

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, July 29, 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 1:29 p.m. Friday, July 29, 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  
 Wilfred G. Aflague, Trustee  
 George A. Santos, Trustee

**Board of Trustees Absent:**

Katherine T.E. Taitano, Trustee (*Excused*)

**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:**

Joanne Grimes & Elyze McDonald Iriarte, Carlsmith Ball LLP

**Public Present:**

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

**II. REVIEW AND APPROVAL OF BOARD MINUTES**

**A. June 24, 2011 Regular Meeting**

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of June 24, 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 Members and Benefits (M&B) Committee continued discussions regarding the benefits of the proposed new DB Plan. Additional information is being requested from the actuary regarding re-amortizing the unfunded liability and the impact this will have on the contribution rate. The requested information will be provided at the next M&B Meeting in August.

**2. Standard Insurance** – Director Blas stated that Chairman San Agustin had requested for a breakdown of the total premiums with Standard Insurance. Director Blas stated that the Government of Guam provides Survivor Death and Long Term Disability (LTD) benefits to DC participants. As of July 22, 2011, the following is a breakdown of LTD premiums and LTD benefits received by participants:

➤ **DC Plan Disability Premiums:**

Total Premiums Paid October 1, 2010 to June 18, 2011	\$2,012,755.00
Disability Premiums Per Pay Period, Per Participant	\$ 14.27
Number of Pay Periods	<u>19</u>
Average Number of Participants Per Pay Period	<u>7,424</u>
	=====

➤ **Participants Receiving LTD Benefits as of July 22, 2011**

Number of Participants	52
Pre-Disability Total Monthly Salaries (Salaries Range From \$1,484 to \$6,833 Per Month)	\$ 148,188.00
Maximum LTD Benefit	<u>66.66%</u>
Total Monthly LTD Benefit (Benefits Range From \$990 to \$4,556 Per Month)	<u>\$ 98,792.00</u>
	=====

➤ **Participants Receiving LTD Benefits as of July 22, 2011**

Number of Participants	1
Pre-Disability Monthly Salary	\$ 1,844.00
Maximum LTD Benefit	<u>66.66%</u>
Total Monthly LTD Benefit	<u>\$ 1,229.00</u>
Social Security Offsets	<u>( 985.00)</u>
Net Monthly LTD Benefits	<u>\$ 243.00</u>
	=====

Total LTD Benefits Paid October 1, 2010 to June 18, 2011

\$ 892,935.00

Director Blas stated that the premiums are being paid by the Government of Guam. Legal Counsel Joanne Grimes stated that it is a wage replacement. Director Blas stated that she will take this further back to prior years for the next Board meeting.

### Financial Report

1. **Contributions** – Director Blas stated that as of July 26, 2011, all agencies are current with their Fiscal Year 2011 employee and employer contributions. Director Blas stated that Guam Memorial Hospital Authority (GMHA) is remitting current pay period employer and employee contributions. The outstanding contributions in the amount of approximately \$1,072,512.00 are being remitted in compliance with Public Law 31-74. The amount remitted each payday is approximately \$100,000.00. Director Blas stated that the savings due to the reduction of the contribution rate will be reported to the Department of Administration (DOA).

2. **Financial Statements** – Director Blas stated that the books for the month ending June 2011 were closed on July 25, 2011.

## **VI. THIRD PARTY ADMINISTRATOR'S REPORT**

### **A. Contribution Report – June 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 June 30, 2011 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron stated that Pages 1 through 2A were requested by Chairman San Agustin. Page 1 and 1A is an overview of the 401(a) Plan by quarter. Chairman San Agustin pointed out that there is a wild fluctuation in the "Change in Value." Director Blas stated that it was due to the market changes and distributions. Trustee Wilfred Aflague inquired about the "Additional Deposits." Ms. Taijeron stated that it is from the rollovers. Vice-Chairman Wilfred Leon Guerrero inquired about the "Ending Balance" for the first quarter. Ms. Taijeron stated that she will check on the formula or check whether it is a typographical error.

Ms. Taijeron's report includes the following information:

- 401(a) Plan Account Summary – First and Second Quarter 2011
- 457 Deferred Compensation Plan Account Summary – First and Second Quarter 2011
- Assets and Contribution Summary – 401(a) Plan and 457 Deferred Compensation Plan
- Participant Summary Report – 401(a) Plan and 457 Deferred Compensation Plan
- Employee Disbursement Report – 401(a) Plan and 457 Deferred Compensation Plan
- 401(a) and 457 Investment Options/Fund Performance
- Government of Guam Agency Site Visit/Education Seminars

Trustee Aflague asked how many DB Plan members have a 457 account. Ms. Taijeron stated that there are about 100 DB members with a 457 account. Ms. Taijeron stated that the Guam Power Authority, Guam Memorial Hospital Authority, Port Authority and Guam Visitors Bureau have DB members in the 457 Plan.

Chairman San Agustin inquired about medical hardships. Chairman San Agustin mentioned that there is an individual who has \$80,000.00 in the DC Plan. What is the percentage for withdrawal every two years? Director Blas stated that there is no cap but you cannot zero out an account. Chairman San Agustin stated that the individual cannot touch his/her asset, except every two years for medical expenses. Director Blas stated that it is by Board policy. Director Blas stated that there used to be a twelve month waiting period to withdraw. Secretary Antolina Leon Guerrero asked what the options are. Ms. Taijeron stated that the individual has the option to retire and may take out his/her money. Trustee Aflague stated that this individual wants wage replacement plus his/her money.

## **VII. INVESTMENT COMMITTEE REPORT**

Vice-Chairman Leon Guerrero reported that the Investment Committee held its regular meeting on July 28, 2011. The Committee reviewed and approved the Investment Committee Minutes of June 10, 2011 and the May 26, 2011 Due Diligence Meeting Minutes for the Quarter Ended March 31, 2011.

### **Request for Proposal – Defined Contribution Plan Investment Consultant Services**

Vice-Chairman Leon Guerrero stated that the Investment Committee is recommending that the Retirement Fund cancel the DC Plan Investment Consulting Services RFP (No. GGRF-002-11) and to continue with Mercer Investment Consulting, Inc. (Mercer) as the DC Plan Investment Consultant.

**Vice-Chairman Wilfred Leon Guerrero, seconded by Trustee Wilfred Aflague, moved to approve the Investment Committee’s recommendation that the Retirement Fund cancel the Defined Contribution Plan Investment Consultant Services Request for Proposal (RFP No. GGRF-002-11) and continue with Mercer Investment Consulting, Inc. as the Defined Contribution Plan Investment Consultant. Without objection, the motion unanimously passed.**

### **Quarterly Performance Meeting for Quarter Ended June 30, 2011**

Vice-Chairman Leon Guerrero informed the Board of Trustee that the next Quarterly Performance Meeting is scheduled for August 24 and 25, 2011. Controller Diana Bernardo pointed out that Mercer will be on-island for the DC Plan Quarterly Performance Meeting but will not be able to attend the Board Meeting on August 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 Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 2:13 p.m. Motion unanimously passed.**

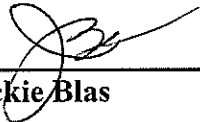
**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 29, 2011 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 26, 2011.**



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**ANTOLINA S. LEON GUERRERO, Board Secretary**

**RECORDING SECRETARY:**



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**Jackie Blas**