prior to distribution to the DC participants. Director Blas stated that due to the school year beginning in August, the Retirement Fund will issue the survey for the Department of Education (DOE) employees during the month of August 2010 and the rest of the other departments during the month of July 2010. Chairman San Agustin asked who prepared the initial draft survey. Director Blas stated that the draft was prepared by Great-West and the Retirement Fund. The draft will be again reviewed by Retirement Fund staff and Legal Counsel. Trustee Wilfred Aflague stated that the draft does not include the question of the participant's desire to move from DC to a Hybrid Plan. Director Blas stated that one of the questions asked is whether the participant is satisfied with the contribution amount. Chairman San Agustin stated that the questions are posed on Nos. 10, 11, and 12 of the draft survey. Director Blas stated that instead of trying to explain the whole hybrid process, those questions are asked.

Treasurer Cruz stated that what the participants will be getting must be explained in detail. Chairman San Agustin stated that the survey should include what benefits the participants will get if they increased their contribution. Treasurer Cruz stated that a number of participants will think that the DC

Plan will be like the DB Plan when they retire. Chairman San Agustin stated that when the participants do retire, they are now finding out that it is not what they thought it would be. Director Blas stated that this is a rough draft. Trustee Aflague asked what happens after the draft has been finalized. Director Blas stated that she will then work with Milliman Consulting, Inc.'s (Milliman's) plan alternatives. Director Blas stated that as the draft gets closer to finalization, she will provide copies for the Board's review. Chairman San Agustin asked who will conduct the survey. Director Blas stated that the Retirement Fund will conduct the survey on site.

### **Financial Report**

**1. Contributions** - Director Blas stated that as of June 23, 2010, all agencies, except Guam Memorial Hospital (GMHA), are current with their Fiscal Year 2010 employee and employer contributions. Director Blas stated that GMHA is behind for pay period ending June 5, 2010 which was due on June 18, 2010. The amount due is \$117,000.00 for the DC Plan and \$2.2 Million for the DB Plan. Trustee Aflague mentioned that he was informed on June 15, 2010 that payment of \$200,000.00 was made. Controller Diana Bernardo stated that the \$200,000.00 was received on June 17, 2010. Director Blas stated that payment was applied to the accrued interest and penalty first and then to the oldest receivable.

**2. Financial Statement** - Director Blas stated that the books for month ending May 2010 were closed on June 17, 2010.

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

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

Director Blas stated that Alice Taijeron of Great-West has provided, at this meeting, the TPA Report for the month ending May 31, 2010 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron reported that the 401(a) Plan had total contributions of \$1,530,529.61 as of May 31, 2010. There was an asset change of (\$178,247.86) or a percentage change of -10.43% from April 30, 2010. This is due to the market decline. The 457(b) Plan had total contributions of \$227,583.08 as of May 31, 2010. There was an asset change of (\$101,893.76) or a percentage change of -30.93% from April 30, 2010.

Ms. Taijeron reported that the 401(a) Plan had total assets of \$197,877,348.92 as of May 31, 2010. There was an asset change of (\$17,114,168.21) or a percentage change of -7.96% from April 30, 2010. The 457(b) Plan had total assets of \$15,941,474.30 as of May 31, 2010. The asset change was (\$760,488.93) or a percentage change of -4.55% from April 30, 2010. Chairman San Agustin asked whether this is market value or book value. Ms. Taijeron stated that it is market value. Treasurer Cruz asked whether there was a \$17 Million decrease. Ms. Taijeron replied, "Yes." Director Blas stated that the asset summary is not necessarily just the market, it could be distributions. Treasurer Cruz inquired about the Stable Return Premier Fund with a -32.01% change. Ms. Taijeron stated that it is a Stable Value Fund. Ms. Taijeron stated that they have been seeing fund to fund transfers. Chairman San Agustin stated that there is a need for a better explanation. Director Blas suggested a breakdown of whether it is a distribution or reallocation.

Ms. Taijeron reported that there are 100 new participants. Ms. Taijeron stated that there is a decrease in financial hardship withdrawals. Chairman San Agustin asked what is the contributing factor of the decrease in hardships. Ms. Taijeron stated that it's probably from limiting the number of times the participant could apply for hardship. Ms. Taijeron stated that there is a slight increase in the 457 Plan enrollment. Ms. Taijeron stated that letters were sent with follow-up calls and email to the Human Resources personnel regarding the employee meetings. Trustee Aflague inquired about the Guam Fire Department (GFD). Ms. Taijeron stated that they have not heard from GFD. Chairman San Agustin stated that he would like to see it in writing when the departments refuse to have their new employees attend the employee meetings conducted by Great-West. Ms. Taijeron stated that she will work with the agencies.

Ms. Taijeron introduced Ms. Melanie Mendiola, Great-West's Account Executive. The Board welcomed Ms. Mendiola.

## **VII. INVESTMENT COMMITTEE REPORT**

Treasurer Cruz reported that the Investment Committee meeting was held on June 11, 2010. The Committee reviewed and approved the Investment Committee Minutes of May 14, 2010. Treasurer Cruz stated that the Investment Committee is waiting on the potential replacement of the Thornburg International Value Fund R3 with a less expensive share class within the Thornburg Fund and the replacement of Pioneer in the emerging markets.

On a separate matter, Chairman San Agustin asked whether participants are retiring on the DC Plan. Treasurer Cruz replied, "Yes." Guam Police Department's (GPD's) Legal Counsel retired on the DC Plan. Director Blas stated that there are some participants that do elect to retire once they reach age 55. Chairman San Agustin stated that the TPA report does not show the movement of the participants. Director Blas stated that the TPA report shows pension of the participants that actually retired. Chairman San Agustin stated that it does not show the actual count of how many participants retired on the DC Plan. Director Blas stated that she will let Ms. Taijeron know to include the count of actual retirees.

Chairman San Agustin also inquired about disability retirement on the DC Plan. Chairman San Agustin stated that the DC disability retirees funded by Standard Insurance and the General Fund should be reviewed. Director Blas stated that this will be included in the due diligence meeting scheduled for August 2010.

## **VIII. OLD BUSINESS**

None

## **IX. NEW BUSINESS**

None

## **X. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

**XI. ANNOUNCEMENTS**

None

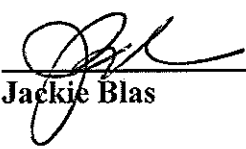
**XII. ADJOURNMENT**

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Trustee Katherine Taitano, and without objection, the meeting was adjourned at 12:55 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 25, 2010 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 30, 2010.

  
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WILFRED G. AFLAGUE, Acting Board Secretary

**RECORDING SECRETARY:**

  
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Jackie Blas