



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 27, 2012, 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 12:35 p.m. Friday, July 27, 2012, in the Retirement Fund Conference Room. Acting Chairman Gerard Cruz officiated.

**Board of Trustees Present:**

Antolina S. Leon Guerrero, Secretary  
 Gerard A. Cruz, Treasurer  
 Wilfred G. Aflague, Trustee  
 George A. Santos, Trustee

**Board of Trustees Absent:**

Joe T. San Agustin, Chairman  
*(Excused)*  
 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

**Investment Consultant Present:**

Terry Dennison, Mercer Investment Consulting, Inc.

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. June 29, 2012 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of June 29, 2012 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 Senator Ben Pangelinan's Office is looking at scheduling a public hearing on Bill 453-31 during the week of August 13 through August 17, 2012. Director Blas stated that she suggested August 14. The Retirement Fund's Legal Counsel, Joanne Grimes, and the Retirement Fund's Actuarial Consultant, Richard Wright, will be attending the public hearing. The hearing will most likely be held in the evening.

### Financial Report

*1. Contributions* - Director Blas stated that as of July 26, 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 month ending June 2012 were closed on July 13, 2012.

## VI. THIRD PARTY ADMINISTRATOR'S REPORT

### A. Contribution Report – June 2012

Director Blas stated that Alice Taijeron of Great-West Retirement Services (Great-West) provided the TPA Report for the month ending June 30, 2012 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron stated that she included the graphs as requested by Chairman Joe T. San Agustin. Ms. Taijeron stated that there was a question with regards to Secure Foundation and the money going into it. Ms. Taijeron reiterated that this is a voluntary plan. Ms. Taijeron stated that Great-West can't market but they do educate participants. Terry Dennison of Mercer Investment Consulting, Inc. asked whether the adviser can speak about the advantages of Secure Foundation to a participant who signs up for advise. Ms. Taijeron replied, "Yes." Acting Chairman Cruz asked whether this will be available upon signing of the Reality Investing Advisory Services Agreement. Secretary Antolina Leon Guerrero inquired about the status of the Reality Investing agreement. Acting Chairman Cruz stated that Reality Investing will be reported out under the Investment Committee report.

Acting Chairman Cruz asked whether there are any significant month-to-month changes. Ms. Taijeron stated that there is an increase in withdrawals. Director Blas stated that it's the temporary teachers and double dippers that are withdrawing.

## **VII. INVESTMENT COMMITTEE REPORT**

Acting Chairman Cruz reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2012 was held on July 26, 2012. Acting Chairman Cruz noted that the Investment Committee meeting was held earlier today. The Committee reviewed and approved the Investment Committee Minutes of June 8, 2012.

Acting Chairman Cruz turned the floor over to Mr. Dennison to give a synopsis on the market environment. Mr. Dennison reported that the market environment is dominated by a number of negative factors. The debt, budget deficit, solvency issues in Europe and the United States are dominating concerns about it. The other major concern that has become a new negative is China. We are seeing a significant slow down in China. The volatility in the markets has become very large. In the long term, the likelihood is that returns are going to be low. The factors that drive returns are all pretty negative. Mr. Dennison stated that the second quarter was a poor quarter. There is adequate distribution of options for participants. The asset allocations are very attractive. Mr. Dennison stated that they are following the Franklin Templeton Fund very closely but there are no recommendations for making any changes at this time.

***Reality Investing Advisory Services Agreement*** – Acting Chairman Cruz stated that at the last Board meeting the Chairman had some concerns that he wanted the Investment Committee to look at and those concerns were brought back to the Investment Committee. The Investment Committee, through Great-West, looked at those concerns and determined that the new contract addresses all the issues that the Chairman had concerns with. Secretary Leon Guerrero stated that the Chairman's only concern is dealing with only one party. Acting Chairman Cruz stated that the Chairman's concern is dealing with only one party and whether the contract is still consistent with the last Request for Proposal (RFP).

**Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to ratify the Board of Trustees' decision of June 29, 2012 of entering into the Reality Investing Advisory Services Agreement to offer investment advisory services to the 401(a) Defined Contribution Plan and 457 Deferred Compensation Plan participants. Without objection, the motion unanimously passed.**

***457 Roth IRA Plan*** – Acting Chairman Cruz stated that a recommendation was made by the Investment Committee to include in the 457 Plan a Roth IRA investment option. Mr. Dennison stated that technically it is not really an investment option. An investment option is a fund. Basically it is a recordkeeping convention. Ms. Taijeron stated that it is a plan option. Mr. Dennison asked whether anyone thought through the implications of the payroll systems. Ms. Taijeron stated that there is no issue on Great-West's side. Director Blas asked whether the payroll centers have the capability to add the 457 Roth IRA. Ms. Taijeron stated that she will work with the payroll centers on this matter. Trustee George Santos stated that the mechanical issue will take care of itself. Director Blas stated that she will work with Legal Counsel on this.

Trustee Wilfred Aflague, seconded by Trustee George Santos, moved to approve to include in the 457 Plan a Roth IRA Plan option. Without objection, the motion unanimously passed.

**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 Trustee Wilfred Aflague, and without objection, the meeting was adjourned at 12:55 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 27, 2012 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 31, 2012.



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ANTOLINA S. LEON GUERRERO, Board Secretary

**RECORDING SECRETARY:**



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Jackie Blas