



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

BOARD OF TRUSTEES
Regular Meeting
 Friday, May 31, 2013, 12:30 p.m.
 Retirement Fund Conference Room

MINUTES

Eddie Baza Calvo
 Governor

Ray Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

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

James R.F. Duenas
 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 12:54 p.m. Friday, May 31, 2013, 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
 James R.F. Duenas, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Alice Taijeron, Great-West Retirement Services

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

Public Present:

Ricky Hernandez, Senator Ben Pangelinan's Office
 Mark Heath, Metropolitan West Capital Management
 Ken Quintanilla, KUAM

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 29, 2013 Regular Meeting, April 1, 2013 Reconvened Meeting, and April 26, 2013 Regular Meeting

On motion of Secretary Antolina Leon Guerrero, seconded by Trustee George Santos, moved to table the Minutes of March 29, 2013 Regular Meeting, April 1, 2013 Reconvened Meeting, and April 26, 2013 Regular Meeting. Without objection, the 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 will reintroduce Bill 453-31 in the 32nd Guam Legislature. Director Blas stated that Senator Pangelinan had requested additional information from the Retirement Fund. Senator Pangelinan's office is taking the data into consideration.

Financial Report

1. *Contributions* - Director Blas stated that as of May 28, 2013, all agencies are current with their Fiscal Year 2013 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ending April 2013 were closed on May 15, 2013.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – April 2013

Director Blas stated that Alice Taijeron of Great-West Retirement Services (Great-West) provided the TPA Report for the month ending April 30, 2013 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Taijeron stated that the combined assets are \$350 Million. Chairman San Agustin asked how many are contributing more than 5%. Ms. Taijeron stated that there are very few. Director Blas stated that 1,200 to the DC Plan and 200 to the 401(a). Secretary Antolina Leon Guerrero stated that there are 1,188 participants under the 457 Plan from the 7,680 contributing participants. Treasurer Gerard Cruz asked whether a step-up in contributions is needed. Ms. Taijeron replied, "Yes." Ms. Taijeron stated that the participants are not thinking of retirement although younger participants are becoming more interested about retirement. Ms. Taijeron stated that Great-West is revamping its presentations.

Vice Chairman Wilfred Leon Guerrero asked how much of the change in assets for the 401(a) is from contributions and how much from returns. Ms. Taijeron stated that it is \$2 Million in contribution. Treasurer Cruz stated that 35% comes from contributions and 65% from gains. The average per month is 24%. Treasurer Cruz asked whether we would need legislation to change this. Director Blas replied, "Yes."

Director Blas stated that it is voluntary to opt-in to the 457 Plan. Treasurer Cruz stated that since there is little opt-in, especially for new employees, auto enrollment with the employee's ability to opt out of the 457 should be considered. Director Blas stated that she will check if this addressed in the Plan Document of the 457 Plan. Ms. Tajeron stated that she will also check with their Denver Office if it is in the Plan Document. Secretary Leon Guerrero asked whether Management is going to check if it's in the Plan Document versus legislation. Director Blas replied, "Yes." Director Blas stated that she will look at the way enrollment is set up. Vice Chairman Leon Guerrero asked what the percentage of returns on the 457 Plan is. Treasurer Cruz stated that it is 1% of returns for the month. Ms. Tajeron stated that there is no impact on assets.

Chairman San Agustin inquired about the breakdown of retirees and what the largest disbursement is. Ms. Tajeron stated that it is \$2,000.00 for 20 years. The participant has the option to change it. Treasurer Cruz asked whether there is an option to change with Secure Foundation. Ms. Tajeron replied, "Yes." Chairman San Agustin asked whether the DC retirees are entitled to health insurance. Ms. Tajeron replied, "Yes, and they take care of paying for it on their own."

Ms. Tajeron stated that there was a request from Treasurer Cruz during the Due Diligence meeting on the change of ratio comparison. Treasurer Cruz stated that he would like to refer this issue to the Investment Committee for review. Treasurer Cruz stated that he would like to see if the participants are interested in opting for a cheaper share class and what the ramifications of that option would be.

Treasurer Gerard Cruz, seconded by Vice Chairman Wilfred Leon Guerrero, moved to refer the inquiry of the change of ratio comparison to the Investment Committee. Without objection, the motion unanimously passed.

VII. INVESTMENT COMMITTEE REPORT

Vice Chairman Leon Guerrero stated that there is nothing to report at this time.

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 Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:27 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 31, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 28, 2013.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas