



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

BOARD OF TRUSTEES

Regular Meeting

Friday, October 29, 2010, 12:00 p.m.
 Retirement Fund Conference Room

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

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 12:25 p.m. Friday, October 29, 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

Legal Counsel Present:

Joanne Grimes, Carlsmith Ball LLP

Public Present:

Mark Heath, Metropolitan West Capital Management
 Lannie Walker, KUAM

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 24, 2010 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of September 24, 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 conducted by Great-West Retirement Services (Great-West) and Retirement Fund Staff officially ended on September 30, 2010. The results of the survey as of September 30, 2010 are attached. Director Blas stated that the Retirement Fund will continue to allow employees to submit comments throughout the month of October and November 2010. Director Blas stated that the Committee will meet on November 10, 2010 to discuss the results.

2. *Secure Foundation* – Director Blas stated that Secure Foundation is a Great-West product. It provides a source of retirement income for life. Director Blas stated that Secure Foundation offers two Investment Options: 1) Maxim Secure Foundation Lifetime Portfolio, and 2) Maxim Secure Foundation Balanced Portfolio. Director Blas stated that Great-West will provide additional detailed information on this product under the Third Party Administrator's (TPA) Report.

Financial Report

1. *Contributions* – Director Blas stated that as of October 27, 2010, Guam Memorial Hospital Authority (GMHA) has not remitted contributions for three pay periods. GMHA is \$1.6 Million in arrears. Director Blas stated that letters have been sent to GMHA as instructed by the Board at the last Board meeting. Treasurer Gerard Cruz asked whether the Retirement Fund is retiring GMHA employees. Director Blas replied, "No." Director Blas mentioned that a Request for Proposal (RFP) was issued twice by the Guam Economic Development Authority (GEDA) for a line of credit. GMHA was asking for a \$12 Million line of credit.

Director Blas stated that all other agencies are current with their Fiscal Year 2010 employee and employer contributions.

2. *Financial Statements* – Director Blas stated that the books for the month ending September 2010 will be closed on November 3rd and the books for Fiscal Year ending September 30, 2010 will be closed on November 4th.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – September 2010

Director Blas stated that Alice Tajjeron of Great-West has provided, at this meeting, the TPA Report for the month ending September 30, 2010 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Tajjeron reported that the 401(a) Plan had total assets of \$216,990,166.41 as of September 30, 2010. There was an asset change of \$15,201,812.85 or a percentage change of 7.53% from August 31, 2010. The 457(b) Plan had total assets of \$17,679,201.24 as of September 30, 2010. The asset change was \$1,326,336.41 or a percentage change of 8.11% from August 31, 2010.

Ms. Tajjeron reported that the 401(a) Plan had total contributions of \$2,406,455.09 as of September 30, 2010. There was an asset change of \$292,399.56 or a percentage change of 13.83% from August 31, 2010. The 457(b) Plan had total contributions of \$254,698.79 as of September 30, 2010. There was an asset change of (\$24,998.13) or a percentage change of -8.94% from August 31, 2010.

Ms. Tajjeron reported on participant statistics:

401(a) Plan

Active Participants with a Balance	10,524
Active Participants Contributing	7,190
Percent of Active Participants Contributing	72%
Full Withdrawals	70
Financial Hardships	6
First Contributions (New)	252
Participants on Disability	46
Total Retiree Count (as of September 30, 2010)	301
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
09/01/2010 – 09/30/2010	2

457(b) Plan

Active Participants with a Balance	1,241
Active Participants Contributing	935
Percent of Active Participants Contributing	75%
Full Withdrawals	4
Outstanding Loans	226
New Loans Processed	6
First Contributions (New)	43

Ms. Taijeron reported that the total disbursement in the 401(a) Plan was \$804,971.50. The largest disbursement was "Payment to Self" in the amount of \$600,473.97. The next largest disbursement was "Direct Rollover to an IRA" in the amount of \$154,295.68. Ms. Taijeron stated that the total disbursement in the 457 Plan was \$44,639.12. The largest disbursement was "Direct Rollover to an IRA" in the amount of \$32,592.03.

Ms. Taijeron reported that members are discontinuing their contributions and at the same time getting new enrollments. Treasurer Cruz asked whether letters are sent to participants regarding the balanced fund. Ms. Taijeron replied, "Yes." Secretary Antolina Leon Guerrero inquired about the lump sum "Payment to Self." Ms. Taijeron stated that this is done every year or every six months, usually by teachers, as long as it is a separation from service. Ms. Taijeron stated that Great-West tries to encourage the members to keep their contributions in if they know they are returning back into government service.

Secure Foundation – Ms. Taijeron stated that she made a presentation of Secure Foundation to the Investment Committee and the Members and Benefits Committee. A copy of the brochure is attached for the Board to review and consider making Secure Foundation a part of the investment option line up. Ms. Taijeron stated that Secure Foundation is not just a product for Government of Guam. It is a product of Great-West and it is available to all their plans nation wide. The difference between Secure Foundation and the other products available to the participants is that Secure Foundation protects the participant when the market goes down. Secure Foundation also provides a retirement income for life. Ms. Taijeron stated that the issue discussed at the meetings is the accumulation in the contribution to the product. Chairman San Agustin asked whether this product will be offered to the participants voluntarily. Chairman San Agustin asked whether Great-West needs the Board to approve to add Secure Foundation to the investment menu. Ms. Taijeron replied, "Yes." Ms. Taijeron stated that once the Board approves to include Secure Foundation to the investment menu, Great-West will make it available to the participants.

Ms. Taijeron stated that at the Investment Committee meeting, Committee Acting Chairman Cruz requested to see if there are other options that Great-West could come up with in addition to the Secure Foundation to help address the Board's current strategic plan to enhance the DC Plan. Ms. Taijeron apologized for not having the requested information since Great-West will take a little more time to develop something and/or to see if there is anything out there that can be offered instead of the Hybrid Plan. Chairman San Agustin stated that the Hybrid Plan is going to require legislation. Chairman San Agustin stated that Secure Foundation could be made available to the participants without legislation. Chairman San Agustin pointed out that Secure Foundation will not require any contribution from the government. Treasurer Cruz stated that the Board still needs to consider increasing the 5.5% contribution rate. Secretary Leon Guerrero asked whether this is an option that will be considered during the November 10, 2010 meeting. Secretary Leon Guerrero asked whether marketing an option over others is appropriate. Director Blas stated that it is not appropriate. Director Blas stated that Great-West does not market one particular fund. Ms. Taijeron stated that Great-West will guide participants with other investment options available. Treasurer Cruz asked what the costs and expenses are. Ms. Taijeron stated that the cost will be borne by the participant. Ms. Taijeron stated that, on the Target Date Funds, there are no fees until ten (10) years prior to the maturity date. Ms. Taijeron stated that, if Secure Foundation is approved by the Board, notification letters will be sent to participants on or before November 1, 2010. Ms. Taijeron stated that notification will also be provided in the office and during meetings and seminars.

Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to approve to add Secure Foundation to the Retirement Fund's menu of investment options. Without object, the motion unanimously passed.

457 ROTH IRA – Ms. Taijeron mentioned that Trustee George Santos had inquired about the 457 ROTH IRA. Ms. Taijeron stated that the ROTH IRA will be made available next year.

VII. INVESTMENT COMMITTEE REPORT

Treasurer Cruz reported that the Investment Committee meeting was held on October 8, 2010. The Committee reviewed and approved the Investment Committee Minutes of September 10, 2010.

Informational Items:

1. *Secure Foundation* – Treasurer Cruz stated that Ms. Taijeron presented the Secure Foundation investment product offered by Great-West, noting that it offers two investment options. Treasurer Cruz stated that he requested that Great-West present an option that addresses what the Retirement Fund is currently trying to do with the Hybrid Plan so that the two options could be compared to determine whether the Secure Foundation is a better option instead of moving forward with the Hybrid Plan. Treasurer Cruz stated that Ms. Taijeron also made a presentation at the October 13, 2010 Members and Benefits (M&B) Committee meeting.

2. *Quarterly Performance Meeting* – Treasurer Cruz stated that the next Quarterly Performance Meeting (for quarter ended September 30, 2010) is scheduled for December 15, 16, and 17, 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 Treasurer Gerard Cruz, and without objection, the meeting was adjourned at 1:00 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 29, 2010 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 26, 2010.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas