



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY • SECURITY • REWARDS

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

Katherine T.E. Taitano
 Trustee

James R.F. Duenas
 Trustee

David M. O'Brien
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Friday, December 20, 2013, 12:30 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 12:37 p.m. Friday, December 20, 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
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Alice Tajeron, Great-West Retirement Services

Legal Counsel Present:

Joanne Grimes, Carlsmith Ball LLP (*Via Conference Call*)

Public Present:

Senator Ben Pangelinan
 Christian Cristobal, Senator Ben Pangelinan's Office

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 22, 2013 Regular Meeting

On motion of Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, and without objection, the Minutes of November 22, 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 the actuary's analysis will be provided to Senator Ben Pangelinan by the end of this month. Chairman San Agustin stated that by the time the Legislature acts on it, it will be March and asked why it is taking so long. Director Blas stated that they are working on updating the information. Trustee David O'Brien asked whether the information will be sent to Senator Pangelinan first. Director Blas stated that the information will be sent to her and then she will send it to Senator Pangelinan. Treasurer Gerard Cruz suggested calling a working session to review the analysis. Trustee O'Brien asked when the Legislature will be in session. Director Blas replied, "Mid January." Director Blas stated that Senator Pangelinan has the bill.

Senator Pangelinan joins the meeting at this time. Chairman San Agustin welcomed Senator Pangelinan and informed him that the Board was just discussing the timing of when the Legislature will act on the bill. Senator Pangelinan stated that he would like to introduce the bill early in the year. Senator Pangelinan stated that he will reintroduce the bill based on the actuary's input. The hearing should be by February or March 2014. Chairman San Agustin suggested informing the DC participants of the Hybrid Plan to get their support to have the bill passed. Senator Pangelinan stated that there are more inquiries from the participants as they are now realizing what their projected annuity would be. Treasurer Cruz asked whether there is any opposition. Senator Pangelinan stated the Office of Public Accountability (OPA) and the Chamber of Commerce has expressed some concerns.

Bill No. 245-32 - Chairman San Agustin stated that Public Law 32-086 states that investment managers must be registered with the Financial Industry Regulatory Authority (FINRA) and the Security and Exchange Commission (SEC). Chairman San Agustin stated that FINRA oversees brokers. Senator Pangelinan stated that the Retirement Fund investment managers provide advice. Senator Pangelinan further stated that the brokers do not have custody of funds. Senator Pangelinan stated that he tried to make that distinction to Senator Michael San Nicolas. Chairman San Agustin stated that there is a provision in the law to hire local brokers. Treasurer Cruz stated that FINRA makes sense on the retail side. Treasurer Cruz stated that the custodians settle trades. Vice Chairman Wilfred Leon Guerrero asked whether Senator San Nicolas has any objection to amend PL 32-086. Senator Pangelinan stated that he needs to sit with Senator San Nicolas to make him understand the proposed changes included in the bill.

Director Blas informed the Board and Senator Pangelinan that Legal Counsel Joanne Grimes is on a conference call to answer any questions or concerns. Senator Pangelinan stated that he will introduce Bill 245 and will hold a public hearing. Chairman San Agustin stated that the Fund will be status quo at this time. Chairman San Agustin stated that the Retirement Fund conducts due diligence with its investment managers. Senator Pangelinan stated that he agrees with the Retirement Fund and the analysis provided. Senator Pangelinan stated that there was another amendment by Senator San Nicolas to insure local investors, but he convinced Senator San Nicolas not to offer the amendment and Senator San Nicolas withdrew the amendment. Chairman San Agustin stated that Senator San Nicolas could push for local brokers, but not at the Retirement Fund members' expense. Trustee O'Brien asked whether there are any indications that Senator San Nicolas will reintroduce the amendment. Senator Pangelinan stated that he told Senator San Nicolas that he will work with him. . . Senator Pangelinan stated that he will schedule a public hearing on Bill 245 by January 15, 2014. Senator Pangelinan recommended having the Retirement Fund's Investment Consultant and Actuary attend the public hearing.

Financial Report

1. ***Contributions*** - Director Blas stated that as of December 17, 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 2013 were closed on December 3, 2013 and the books for the fiscal year ending September 30, 2013 were closed on December 4, 2013.
3. ***Fiscal Year 2013 Audit*** - Director Blas stated that the audit for Fiscal Year ending September 30, 2013 is scheduled to commence next week. The final audit reports are scheduled to be issued no later than February 28, 2014.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – November 2013

Director Blas stated that Alice Tajeron of Great-West Retirement Services (Great-West) provided the TPA Report for the month ending November 30, 2013 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Tajeron stated that contributions are up to date.

Ms. Tajeron stated that the 401(a) Plan had total assets of \$350,898,157.97. There was an increase in assets of \$5,740,944.61 or 1.66% over the prior month, and a market growth of 1% from October to November 2013. The market growth from January to November 2013 is 14%. The 457 Plan had total assets of \$34,355,331.33. There was an increase in assets of \$704,717.13 or 2%, and a market growth of 1% from October to November 2013. The market growth from January to November 2013 is 20%. The total combined assets were \$385,253,489.30. There was an increase in combined assets of \$6,445,661.74. The market growth from October to November 2013 is 1% and 14% from January to November 2013.

Ms. Tajeron provided the following Participant Disbursement Report:

401(a) Plan – Participant Disbursement

Employee Distributions = \$882,704.51	123
Retirement	53
Separation of Service	62
Hardship	06
Spousal Beneficiary	02
Non Spouse	02

457 Deferred Compensation Plan – Participant Disbursement

Participant Distributions = \$186,019.20	31
Retirement	04
Separation of Service	06
Loans	24

Chairman San Agustin asked how many loans are outstanding and what i the total outstanding amount on the 457 Plan is. Ms. Tajeron stated that there are 360 outstanding loans, which totals to \$159,000.00. Director Blas stated that there are requirements on borrowing on the 457 Plan. Chairman San Agustin asked whether there is a safeguard. Ms. Tajeron stated that there is a safeguard in place.

Chairman San Agustin inquired about the status of participants on disability. Chairman San Agustin stated that he would like to know how many are on disability and how long have they been on disability. Ms. Tajeron stated that there are 54 participants on disability. How long they are on disability is Standard Insurance’s decision. Ms. Tajeron stated that the maximum age for disability is 65 years old. Director Blas stated that if the participant is taken off disability, they can either retire or go back to their agency. Rosalia Bordallo, General Accounting Supervisor, stated that by law, the employee’s position is frozen. Chairman San Agustin asked how many disability participants have been reinstated back to work or what will they retire on. Director Blas stated that it will be from their standard contributions from their 401(a) Plan. Chairman San Agustin asked whether there are any statistical reports. Ms. Tajeron stated that it will be from Standard Insurance. Director Blas stated that she will get an experience report from Standard Insurance. Secretary Antolina Leon Guerrero stated that the Members and Benefits Committee should also look at the DC disability cases.

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 Wilfred Leon Guerrero reported that the Investment Committee Meeting was held on December 13, 2013. The Committee reviewed and approved the Investment Committee Minutes of November 21, 2013 and the Due Diligence Meeting Minutes of October 30, 2013 for the Quarter Ended September 30, 2013.

Chairman San Agustin inquired about the Secure Foundation presentation. Secretary Leon Guerrero stated that it will be discussed in January 2014 with 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 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

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 Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:30 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 20, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 31, 2014.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas