



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, November 22, 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 12:45 p.m. Friday, November 22, 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  
 James R.F. Duenas, Trustee  
 David M. O'Brien, Trustee

**Board of Trustees Absent:**

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

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Jackie Blas, Recording Secretary  
 Alice Taijeron, Great-West Retirement Services

**Investment Consultant Present:**

Maggie Ralbovsky, Wilshire Associates

**Public Present:**

Christian Cristobal, Senator Ben Pangelinan's Office

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

### **A. October 31, 2013 Regular Meeting**

**On motion of Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, and without objection, the Minutes of October 31, 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 office forwarded questions for the actuary's analysis. One of the analyses requested is to include a Social Security component. This is to get a comparison of costs between the proposed DB Plan component and a Social Security component. Director Blas stated that once she receives the analysis she will forward it to the Member and Benefits (M&B) Committee. Chairman San Agustin stated that the Government's contribution rate for the unfunded liability should include the DC Plan. Director Blas stated that the unfunded is a fixed component of GovGuam payroll. Director Blas stated that the contribution rate is 35% and Social Security is 6.2%. Treasurer Gerard Cruz stated that those who enroll in Social Security will start at Day 1. Director Blas stated that she expects to receive the analysis by next week, which she will send to Senator Pangelinan's Office and the M&B Committee.

### **Financial Report**

**1. *Contributions*** - Director Blas stated that as of November 19, 2013, all agencies are current with their Fiscal Year 2014 employee and employer contributions.

**2. *Financial Statements*** - Director Blas stated that the books for the month ending September 30, 2013 and the Fiscal Year closing is scheduled to be closed by December 6, 2013.

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

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

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

Ms. Taijeron stated that the 401(a) Plan had total assets of \$345,157,213.36. There was an increase in assets of \$10,163,880.67 or 3.03% over the prior month, and a market increase of 2%. The 457 Plan had total assets of \$33,650,614.20. There was an increase in assets of \$1,036,974.56 or 3.18%, and a market increase of 2%. The total combined assets were \$378,807,827.56. There was an increase in combined assets of \$11,200,855.23 or 3% over the prior month, with a market increase of 2%.

Vice Chairman Wilfred Leon Guerrero inquired about the assets for the year. Ms. Taijeron stated that from September 2012 to October 31, 2013 it was 27.63%. Trustee David O'Brien inquired about the hardships for the year. Ms. Taijeron stated that the average is less than 10 hardships per month and the average cost is \$1 Million per year. Chairman San Agustin inquired about the disability annual insurance payment. Ms. Taijeron stated that the individual disability benefit varies according to recipient's income.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, 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 November 21, 2013. The Committee reviewed and approved the Investment Committee Minutes of October 30, 2013.

Trustee O'Brien inquired about the presentation on Secure Foundation. Secretary Antolina Leon Guerrero stated that it will be in January 2014 along with a review of alternatives to Life Path Funds to be given by Terry Dennison of Mercer Investment Consulting, Inc.

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for January 30, 2014.

**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**

### **A. Policy Advising Services for Pension Reform Issues**

Trustee O'Brien stated that he would like to discuss actuary and policy advising services for pension reform issues the Retirement Fund faces including the future of the DC Plan, Hybrid Plan, and Social Security. Trustee O'Brien asked if we have someone pulling this information together for the Board. He suggested that the Board needs someone who will conduct research on other pension plans and address issues and consult with the Board. He added that GGRF may need to put out a Request for Proposal (RFP). Chairman San Agustin asked what the specifications of the RFP would be. Trustee O'Brien stated that it would be a macro consultant who has the qualifications, experience, knowledge, and perspective to pull all these pieces, players, and their advice together; someone with whom the Board can discuss the complete picture and vet ideas. Treasurer Cruz asked whether the issues are beyond investments. Trustee O'Brien replied, "Yes." Director Blas stated that the actuary does that. Trustee O'Brien stated that the services should include reviewing the spectrum of state pension plans. Chairman San Agustin asked Trustee O'Brien to provide the scope of work to Director Blas to get a clear idea.

**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 1:10 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of November 22, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 20, 2013.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**