

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, September 24, 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 12:30 p.m. Friday, September 24, 2010, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

**Board of Trustees Present:**

Joe T. San Agustin, Chairman  
Antolina S. Leon Guerrero, Secretary  
Gerard A. Cruz, Treasurer  
Wilfred G. Aflague, Trustee  
George A. Santos, Trustee

**Board of Trustees Absent:**

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  
Alice Taijeron, Great-West Retirement Services

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. August 27, 2010 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of August 27, 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 survey is currently being conducted by Great-West Retirement Services (Great-West) and Retirement Fund Staff. The survey will continue throughout the month of September 2010. The results of the survey, up through September 30, 2010, will be placed in the analysis. Chairman San Agustin inquired about legislation. Director Blas stated that legislation is contingent upon what the Board's recommendation is going to be. Director Blas stated that the Members and Benefits (M&B) Committee is requesting for the results of the survey by their October Committee meeting.

### Financial Report

1. *Contributions* – Director Blas stated that as of September 21, 2010, all agencies, except Guam Memorial Hospital Authority (GMHA), are current with their Fiscal Year 2010 employee and employer contributions. Director Blas stated that GMHA has not remitted their contributions for pay period ending August 28, 2010. Secretary Antolina Leon Guerrero inquired as to when letters are sent to agencies that are behind. Director Blas stated that a letter is sent when an agency is two pay periods behind.

2. *Financial Statements* – Director Blas stated that the books for the month ending August 2010 were closed on September 15, 2010.

## VI. THIRD PARTY ADMINISTRATOR'S REPORT

### A. Contribution Report – August 2010

Director Blas stated that Alice Taijeron of Great-West has provided, at this meeting, the TPA Report for the month ending August 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 assets of \$201,788,353.56 as of August 31, 2010. There was an asset change of (\$3,987,272.74) or a percentage change of -1.94% from July 31, 2010. The 457(b) Plan had total assets of \$16,352,864.83 as of August 31, 2010. The asset change was (\$323,751.75) or a percentage change of -1.94% from July 31, 2010.

Ms. Taijeron reported that the 401(a) Plan had total contributions of \$2,114,055.53 as of August 31, 2010. There was an asset change of \$120,780.44 or a percentage change of 6.06% from July 31, 2010.

The 457(b) Plan had total contributions of \$279,696.92 as of August 31, 2010. There was an asset change of \$55,246.75 or a percentage change of 24.61% from July 31, 2010.

Chairman San Agustin inquired about the amendment passed by the U.S. House of Representatives regarding 457 Roth. Ms. Tajeron stated that she has not read the amendment. Chairman San Agustin was wondering what the impact would be. Director Blas stated that the Retirement Fund has the 457(b) Plan which is a government-sponsored plan and the 457 Roth is governed by ERISA. Trustee George Santos stated that the legislation is trying to make it allowable for the 401(a) Plan to use.

Ms. Tajeron reported on participant statistics:

**401(a) Plan**

Active Participants with a Balance	9,822
Active Participants Contributing	6,459
Percent of Active Participants Contributing	66%
Full Withdrawals	51
Financial Hardships	6
First Contributions (New)	85
Participants on Disability	45
Total Retiree Count (as of August 31, 2010)	299
Retiree Breakdown:	
01/01/1998 – 12/31/2008	235
01/01/2009 – 12/31/2009	34
01/01/2010 – 07/31/2010	25
08/01/2010 – 08/31/2010	5

**457(b) Plan**

Active Participants with a Balance	1,202
Active Participants Contributing	882
Percent of Active Participants Contributing	73%
Full Withdrawals	4
Outstanding Loans	226
New Loans Processed	21
First Contributions (New)	18

Chairman San Agustin asked what the duration of the 10 participants on periodic payments. Ms. Tajeron stated that the participants have the option for quarterly or annually payments. Chairman San Agustin stated that there should be a chart on the trend of distributions. Ms. Tajeron stated that she will prepare a chart. Rosalia Bordallo, General Accounting Supervisor, asked what the \$6,573.04 represents. Ms. Tajeron stated that it is cumulative for the 10 retirees for the month of August only.

**Hybrid Plan** - Secretary Leon Guerrero stated that what Chairman San Agustin is looking at is to find data to support the Board's effort of the hybrid plan. Ms. Tajeron stated that she will get the numbers together. Ms. Tajeron stated that the survey is still being conducted and will conclude on September 30, 2010. Treasurer Gerard Cruz stated that the Board will have to make the best decision notwithstanding the results of the survey. Chairman San Agustin stated that the Board exercised its fiduciary responsibility by exercising due diligence in seeking the participants input. Trustee Wilfred

Aflague suggested going through the media to present the issues. Director Blas stated that she will go through the media if we know what direction we are taking this to. Secretary Leon Guerrero stated that we need to come up with an educational plan. We need to figure out how to get the message out once we've figured out what we are going to do. Director Blas stated that once we come up with an alternative that we want to present, that is when we will actually be pushing it. Ms. Taijeron stated that the members are confused with the options that are being provided.

***Elimination of Dodge & Cox / Change of Thornburg International Value Fund R3 Class*** - Ms. Taijeron stated that the Board wanted action to become effective on December 31, 2010. Ms. Taijeron stated that Great-West is requesting to change the effective date to December 29, 2010 since December 31, 2010 is a holiday.

**Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to approve to change the effective date of the elimination of Dodge and Cox and the change of Thornburg International Value Fund R3 Class from December 31, 2010 to December 29, 2010. Without objection, the motion unanimously passed.**

***Secured Foundation*** – Ms. Taijeron stated that the Secured Foundation allows the participants, 10 years prior to retirement, to elect to apply their contributions towards an annuity with a guaranteed minimum benefit regardless of the account balance or the market situation. Ms. Taijeron stated that when the market goes down, the participant does not suffer the market loss. When the market goes up, the participant has access to the extra amount. Chairman San Agustin asked whether this is a program for employees. Ms. Taijeron replied, “Yes.” Ms. Taijeron stated that this is something the Board may want to include as an investment option. Chairman San Agustin stated that he would like to see the packet on Secured Foundation. Ms. Taijeron stated that she will get the information together for the Board’s review.

## **VII. INVESTMENT COMMITTEE REPORT**

Treasurer Gerard Cruz reported that the Investment Committee meeting was held on September 10, 2010. The Committee reviewed and approved the Investment Committee Minutes of August 13, 2010 and the Due Diligence Meeting (For Quarter Ended March 31, 2010) Minutes of May 27, 2010.

## **VIII. OLD BUSINESS**

None

## **IX. NEW BUSINESS**

None

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

***Hay Study*** – Trustee Leon Guerrero asked whether the Hay Study is going to be implemented by October 1, 2010. Director Blas stated that the Hay Study is supposed to be effective October 1, 2010 but, there are steps that need to be taken in order for it to be implemented. Chairman San Agustin stated that the Legislature is talking about implementing the Hay Study to pay for the increase in health insurance premiums. Secretary Leon Guerrero asked whether the Retirement Fund staff would have to wait until the Hay Study is implemented Government-wide. Director Blas replied, “Yes.” Chairman

San Agustin asked why. Director Blas stated that the Retirement Fund does not have personnel autonomy to come up with its own procedures. The Retirement Fund is adhering to the Department of Administration's rules and regulations. Secretary Leon Guerrero asked whether the Retirement Fund has the funding for the Hay Study. Director Blas replied, "Yes." Mrs. Bordallo stated that she thought the Board has the authority. Director Blas stated that she is waiting for the implementation procedures which have not been finalized yet. Director Blas stated that the Retirement Fund does not have the authority to come up with its own implementation procedures.

**XI. ANNOUNCEMENTS**

None

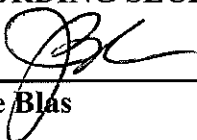
**XII. ADJOURNMENT**

**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 1:20 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 24, 2010 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 29, 2010.**

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

**RECORDING SECRETARY:**

  
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**Jackie Blas**