

BOARD OF TRUSTEES
Regular Meeting
Friday, July 14, 2006, 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 2:30 p.m. Friday, July 14, 2006, 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
Gerard A. Cruz, Treasurer
James J. Taylor, Secretary
George A. Santos, Trustee
Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

Anthony C. Blaz, Trustee

Staff Present:

Diana Bernardo, Acting Director
Rosalia Bordallo, General Accounting Supervisor
Vince Camacho, Great West Retirement Services
Jackie Blas, Recording Secretary

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. February 24, 2006 and March 10, 2006 Regular Meetings

On motion of Trustee George Santos, seconded by Treasurer Gerard Cruz, and without objection, the Minutes of February 24, 2006 and March 10, 2006 Regular Meetings were approved, subject to corrections. Motion passed.

B. April 21, 2006, May 12, 2006 and June 9, 2006 Regular Meetings (Pending)

Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, moved to defer approval of the Minutes of April 21, 2006, May 12, 2006 and June 9, 2006 Regular Meetings. Without objection, the motion passed.

III. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Defined Contribution Statutory Amendments* – Acting Director Diana Bernardo stated that Bill 293 was passed by the Legislature and has been forwarded to the Governor for his signature. Acting Director Bernardo stated that the Governor's Legislative Review Committee met on July 12, 2006 and the Governor is expected to sign the bill.

2. *Request for Proposal (RFP): Defined Contribution Plan (DC) Investment Consultant Services* – Acting Director Bernardo stated that there are four (4) qualified offerors for this RFP. The Selection Panel will be set up and the evaluation process is expected to commence within the next couple of weeks.

3. *Request for Proposal (RFP): Third Party Administrator* – Acting Director Bernardo stated that the RFP for the Third Party Administrator has been reviewed by the Investment Committee with changes. A second draft was submitted to the Investment Committee incorporating these changes. Acting Director Bernardo stated that Management is requesting for the Board's approval of the RFP to be issued, which is scheduled to be issued within the next couple of weeks. At this time, the RFP is not ready for public release and should be kept confidential until appropriate public notification has been given.

4. *Standard Insurance Benefits* – Acting Director Bernardo stated that the Fund received Standard Insurance's Survivor Death and Long Term Pre-Retirement Disability Renewal rates for Fiscal Year 2007. According to Standard, since both plans have been severely under funded in previous years, the total proposed premiums for Fiscal Year 2007 is \$33.62 per month. This represents a \$13.78 increase compared to the current premiums of \$19.84 per month. Acting Director Bernardo stated that, after reviewing the statutory language, the proposed Fiscal Year 2007 premiums appear to be within the limits allowed by law. Therefore, no reduction in current Standard benefits is necessary at this time. For budget purposes, Management has communicated the new rates to the Legislature and government agencies.

Acting Director Bernardo stated that the proposed rates for Fiscal Year 2007 will be reviewed by the Members and Benefits Committee. Secretary James Taylor asked whether the contract is with the Retirement Fund or with the Government of Guam. Acting Director Bernardo stated that the contract is with the Retirement Fund. Chairman San Agustin asked when the contract was executed. Vince Camacho, Great West Retirement Services, stated that it was executed in 1998. Mr. Camacho stated that there have been no substantial changes.

Financial Report

1. Contributions – Acting Director Bernardo stated that all agencies are current with their Fiscal Year 2006 employee and employer contributions.

2. Financial Statements - Acting Director Bernardo stated that the books for the month ending June 2006 are closed.

IV. OLD BUSINESS

A. Contribution Report – June 2006

Mr. Camacho stated that an updated chart has been submitted on the Contribution Report for June and July 2006.

V. NEW BUSINESS

A. Treasurer's Report

Treasurer Gerard Cruz reported that, based on his review of the June 30, 2006 financial Statements, summarized financial information for the Defined Contribution Plans are as follows:

- Investments totaled approximately \$146 Million representing an increase of approximately \$5.6 Million since May 31, 2006.
- There were no other significant changes in asset or liability balances since May 31, 2006. Total assets were approximately \$149 Million as of June 30, 2006.
- Net Assets increased by approximately \$20 Million due largely to stock market fluctuations. However, the \$20 Million does not include stock market fluctuations for the quarter ended June 30, 2006. Treasurer Cruz stated that these will be reflected in the July 31, 2006 Financial Statements.

B. Members and Benefits Committee Report

Trustee George Santos reported that the Defined Contribution (DC) Survivor and Long-Term Disability Premiums with Standard Insurance are up for renewal beginning October 1, 2006.

Trustee Santos stated that in accordance with Public Law 27-106, monthly premiums cannot exceed \$24.22 per month. Since Standard's Fiscal Year 2007 proposed monthly premium of \$33.62 exceeds the maximum of \$24.22, the Members and Benefits Committee reviewed various options in order to continue to provide both Survivor and Long-Term Disability benefits to the DC members.

Description	Current FY2006	Proposed FY2007	Option I	Option II	Option III
Monthly Premiums:					
Survivor Death	\$ 7.00	\$ 8.94	\$ 3.35	\$ 3.35	\$ 8.94
Long-Term Disability	\$12.84	\$24.68	\$19.74	\$18.75	\$14.81
	\$19.84	\$33.62	\$23.09	\$22.10	\$23.75
=====					
Benefits:					
Survivor Death	\$40,000	\$40,000	\$15,000	\$15,000	\$40,000
Long-Term Disability	66.67%	66.67%	60%	57.50%	50%

Trustee Santos stated that the Members and Benefits Committee is recommending the following:

- That the Board accept Option III, which is to keep the Survivor benefit at \$40,000 and to provide Long-Term Disability benefits of 50%.
- That the Fund seek an amendment to the current law in order to continue to retain the current Fiscal Year 2006 benefits of \$40,000 for Survivor Death and 66.67% for Long-Term Disability.

VI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

VII. ANNOUNCEMENTS

Mr. Camacho informed the Board of Trustees that he will be relocating to Honolulu on August 1, 2006. Mr. Camacho stated that he will be opening a Great West office in Hawaii.

VIII. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee Katherine Taitano, seconded by Trustee George Santos, and without objection, the meeting was adjourned at 2:40 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 14, 2006 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 15, 2006.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas