



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, September 27, 2013, 12:30 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

**Katherine T.E. Taitano**  
 Trustee

**James R.F. Duenas**  
 Trustee

**David M. O'Brien**  
 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, September 27, 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
- Katherine T.E. Taitano, Trustee
- James R.F. Duenas, Trustee
- David M. O'Brien, Trustee

**Staff Present:**

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

**Public Present:**

- Mark Heath, Aristotle Capital Management
- Ricky Hernandez, Senator Ben Pangelinan's Office of Finance and Budget

Chairman San Agustin welcomed Mr. David M. O'Brien as a member of the Retirement Fund Board of Trustees. Chairman San Agustin appointed Trustee O'Brien as a member of the Members and Benefits (M&B) Committee chaired by Trustee Katherine Taitano. Secretary Antolina Leon Guerrero is also a member of the Committee.

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. August 30, 2013 Regular Meeting**

**On motion of Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, and without objection, the Minutes of August 30, 2013 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 Committee is reviewing the different options of the Hybrid bill. Treasurer Gerard Cruz asked when the bill will be introduced. Director Blas stated that Senator Pangelinan is aggressively working on it and it may be in a couple of months. Vice Chairman Wilfred Leon Guerrero inquired about the 30.03% contribution rate. Director Blas stated that it decreased from Fiscal Year 2013. The contribution rate in FY2013 was 30.09%. Vice Chairman Leon Guerrero asked whether the 30.03% was recommended by Milliman. Director Blas stated that they anticipated the Hay Study will be implemented and that will put us back up to the dollar amount. Trustee O'Brien asked how that will change the assumption. Director Blas stated that the experience study showed that the rate is not being followed. Trustee O'Brien inquired about the Hay Study assumptions. Director Blas stated that it will show in 2015 for 2014. Treasurer Cruz stated that the actuary will incorporate the impact in 2014. Secretary Leon Guerrero asked whether there is a projection on the effect. Director Blas stated that it will be revisited in 2014 once the numbers are in.

### **Financial Report**

**1. *Contributions*** - Director Blas stated that as of September 24, 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 August 2013 were closed on September 19, 2013.

## **VI. THIRD PARTY ADMINISTRATOR'S REPORT**

### **A. Contribution Report – August 2013**

Director Blas stated that Alice Tajeron of Great-West Retirement Services (Great-West) provided the TPA Report for the month ending August 31, 2013 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron stated that contributions are up to date for August 2013. The 401(a) Plan had a decrease in assets of 1.34%. The 457 Plan had a decrease in assets of .70%. The combined assets had a decrease of .01% due to the market.

Ms. Taijeron stated that the 401(a) had total contributions of \$2,653,612.72. There was a decrease in contributions of 5.43%. The 457 Plan had total contributions of \$354,477.05. There was a decrease in contributions of 8.35%. The total combined contributions was \$3,008,089.71. There was a decrease in combined contributions of .06%. Secretary Leon Guerrero inquired about the substantial decrease in contributions. Director Blas stated that Page 2 of the report shows the change in assets by funds. Trustee O'Brien inquired about the average balance. Ms. Taijeron stated that it is 47%. Trustee O'Brien inquired about the benchmark and the local average. Ms. Taijeron stated that a report is made annually in April, but she will see if it could be included in the monthly report. Ms. Taijeron stated that she will look into the numbers with the National Association of Government Defined Contribution Administrators (NAGDCA).

Trustee O'Brien inquired about participation in the 457 Plan. Ms. Taijeron stated that the 457 Plan has 1,056 DC participants and 160 DB participants. Ms. Taijeron stated that the DC participation increased by 14%. Chairman San Agustin asked whether the participants are looking at retirement. Ms. Taijeron stated that the participants are more aware of the 457 Plan. Director Blas stated that more of the participants enrolling in the 457 Plan are under the age of 30.

Trustee O'Brien asked if there is a comparison of how our investments are doing over the professional investment people. Secretary Leon Guerrero stated that the majority are in the LifePath Fund. Trustee O'Brien raised the issue of the risk that the DC members are taking. Is there a way to look at that? Ms. Taijeron stated that she will check whether they could develop a portfolio. Trustee James Duenas stated that you would need to divide it into different classes. Secretary Leon Guerrero suggested using the Funds of Funds. Ms. Taijeron stated the participants' statement has a Retirement Income Control Panel (RICP) that shows returns, rates, and also how much they will be receiving.

Director Blas stated that she will check with the Retirement Fund's investment consultants regarding DC participants' risk comparable to professional managers. Chairman San Agustin stated that it is good to have a benchmark. Director Blas stated that she will check if Mercer has a tool to help get a handle on comparing risk and return between the DC Plan and the DB Plan.

**Treasurer Gerard Cruz, seconded by Trustee James Duenas, moved to accept the Third Party Administrator's Report. Without objection, the motion unanimously passed.**

## **VII. INVESTMENT COMMITTEE REPORT**

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on September 25, 2013. The Committee reviewed and approved the Investment Committee Minutes of August 29, 2013 and the Due Diligence Meeting Minutes of July 25, 2013 for the Quarter Ended June 30, 2013.

Vice Chairman Leon Guerrero stated that the fund replacements were accomplished. The cost sharing is still pending clarification of certain share class information. Treasurer Cruz stated that T Rowe is

ready and ClearBridge is pending. Ms. Taijeron stated that she has one more question that she needs to communicate with Terry Dennison and that she will get it by Tuesday next week.

**Next Quarterly Performance Meeting** – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for October 30, 2013. Director Blas stated that the next Board Meeting is scheduled for October 31, 2013.

**Treasurer Gerard Cruz, seconded by Trustee James Duenas, moved to accept the Investment Committee Report. 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 Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, and without objection, the meeting was adjourned at 1:40 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 27, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 31, 2013.**



**ANTOLINA S. LEON GUERRERO, Board Secretary**

**RECORDING SECRETARY:**



**Jackie Blas**