

Board Convened for Last Regular Meeting for 2009

On October 10 to 13, 2009, the FSM Social Security Board of Trustees met in Guam for its 3rd and final regular meeting of Calendar Year 2009. Attending the meeting were Vice Chairman and Pohnpei State Representative, Rose N. Nakanaga; National Representative, Nahoy G. Selifis; and Kosrae State Representative, Jefferson Timothy. Administrator Alexander R. Narruhn joined the meeting as ex-officio member. First on the agenda, the board met with Jason Miyashita who represented the board's investment consultant, Smith Barney. Public Law 15-73 had amended the FSMSSA Investment Act to include international investments through ADRs (American Depository Receipts). With this new strategy, the board had to hire a new money manager to manage its assets in this new field.



Therefore, in a previous meeting, the board had tasked its investment consultant to do a search for such a money manager.

Miyashita revealed to the board that 24 possible candidates were screened and out of this initial batch, four finalists were selected. To narrow the choices down, the consultant had to put the candidates through a rigorous screening process that factored in different facets relating to how each manager handled their investments as well as their actual performance. The top final four candidates were Renaissance, Metropolitan West, Hansberger and Templeton. The Board interviewed a representative from all the final firms except for Templeton which did not send in a representative.

After interviewing the managers that were present for the meeting, the board compared the performance of each of the candidates in relation to each other and the benchmarks. The Board also discussed the risks each manager took on. The last factor that was considered was each manager's fees whether these fees were justified by the expected performance. After closely reviewing each of the managers, the board chose Renaissance as its new money manager for ADRs.

In other areas, the Board approved the budget for calendar year 2010. As mandated by law, the budget must not exceed 11% of the collections of the previous year. The CY 2010 budget was placed at \$1,068,553 which was 8.6% of 2009's income which was projected to be at \$12,374,865 and 7% lower than the CY 2009 approved budget. This illustrated the administration's continual efforts to cut costs. Narruhn pointed out that the administration had never used the total approved budget for any given year.

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