



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

BOARD OF TRUSTEES

Regular Meeting

Friday, April 29, 2011, 12:00 p.m.
Retirement Fund Conference Room

Edward J.B. Calvo
Governor

Raymond S. Tenorio
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 12:27 p.m. Friday, April 29, 2011, 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
Wilfred G. Aflague, Trustee
George A. Santos, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Vice-Chairman
(Excused)
Gerard A. Cruz, Treasurer *(Excused)*
Katherine T.E. Taitano, Trustee *(Excused)*

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:

Ricky Hernandez, Senator Ben Pangelinan's Office of Finance and Budget
Matthew Diaz, Kristel Carpo, and Camilo Lorenzo, UOG Students

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 25, 2011 Regular Meeting

Chairman San Agustin inquired about the graph he requested regarding the possible investment losses with respect to Guam Memorial Hospital Authority's (GMHA) non-payment of employees' contributions. Alice Taijeron, Great-West Retirement Services (Great-West) stated that she ran a test and it was too difficult. There are too many variables. Director Paula Blas stated that the profile is not the same for each participant. Chairman San Agustin mentioned that GMHA employees filed a lawsuit in the Superior Court of Guam. Director Blas stated that the employee who filed is a Defined Benefit (DB) member. This employee filed on behalf of both the Defined Benefit Plan and Defined Contribution (DC) Plan.

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of March 25, 2011 Regular Meeting were approved, subject to technical corrections. Motion unanimously passed.

III. CORRESPONDENCE

A. NASRA News Clips "*Minnesota Pensions Are Not in Crisis; The Real Problem is The Nation's Retirement Security*"

Chairman San Agustin stated that this article is provided for the Board's information. Chairman San Agustin mentioned that over 170,000 people in the entire United States are over the age of 100 years. Director Blas stated that the Retirement Fund has about five (5) pensioners over 96 years old.

IV. INFORMATIONAL ITEMS

None

V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives – Director Blas stated that at the March 25, 2011 Board meeting, the Board approved the creation of a new Optional DB Plan with a Mandatory 457 Plan (Alternative 1), and Plan Design #6, with a Benefit Rate of 1.75%. Director Blas stated that the details of the plan were discussed with Richard Wright, Actuary from Milliman Consulting, Inc. (Milliman), and additional information was requested from Milliman. Director Blas stated that the proposed new DB Plan will be provided in draft legislation once the actuary finalizes the details of the plan. The Members and Benefits (M&B) Committee would like to see this presented to the Legislature by June or July 2011.

Financial Report

1. Contributions – Director Blas stated that as of April 26, 2011, GMHA has not remitted contributions for twelve (12) pay periods totaling \$1.5 Million. All other agencies are current with their Fiscal Year 2011 employee and employer contributions. Trustee Wilfred Aflague asked whether GMHA employees will be eligible to transfer into the Hybrid Plan if legislation passes. Director Blas stated that contributions must be current in order to convert into the new DB Plan. Trustee Aflague asked whether GMHA employees converting to the new DB Plan have a time period to switch over. Director Blas stated that the transition period is one to one and a half years to get caught up with their contributions. Director Blas stated that there is also a concern regarding the formula for credits. Chairman San Agustin stated that there are still questions that need to be answered. Trustee George

Santos stated that there is a window of 90-180 days to make a decision to convert. Trustee Santos stated that other issues will be determined. Trustee Santos stated that the optimistic target date is July 2011. Secretary Antolina Leon Guerrero stated that funding to make GMHA employees whole should be included in the legislation.

2. **Financial Statements** – Director Blas stated that the books for the month ending March 2011 were closed on April 20, 2011.

VI. THIRD PARTY ADMINISTRATOR’S REPORT

A. Contribution Report – March 2011

Director Blas stated that Ms. Tajeron of Great-West provided at this meeting, the TPA Report for the month ending March 31, 2011 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Tajeron reported that the 401(a) Plan had total assets of \$247,722,303.84 as of March 31, 2011. There was an asset change of \$2,361,635.93 or a percentage change of 0.96% from February 28, 2011. The 457(b) Plan had total assets of \$20,912,488.94 as of March 31, 2011. The asset change was \$362,903.97 or a percentage change of 1.77% from February 28, 2011.

Ms. Tajeron reported that the 401(a) Plan had total contributions of \$2,442,886.47 as of March 31, 2011. There was a contribution change of \$423,511.73 or a percentage change of 20.97% from February 28, 2011. The 457(b) Plan had total contributions of \$343,046.61 as of March 31, 2011. There was a contribution change of \$76,196.26 or a percentage change of 28.55% from February 28, 2011.

Ms. Tajeron reported on participant statistics:

<u>401(a) Plan</u>	
Active Participants with a Balance	10,298
Active Participants Contributing	7,392
Percent of Active Participants Contributing	72%
Full Withdrawals	80
Financial Hardships	09
First Contributions	105
Total Participants on Disability	49
March 31, 2011	01
February 28, 2011	01
January 31, 2011	03
Total Retiree Count	351
March 31, 2011	05
February 28, 2011	04
January 31, 2011	03

457(b) Plan

Active Participants with a Balance	1,288
Active Participants Contributing	973
Percent of Active Participants Contributing	76%
Full Withdrawals	05
Outstanding Loans	251
New Loans Processed	21
First Contributions	18

Chairman San Agustin asked what the average composite rate of interest earnings is for each fund. Ms. Taijeron stated that it is listed under the Fund Performance on Page 9 of the TPA report. Director Blas asked Chairman San Agustin whether he is referring to the rate of return for funds. Chairman San Agustin stated that he is inquiring about the rate of interest. Secretary Leon Guerrero stated that the sum of each employee will show a gain. Chairman San Agustin stated that he would like to see a trend analysis. Ms. Taijeron stated that the participants choose their investment options. Director Blas stated that Great-West does not do individual stock picking. Rosalia Bordallo, General Accounting Supervisor, stated that it is the Board who chooses the investment managers. Director Blas stated that it does not only include Government of Guam money, it includes all funds. Chairman San Agustin stated that he is inquiring about the rate of return for everything. Chairman San Agustin asked what the Retirement Fund's relationship to Orchard Trust is. Ms. Taijeron stated that Orchard Trust is a subsidiary of Great-West. Chairman San Agustin stated that he would like to see an activity report from Orchard Trust. Ms. Taijeron stated that the participants receive a statement from Great-West with all the information including rate of return. At this time Ms. Taijeron provided Chairman San Agustin with a Participant Account Summary for the month of March 2011. Chairman San Agustin indicated that this contains the information is he looking for. Chairman San Agustin asked for an explanation of each entry. Controller Diana Bernardo asked Ms. Taijeron to make her breakdown more detailed. Mrs. Bordallo stated that this may cause more confusion. Trustee Aflague stated that he monitors his 401(a) account on a daily basis. Chairman San Agustin stated that the information provided could go on a chart. Ms. Taijeron stated that she will provide this information on a monthly basis.

VII. INVESTMENT COMMITTEE REPORT

Director Blas reported that the Investment Committee meeting was held on April 8, 2011. The Committee reviewed and approved the Investment Committee Minutes of March 24, 2011. Director Blas informed the Board of Trustees that the next Quarterly Performance Meeting is scheduled for May 26, 2011.

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 Secretary Antolina Leon Guerrero, seconded by Trustee George Santos, and without objection, the meeting was adjourned at 1:10 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 29, 2011 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on May 27, 2011.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas