

GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Eddie Baza Calvo
 Governor

Ray 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

BOARD OF TRUSTEES
Regular Meeting
 Friday, October 28, 2011, 12:00 p.m.
 Retirement Fund Conference Room

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 12:21 p.m. Friday, October 28, 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
 Gerard A. Cruz, Treasurer
 Wilfred G. Aflague, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Vice-Chairman
(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 Tajjeron, Great-West Retirement Services

Public Present:

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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 30, 2011 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of September 30, 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 met on October 12, 2011 to review the additional information provided by the Retirement Fund's actuary regarding the benefit rates for the Hybrid Plan. Director Blas stated that the Retirement Fund's Legal Counsel is in the process of drafting legislation. Legal Counsel still needs to clarify certain things with Milliman Consulting, Inc. (Milliman). Director Blas stated that at the March 25, 2011 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 proposed benefit rate of 1.75%. Chairman San Agustin stated that, with the election coming up in 2012, we need to get this moving to the Legislature for approval. Director Blas stated that we are looking at an implementation date of October 1, 2012.

Chairman San Agustin stated that there are a lot of employees concerned with the condition of the DC Plan. Director Blas stated that the Governor of California is also starting to implement the Hybrid Plan. Treasurer Gerard Cruz suggested providing the Senators with the Hybrid Plan so that they could understand the Plan while legislation is being drafted. Director Blas stated that she will submit the plan scenario to the Legislature. Secretary Antolina Leon Guerrero inquired about a question that was brought up during the working session about the difference in the increments between regular retirees and retirees on disability pension. Director Blas confirmed that there is a difference. Director Blas stated that she would like to put together the actual proposal for review. Director Blas stated that M&B should have the plan itself by their next Committee meeting on November 9, 2011. Chairman San Agustin recommended submitting legislation before the end of this year.

Financial Report

1. *Contributions* – Director Blas stated that as of October 25, 2011, all agencies are current with their Fiscal Year 2011 employee and employer contributions.

2. *Financial Statements* – Director Blas stated that the books for the month ending September 2011 is scheduled to be closed by November 4, 2011. Director Blas stated that the audit will commence in November 2011.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – September 2011

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

Ms. Tajeron reported on assets and contributions:

401(a) Plan

Plan Assets (Period Ending August 31, 2011)	\$242,105,000.05
Plan Assets (Period Ending September 30, 2011)	228,388,011.33
Change in Assets	(13,716,988.72)
Percentage Change	-5.67%
Contributions (Period Ending August 31, 2011)	\$2,209,000.53
Contributions (Period Ending September 30, 2011)	2,621,169.44
Change in Contributions	412,168.91
Percentage Change	18.66%

457 Deferred Compensation Plan

Plan Assets (Period Ending August 31, 2011)	\$20,896,500.34
Plan Assets (Period Ending September 30, 2011)	19,830,293.85
Change in Assets	(1,066,206.49)
Percentage Change	-5.10%
Contributions (Period Ending August 31, 2011)	\$374,501.44
Contributions (Period Ending September 30, 2011)	258,139.14
Change in Contributions	(116,362.30)
Percentage Change	-31.07%

Chairman San Agustin inquired about the withdrawals. Director Blas stated that the withdrawals were from separation of service. Ms. Tajeron stated that there was an increase in withdrawals in September due to separation of service. Chairman San Agustin stated that he would like to see the increase from period to period to show the trend. Ms. Tajeron stated that withdrawals are made by Department of Education (DOE) employees at the end of the school year. There will be an increase in contributions at the beginning of the school year due to new hires. Director Blas stated that there will also be an increase of withdrawals due to the holidays in November and December.

Ms. Tajeron stated that Great-West is seeing an increase in interest in Secure Foundation. Ms. Tajeron mentioned that, effective February 2012, Great-West will be including the zero date funds. There will be an addition of 2020, 2030, 2040 etc. to the Secure Foundation Lifetime menu. Treasurer Cruz asked whether they will be in five-year increments. Ms. Tajeron replied, "Yes." Chairman San Agustin asked how many participants are in Secure Foundation. Ms. Tajeron stated that she does not have the count but, there is an increase in participation. Chairman San Agustin asked whether Great-West could market Secure Foundation. Ms. Tajeron stated that they can't market Secure Foundation, but they do inform the participants that it is available. Director Blas stated that the participants are

being educated on Secure Foundation. Ms. Taijeron stated that more participants are showing interest. Chairman San Agustin asked whether Secure Foundation is an alternative to the Hybrid Plan. Ms. Taijeron stated that Secure Foundation will not undermine the Hybrid Plan, it will compliment it.

Chairman San Agustin inquired about the employee disbursement. Ms. Taijeron stated that there is a table used by Great-West when the rate is determined. Secretary Leon Guerrero asked whether an adjustment can be made once the periodic payment is determined. Ms. Taijeron replied, "No."

VII. INVESTMENT COMMITTEE REPORT

No report was made at this time.

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 12:49 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 28, 2011 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 2, 2011.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas