

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, January 27, 2012, 10:30 a.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 10:49 a.m. Friday, January 27, 2012, 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

Board of Trustees Absent:

Wilfred G. Aflague, Trustee (*Excused*)
 Katherine T.E. Taitano, Trustee
 (*Excused*)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary
 Alice Taijeron, Great-West Retirement Services

Public Present:

Terry Dennison, Mercer Investment Consulting, Inc.

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. December 2, 2011 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of December 2, 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 Retirement Fund's Legal Counsel is preparing draft legislation to create and implement the DB/DC Hybrid Plan. Director Blas stated that Legal Counsel will have something by next week. This draft will be provided to the Members and Benefits (M&B) Committee at their next meeting. Chairman San Agustin pointed out that it's an election year and we need to get this to the Legislature as soon as possible. Director Blas stated that she has submitted the actual plan documents, as approved by the Board, to Senator Ben Pangelinan. Treasurer Gerard Cruz stated that we need to work quickly on fixing the deficiencies.

Financial Report

1. **Contributions** – Director Blas stated that as of January 24, 2012, all agencies are current with their Fiscal Year 2012 employee and employer contributions.

2. **Financial Statements** – Director Blas stated that the books for the months ending October 2011 and November 2011 were closed on January 10, 2012 and January 24, 2012 respectively.

3. **Fiscal Year 2011 Audit** – Director Blas stated that the audit for Fiscal Year ending September 30, 2011 is ongoing. The draft audit should be presented to the Board at their regularly scheduled meeting in February. The final audit reports are scheduled to be issued no later than February 27, 2012. Chairman San Agustin asked who is conducting the audit. Director Blas replied, "Burger & Comer." Director Blas stated that this is the last year for Burger & Comer to conduct the audit for the Retirement Fund. There will be a Request for Proposal (RFP) issued for this year's audit (Fiscal Year 2012). Chairman San Agustin inquired about the auditor's comment that the Retirement Fund owes money. Treasurer Cruz stated that it's mentioned in the Office of the Public Accountability's (OPA's) write-up. Controller Diana Bernardo stated that, in the audit meeting, the OPA did not bring this up.

VI. THIRD PARTY ADMINISTRATOR'S REPORT
A. Contribution Report – November and December 2011

Director Blas stated that Alice Tajjeron of Great-West Retirement Services (Great-West) provided at this meeting, the TPA Report for the month ending November 30, 2011 and December 31, 2011 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Tajjeron provided the following Participant Summary Report:

<u>401(a) Plan</u>	
Active Participants with a Balance	10,589
Active Participants Contributing	7,516
Percent of Active Participants Contributing	71%
Full Withdrawals	39
Financial Hardships	06
First Contributions	60
Total Participants on Disability	57
December 31, 2011	0
November 30, 2011	0
October 31, 2011	0
September 30, 2011	16
August 31, 2011	03
July 31, 2011	01
June 30, 2011	01
May 31, 2011	02
April 30, 2011	01
March 31, 2011	01
February 28, 2011	01
January 31, 2011	03
Total Retiree Count	400
December 31, 2011	02
November 30, 2011	02
October 31, 2011	01
September 30, 2011	05
August 31, 2011	03
July 31, 2011	03
June 30, 2011	01
May 31, 2011	06
April 30, 2011	01
March 31, 2011	05
February 28, 2011	04
January 31, 2011	03

457 Deferred Compensation Plan

Active Participants with a Balance	1,385
Active Participants Contributing	1,035
Percent of Active Participants Contributing	75%
Full Withdrawals	06
Outstanding Loans	278
New Loans Processed	09
First Contributions	09

Ms. Tajeron stated that a review of the DC Plan was conducted by Mr. Terry Dennison of Mercer Investment Consulting, Inc. (Mercer) on January 26, 2012.

VII. INVESTMENT COMMITTEE REPORT

Vice Chairman Wilfred Leon Guerrero reported that the Investment Committee meeting was held on January 26, 2012. The Committee reviewed and approved the Investment Committee Minutes of October 14, 2011. Vice Chairman Leon Guerrero stated that a review of the performance of the various Funds under the DC Plan was also conducted with Mr. Dennison from Mercer. Chairman San Agustin stated that the verbatim transcript of the Due Diligence Meetings should be made a part of the Investment Committee Report.

Vice Chairman Leon Guerrero stated that Mr. Dennison provided an overview of the DC Plan's December 31, 2011 Quarterly Investment Performance, noting no concerns with the performance of the Funds. Mr. Dennison stated that there was an in-depth discussion on the state of the economy. The U.S. economy seems to be returning to some level of modest growth. We are seeing that the situation in Europe is continuing to deteriorate and is in recession. Germany is also in a recession. Germany and Greece are unable to deal with the debt situation. Mr. Dennison stated that every financial institution in the world is preparing for the fallout when Greece goes into default. The financial institutions have a contingency plan to deal with this matter.

Mr. Dennison mentioned that they are looking at the Franklin Fund which is sort of on Mercer's Watch List.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

None

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XI. ANNOUNCEMENTS

Vice Chairman Leon Guerrero stated that the next Due Diligence for the first quarter of 2012 will be conducted sometime in the end of April 2012.

XII. ADJOURNMENT

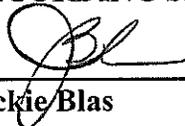
There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 11:25 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 27, 2012 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 24, 2012.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas