



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, January 28, 2011, 12:00 p.m.
 Retirement Fund Conference Room

MINUTES

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

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, January 28, 2011, 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

Board of Trustees Absent:

Antolina S. Leon Guerrero, Secretary
 Katherine T.E. Taitano, Trustee
 (Off-Island)

Staff Present:

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

Legal Counsel Present:

Vince Camacho, Carlsmith Ball LLP

Public Present:

Ricky Hernandez, Senator Ben Pangelinan's Office of Finance and Budget

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. December 17, 2010 Regular Meeting

On motion of Trustee George Santos, seconded by Treasurer Gerard Cruz, and without objection, the Minutes of December 17, 2010 Regular Meeting were approved, subject to technical 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 be meeting with the other members from the Legislature and the Retirement Fund's Legal Counsel on February 2, 2011. The Committee is expected to present their recommendation to the Board during their regular meeting in February 2011.

Financial Report

1. *Contributions* – Director Blas stated that as of January 24, 2011, Guam Memorial Hospital Authority (GMHA) has not remitted contributions for seven (7) pay periods totaling \$871,858.93. Director Blas stated that all other agencies are current with their Fiscal Year 2011 employee and employer contributions. Director Blas stated that when she contacted the U.S. Department of Labor, she was informed that it would have to be the person harmed that would have to file a complaint. Treasurer Gerard Cruz asked whether the plan sponsor could file on behalf of the participants. Director Blas replied, "No." Director Blas stated that notice of non-payment was included in the December 2010 newsletter sent to all employees and retirees. Chairman San Agustin asked Director Blas to check whether the employer sent notices to the employees. Trustee George Santos recommended drafting a letter to the U.S. Department of Labor. Director Blas stated that she will send a letter out again. Chairman San Agustin stated that the Board has a fiduciary responsibility as Trustees. Treasurer Cruz asked whether the employees were informed of the losses. Vince Camacho, Retirement Fund's Legal Counsel, stated that it has been a practice of Great-West Retirement Services (Great-West) to send the participants letters notifying them of the loss. Chairman San Agustin asked how often the participants are notified. Alice Taijeron of Great-West stated that participants are notified quarterly. Ms. Taijeron stated that last quarter's statement would have shown that there were no contributions submitted. Vice-Chairman Wilfred Leon Guerrero stated that a letter to the participants should be sent informing them that their contributions are not being submitted. Ms. Taijeron stated that she will draft a letter for Director Blas' signature. Trustee Wilfred Aflague asked whether there is any positive indication from GMHA. Director Blas stated that a negotiation for a loan is currently at the Attorney General's Office.

2. *Financial Statements* – Director Blas stated that the books for the month ending December 2010 were closed on January 21, 2011.

3. *Fiscal Year 2010 Audit* - Director Blas stated that the audit for Fiscal Year Ending September 30, 2010 is ongoing. Director Blas stated that the Retirement Fund is in the process of providing the Office of Public Accountability (OPA) with the draft audit. Final audit reports are scheduled to be issued no later than February 25, 2011.

VI. THIRD PARTY ADMINISTRATOR’S REPORT

A. Contribution Report – December 2010

Director Blas stated that Ms. Taijeron provided, at this meeting, the TPA Report for the month ending December 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 \$236,140,490.17 as of December 31, 2010. There was an asset change of \$11,406,513.34 or a percentage change of 5.08% from November 30, 2010. The 457(b) Plan had total assets of \$19,514,518.93 as of December 31, 2010. The asset change was \$934,285.07 or a percentage change of 5.03% from November 30, 2010.

Ms. Taijeron reported that the 401(a) Plan had total contributions of \$1,863,594.27 as of December 31, 2010. There was a contribution change of (\$466,779.13) or a percentage change of -20.03% from November 30, 2010. The 457(b) Plan had total contributions of \$247,230.35 as of December 31, 2010. There was a contribution change of (\$54,531.91) or a percentage change of -18.07% from November 30, 2010.

Ms. Taijeron pointed out that the Dodge & Cox Balanced Fund has been discontinued and is mapped to the appropriate funds. Treasurer Cruz asked which fund is the default fund. Ms. Taijeron replied, “LifePath.” Treasurer Cruz asked what the average age of participants on the DC Plan is. Director Blas replied, “Thirty-six years old.” Rosalia Bordallo, General Accounting Supervisor, pointed out that to get 75% of salary (\$28-30,000.00), your ending pot has to be \$30,000.00. Director Blas stated that we will be seeing a drop in the 457 Plan participants due to the Governor’s Executive Order to rescind the implementation of the Hay Study Pay Plan. Trustee Aflague asked whether an employee could retire in the DC Plan and then return as a contributing member of the DC Plan. Director Blas replied, “Yes.” Trustee Aflague inquired about enhancing annuity. Ms. Taijeron stated that the annuity is fixed or locked in.

Ms. Taijeron reported on participant statistics:

<u>401(a) Plan</u>	
Active Participants with a Balance	10,203
Active Participants Contributing	6,511
Percent of Active Participants Contributing	64%
Full Withdrawals	32
Financial Hardships	7
First Contributions (New)	67
Participants on Disability	48
Total Retiree Count (as of December 31, 2010)	327

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
12/01/2010 – 12/31/2010	21

457(b) Plan

Active Participants with a Balance	1,272
Active Participants Contributing	959
Percent of Active Participants Contributing	75%
Full Withdrawals	1
Outstanding Loans	239
New Loans Processed	22
First Contributions (New)	17

Ms. Tajeron stated that the 21 retirees in the 401(a) Plan, in December, are employees from the Governor’s Office and outgoing directors.

Ms. Tajeron reported on the employee disbursement on the 401(a) Plan. Ms. Tajeron stated that the seven (7) hardships were mostly foreclosures.

Ms. Tajeron provided a graph of the 401(a) and 457 Plans’ Withdrawal/Distribution. Ms. Tajeron stated that the graph shows that the 2010 level of distribution showed very little asset impact.

Ms. Tajeron stated that Great-West will be meeting with the Government of Guam Human Resource, Personnel and Payroll Professionals:

- to develop closer relationships
- to update and provide pertinent information, and to address any inquiries professionals may have regarding the 401(a) and 457 Plans
- to engage front line professional so as to achieve greater participation from Government of Guam employees with regard to their retirement plan.

VII. INVESTMENT COMMITTEE REPORT

Vice-Chairman Leon Guerrero reported that the Investment Committee meeting was held on January 14, 2011. Vice-Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting, for quarter ended December 31, 2010, is scheduled for March 24, and 25, 2011. Vice-Chairman Leon Guerrero stated that the Investment Committee’s Five-Year Plan is provided for informational purposes.

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 1:05 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 28, 2011 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 25, 2011.



WILFRED G. AFLAGUE, Acting Board Secretary

RECORDING SECRETARY:



Jackie Blas