



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Edward J.B. Calvo
 Governor

Raymond S. Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

BOARD OF TRUSTEES
Regular Meeting
 Friday, December 17, 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

James J. Taylor, Ph.D.
 Secretary
 Investment Committee, Vice-Chairman

MINUTES

DEFINED CONTRIBUTIONS

Gerard A. Cruz
 Treasurer
 Audit & Operations Committee,
 Chairman

George A. Santos
 Members' & Benefits Committee,
 Chairman

Katherine T.E. Taitano
 Trustee

Antolina S. Leon Guerrero
 Trustee

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 2:08 p.m. Friday, December 17, 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
- Gerard A. Cruz, Treasurer
- Wilfred G. Aflague, Trustee
- George A. Santos, Trustee
- Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

- Antolina S. Leon Guerrero, Secretary

Staff Present:

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

Public Present:

- Terry Dennison, Mercer Investment Consulting, Inc.
- A. Ricky Hernandez and Edison Manaloto, Senator Ben Pangelinan's Office of Finance & Budget

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 29, 2010 Regular Meeting

On motion of Trustee George Santos, seconded by Trustee Katherine Taitano, and without objection, the Minutes of November 29, 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 received the actuary's cost breakdown of the benefits to be offered and will present their findings to the Board during their regular meeting in January 2011.

Financial Report

1. *Contributions* – Director Blas stated that as of December 14, 2010, Guam Memorial Hospital Authority (GMHA) has not remitted contributions for four (4) pay periods totaling \$494,977.98. Director Blas stated that all other agencies are current with their Fiscal Year 2011 employee and employer contributions. Treasurer Gerard Cruz stated that he does not know how GMHA will get out of this. Terry Dennison of Mercer Consulting, Inc. (Mercer) stated that it is very dangerous that GMHA is not remitting the participants' contributions. Trustee Wilfred Aflague stated that this involves federal laws. Director Blas stated that she called the U.S. Department of Labor.

2. *Financial Statements* – Director Blas stated that the books for the month ending November 2010 will be closed on December 23, 2010.

3. *Fiscal Year 2010 Audit* - Director Blas stated that the audit for Fiscal Year Ending September 30, 2010 is ongoing. Final audit reports are scheduled to be issued no later than February 25, 2011.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – November 2010

Director Blas stated that Alice Taijeron of Great-West Retirement Services (Great-West) has provided, at this meeting, the TPA Report for the month ending November 30, 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 \$224,733,976.83 as of November 30, 2010. There was an asset change of \$292,848.72 or a percentage change of 0.13% from October 31, 2010. The 457(b) Plan had total assets of \$18,580,233.86 as of November 30, 2010. The asset change was \$247,918.39 or a percentage change of 1.35% from October 31, 2010.

Ms. Taijeron reported that the 401(a) Plan had total contributions of \$2,330,373.40 as of November 30, 2010. There was a contribution change of \$334,802.44 or a percentage change of 16.78% from October 31, 2010. The 457(b) Plan had total contributions of \$301,762.26 as of November 30, 2010. There was a contribution change of \$74,233.60 or a percentage change of 32.63% from October 31, 2010.

Ms. Taijeron reported on participant statistics:

401(a) Plan

Active Participants with a Balance	10,165
Active Participants Contributing	7,270
Percent of Active Participants Contributing	72%
Full Withdrawals	50
Financial Hardships	6
First Contributions (New)	115
Participants on Disability	48
Total Retiree Count (as of November 30, 2010)	306

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
10/01/2010 – 10/31/2010	4
11/01/2010 – 11/30/2010	1

457(b) Plan

Active Participants with a Balance	1,255
Active Participants Contributing	955
Percent of Active Participants Contributing	76%
Full Withdrawals	5
Outstanding Loans	225
New Loans Processed	16
First Contributions (New)	10

Ms. Taijeron indicated that she included a corrected version of the asset report of the error on last month's report. Vice-Chairman Leon Guerrero inquired about assets. Ms. Taijeron stated that it is \$224 Million. Vice-Chairman Leon Guerrero asked whether contributions are on time. Ms. Taijeron replied, "Not from GMHA." Vice-Chairman Leon Guerrero asked whether DC is treated differently from DB. Director Blas stated that DC is part of the Writ that was filed. Vice-Chairman Leon Guerrero stated that DC is under federal laws. Director Blas stated that the participants have legal rights on filing for any gains missed. Director Blas stated that she met with the Department of Labor. The U.S. Department of Labor does not have enough staff so they just asked GMHA to make payment. Mr. Dennison stated that this is not a Taft-Hartley Fund. Mr. Dennison asked what is the timeline on submitting contributions. Ms. Taijeron stated that it is at the end of a payday. Vice-Chairman Leon Guerrero asked who enforces this with the feds. Mr. Dennison stated that this is misappropriating

contributions from participants. Treasurer Cruz stated that the participants have to file suit. Vice-Chairman Leon Guerrero stated that the participants should be informed that their contributions are not being made. Mr. Dennison stated that the Department of Labor should seek remedy for payment for the participants. Chairman San Agustin asked what is the Board's responsibility. Mr. Dennison stated that he will ask Legal Counsel Joanne Grimes. Treasurer Cruz stated that it is the Board's responsibility to notify the participants. Chairman San Agustin stated that DC is included in the Writ. Vice-Chairman Leon Guerrero asked how many pay periods GMHA is behind. Director Blas replied, "Four pay periods." Trustee Aflague suggested having Director Blas contact Mr. Candoleta of the U.S. Department of Labor regarding this matter. Director Blas asked whether she would need to still inform the U.S. Department of Labor that GMHA is behind even if GMHA makes payment. Treasurer Cruz replied, "Yes." Ms. Taijeron stated that she will work with Director Blas on this.

Chairman San Agustin stated that he had requested for an employee distribution chart. Ms. Taijeron stated that she is working on the chart. Chairman San Agustin pointed out that the total employee disbursement was \$59,250.64 which is .3% of total assets for the month.

VII. INVESTMENT COMMITTEE REPORT

Vice-Chairman Leon Guerrero reported that the Investment Committee meeting was held on December 15, 2010 along with its Performance Review meeting for the quarter ended September 30, 2010 with Mr. Dennison of Mercer. The Committee reviewed and approved the Investment Committee Minutes of November 12, 2010. Vice-Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for March 24, and 25, 2011.

Vice-Chairman Leon Guerrero stated that the following items were approved for Board action:

- 1. American Funds AMCAP Fund R-4** – Mr. Dennison stated that he recommends that the Board perform a market check by doing a search for a potential replacement for American Funds AMCAP Fund R-4 (U.S. Large Cap Equity). Mr. Dennison noted that the American Funds AMCAP Fund is not performing badly, nor did any key personnel leave. However, they continue to accept new money into the fund, which will grow the fund to such levels that may negatively affect their ability to efficiently and effectively manage the Retirement Fund's portfolio. Treasurer Cruz stated that Mr. Dennison presented potential fund replacements for the Pioneer Emerging Markets Fund.

Vice-Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve that the Board of Trustees perform a market check by doing a search for a potential replacement for American Funds AMCAP Fund R-4. 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 Trustee Katherine Taitano, and without objection, the meeting was adjourned at 2:44 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 17, 2010 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 28, 2011.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas