

BOARD OF TRUSTEES
Regular Meeting
Friday, September 8, 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 2:39 p.m. Friday, September 8, 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
Anthony C. Blaz, Trustee
George A. Santos, Trustee
Katherine T.E. Taitano, Trustee

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller
Rosalia Bordallo, General Accounting Supervisor
Mike Perez, Great West Retirement Services
Jackie Blas, Recording Secretary

Public Present:

Michelle Diego, Administrative Services Corporation (ASC)

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. May 12, 2006, June 9, 2006, July 14, 2006, and August 11, 2006 Regular Meetings

Treasurer Gerard Cruz, seconded by Secretary James Taylor, moved to defer approval of the Minutes of May 12, 2006, June 9, 2006, July 14, 2006 and August 11, 2006 Regular Meetings. Without objection, the motion passed.

III. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Request for Proposal (RFP): Defined Contribution (DC) Investment Consultant Services* – Director Paula Blas stated that evaluations for the DC Investment Consultant Services are ongoing.

2. *Request for Proposal (RFP): Third Party Administrator* – Director Blas stated that the first draft was reviewed by Secretary James Taylor. Director Blas stated that one minor change was made on Page 11, Item No. 1, under Minimum Requirements: delete “Defined Contribution Plan and 457 Government Deferred Compensation Plan” and replace it with “Employee Directed Defined Contribution Plans.” Treasurer Gerard Cruz stated that this makes it more flexible. Chairman San Agustin inquired about local presence. Vice-Chairman Wilfred Leon Guerrero asked whether Item No. 4 (“Upon award of the contract, the successful firm must be duly qualified to conduct business in the Territory of Guam.”) will take care of it. Director Blas stated that Item No. 4 on Page 30 under Evaluation Factors – “Ability to be responsive and accessible to the Retirement Fund and to DCRS and Deferred Compensation plan participants” would make it unnecessary to say they would need to have a local presence. Secretary Taylor recommended accepting the RFP with the current corrections.

Treasurer Gerard Cruz, seconded by Vice-Chairman Wilfred Leon Guerrero, moved to approve the Request for Proposal for the Third Party Administrator, with the corrections as approved by the Board of Trustees. Without objection, the motion passed.

Financial Report

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

2. *Financial Statements* – Director Blas stated that the books for the month ending August 2006 will be closed on September 12, 2006.

IV. OLD BUSINESS

A. Contribution Report – August 2006

Mike Perez, Great West Retirement Services, reported to the Board that all agencies are current with their contributions.

***Third Party Advice* –** Mr. Perez stated that Great West is offering a third party advice to their participants on their managed accounts. Mr. Perez stated that he would like to make a presentation to the Board at the next regular Board meeting.

Defined Contribution (DC) Plan Reports - Chairman San Agustin inquired about the status of reports that he had previously requested:

- Comprehensive Financial Statement
- Report on Rate of Return for the DC Plan
- Quarterly Report on Performance
- Number of Retirees/Disability for DC
- Distribution Report on Fees
- Investment Performance of DC Plan
- Mutual Funds Report

Secretary Taylor stated that he had also requested for a quarterly report at the Investment Committee Meeting. Mr. Perez stated that he would provide the reports.

V. NEW BUSINESS

None

VI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

Health Savings Account (HSA) – Chairman San Agustin introduced Michelle Diego from Administrative Services Corporation (ASC). Chairman San Agustin stated that Ms. Diego is present at today's meeting to answer questions concerning the HSA. Ms. Diego stated that there was a question on why retirees could not have the automatic deduction on HSA. Ms. Diego stated that the Cafeteria Plan law states that it only applies to active employees. ASC could set up individual HSA accounts for interested retirees. Ms. Diego stated that ASC is working with banks on having ACH payments available to retirees and survivors. Ms. Diego mentioned that ASC could have a representative available during open enrollment. Rosalia Bordallo, General Accounting Supervisor, asked whether the retirees would have to authorize the deduction. Ms. Diego replied, "yes."

Vice-Chairman Leon Guerrero stated that the Fund seriously needs someone on board who could answer questions concerning health insurance. Vice-Chairman Leon Guerrero also stated that Government of Guam retirees at the age of forty (40) and older should be advised to obtain forty quarters to be eligible for Social Security to help alleviate health insurance problems. Secretary Taylor stated that Social Security is secondary for active Government of Guam employees. Director Blas stated that Social Security is primary for retirees. Director Blas stated that anyone employed with the Government of Guam after 1986 are being deducted for Medicare which will make them eligible for Medicare upon the age of 65. Director Blas stated that these employees will still not be eligible for Social Security benefits.

VII. ANNOUNCEMENTS

None

VIII. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, and without objection, the meeting was adjourned at 3:20 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 8, 2006 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 9, 2007.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas