

GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Eddie Baza Calvo
 Governor

Ray Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

BOARD OF TRUSTEES
Regular Meeting
 Friday, May 27, 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 12:22 p.m. Friday, May 27, 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
 Antolina S. Leon Guerrero, Secretary
 Gerard A. Cruz, Treasurer
 George A. Santos, Trustee
 Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

Wilfred G. Aflague, 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
 Kent Morris, Great-West Retirement Services

Public Present:

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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. April 29, 2011 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of April 29, 2011 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 proposed new DB Plan will be provided in draft legislation once the actuary finalizes the details of the plan. Director Blas stated that 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 May 24, 2011, Guam Memorial Hospital Authority (GMHA) has not remitted contributions for 11 pay periods totaling \$1.3 Million. All other agencies are current with their Fiscal Year 2011 employee and employer contributions. Director Blas stated that this matter will be entertained in the DB meeting.

2. *Financial Statements* – Director Blas stated that the books for the month ending April 2011 were closed on May 19, 2011.

At this time, Mr. Terry Dennison, Mercer Investment Consulting, Inc. (Mercer), reported the following developments and updates:

- At the March 2011 meeting, a Large Cap Growth search was presented to the Board to compare the American Funds AMCAP Fund to potential replacement strategies. There was no action taken regarding the findings of the search at the March meeting. Due to the large asset base of this fund, lack of cohesion among the investment teams and poor performance of the fund, Mercer is now ready to recommend replacing this fund.
- On January 14, 2011, the Maxim Secure Foundation Lifetime Portfolios and Maxim Secure Foundation Balanced Fund were added to both the 401(a) and 457(b) plans. As of first quarter-end, these funds hold minimal assets.

Mr. Dennison provided a copy of Mercer's News Release highlighting the following:

- *“Mercer to Acquire Evaluation Associates, Further Strengthening its US Investment Consulting Position”* – Mercer announced that it has signed a definitive agreement with Milliman, Inc. (Milliman) to acquire portions of its wholly-owned investment consulting subsidiary, Evaluation Associates LLC. In a related transaction, Callan Associates Inc. (Callan) will acquire from Evaluation Associates its public sector investment consulting business.

- **About Callan Associates** – Callan Associates was founded in 1973. Callan is one of the largest independently-owned investment consulting firms in the country. Headquartered in San Francisco, the firm provides research, education, decision support and advice to a broad array of institutional investors collectively responsible for more than \$1 Trillion in total assets. Independent and employee-owned, Callan employs more than 1,555 people and maintains four regional offices located in Denver, Chicago, Atlanta and Florham Park, New Jersey.
- **About Evaluation Associates** – Evaluation Associates was founded in 1969 as a division of PaineWebber and launched as an independent investment consulting firm in 1976. It was acquired by Milliman in 2004 and is today a wholly-owned subsidiary of Milliman. Based in Norwalk, Connecticut, Evaluation Associates has assets under advisement of approximately \$200 Billion. Its 115 advisory relationships include defined benefit and defined contribution employee benefit plans, endowments, insurance, wealth management firms, and family trusts. Ten of these are public sector clients.

Mr. Dennison also provided the following article for the Board’s information: *“What Happens When Greece Defaults.”*

VI. THIRD PARTY ADMINISTRATOR’S REPORT

A. Contribution Report – April 2011

Director Blas stated that Alice Taijeron of Great-West Retirement Services (Great-West) provided at this meeting, the TPA Report for the month ending April 30, 2011 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Mr. Kent Norris of Great-West provided the following highlights of Fiscal Year 2010:

- Plan Assets were at \$255.66 Million as of December 31, 2010
- Plan Assets grew by \$46.67 Million (22.3%) from January 1, 2010 to December 31, 2010
- Contributions were \$29.31 Million from January 1, 2010 to December 31, 2010
- There were 12,542 Participants from January 1, 2010 to December 31, 2010

VII. INVESTMENT COMMITTEE REPORT

Vice-Chairman Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended March 31, 2011 was held on May 26, 2011 along with the Annual Review of the Third Party Administrator. In addition, Vice-Chairman Leon Guerrero noted that the Investment Committee held its regular meeting for May 2011. The Committee reviewed and approved the Investment Committee Minutes of April 8, 2011 and the March 24, 2011 Due Diligence Meeting Minutes for the Quarter Ended December 31, 2010.

Vice-Chairman Leon Guerrero stated that the Investment Committee recommends replacing American Funds AMCAP Fund R-4 with Nuveen Winslow Large Cap Growth Fund I.

Vice-Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Investment Committee’s recommendation to replace American Funds AMCAP Fund R-4 with Nuveen Winslow Large Cap Growth Fund I. Without objection, the motion unanimously passed.

Vice-Chairman Leon Guerrero stated that Mr. Dennison provided an overview of the DC Plan's Investment Performance for the Quarter Ended March 31, 2011. Vice-Chairman Leon Guerrero stated that Mr. Dennison noted that other than the replacement of the American Funds AMCAP Fund R-4, there are no other items of concern. Chairman San Agustin asked what the evaluation of performance was. Vice-Chairman Leon Guerrero stated that it was a good review and Mercer's recommendation is to retain all managers.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

None

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XI. ANNOUNCEMENTS

None

XII. ADJOURNMENT

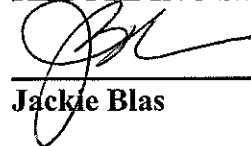
There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 12:54 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 27, 2011 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 24, 2011.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas