



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, February 28, 2014, 12:30 p.m.
 Retirement Fund Conference Room

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

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 12:31 p.m. Friday, February 28, 2014, 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
 David M. O'Brien, Trustee

Board of Trustees Absent:

James R.F. Duenas, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Alice Taijeron, Director, Client Relations & Plan Counseling, Great-West Financial

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

Public Present:

Franklin Cooper-Nurse & Joy Bulatao, Office of Public Accountability
 Tom Budinger, Adelante Capital Management USA
 Selina Onedera-Salas, Senator Ben Pangelinan's Office

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. January 31, 2014 Regular Meeting

On motion of Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, and without objection, the Minutes of January 31, 2014 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 Retirement Fund held a working session with the Trustees, Senator Ben Pangelinan's representatives, the Public Auditor, the Retirement Fund's Legal Counsel and Actuary, to discuss the various hybrid options. Director Blas stated that Senator Pangelinan agreed to move forward with utilizing Hybrid Option 2 with a 5-year re-amortization. A follow-up working session was held this morning. No decision has been made at this time. This item is being tabled.

2. **Standard Insurance** – Director Blas stated that there is no update at this time.

Financial Report

1. **Contributions** - Director Blas stated that as of February 25, 2014, 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 December 2013 were closed on February 6, 2014.

3. **Fiscal Year 2013 Audit** - Director Blas stated that the audit for Fiscal Year Ending September 30, 2013 is completed. The final audit reports are scheduled to be issued no later than March 6, 2014. Director Blas stated that the audit will be entertained during the DB Plan meeting.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – January 2014

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Great-West Financial (Great-West) provided the TPA Report for the month ending January 31, 2014 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron reported that contributions are up to date. The 401(a) Plan had total assets of \$353,303,377.40. There was a decrease of \$5,839,506.36 or 1.63%. The 401(a) Plan had total contributions of \$2,299,241.16. There was a decrease in contributions of \$2,062,614.93 or 47.29%.

Ms. Tajjeron stated that the decrease in contributions reflects the comparison with contributions made from the GPD increments and back pay paid in December. Chairman San Agustin stated that he is impressed with the charts provided.

Treasurer Gerard Cruz inquired about enrollment on Secure Foundation. Ms. Tajjeron stated that there is a slight increase. Participants are slowly coming in.

Treasurer Gerard Cruz, seconded by Trustee David O'Brien, 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 February 27, 2014. The Committee reviewed and approved the Investment Committee Minutes of January 30, 2014.

Proxy Voting - Treasurer Cruz stated that at the last Board meeting, the Board accepted the Investment Committee's recommendation to forward all Proxies received to Terry Dennison of Mercer Investment Consulting, Inc. for review and recommendation, which will be forwarded to the Committee and the Board for final disposition. Treasurer Cruz stated that the Retirement Fund just received a proxy from Great-West Funds Inc., which has been forwarded to Mr. Dennison.

Treasurer Cruz stated that the proxy is for the Annual Meeting of Shareholders of Great-West Funds, Inc. Treasurer Cruz stated that there are three (3) items to be voted on:

- 1) To Elect Directors of the Fund Until Their Successors are Elected and Qualified,
- 2) Approval of a New Investment Advisory Agreement Between Great-West Funds, Inc. and Great-West Capital Management, LLC, and
- 3) Approval of a New Sub-Advisory Agreement Among Great-West Funds, Inc., Great-West Capital Management, LLC and Putnam Investment Management, LLC for Only the Great-West Putnam High Yield Bond Fund and Great-West Putnam Equity Income Fund.

Treasurer Cruz stated that based on Mr. Dennison's review, all three items above are routine and the Board should vote in the affirmative. Chairman San Agustin recommended making Mr. Dennison's recommendation a part of the record.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to accept Mercer Investment Consulting, Inc.'s recommendation to vote in the affirmative on the following: 1) To Elect Directors of the Fund Until Their Successors are Elected and Qualified, 2) Approval of a New Investment Advisory Agreement Between Great-West Funds, Inc. and Great-West Capital Management, LLC, and 3) Approval of a New Sub-Advisory Agreement Among Great-West Funds, Inc., Great-West Capital Management, LLC and Putnam Investment Management, LLC for Only the Great-West Putnam High Yield Bond Fund and Great-West Putnam Equity Income Fund. Without objection, the motion unanimously passed.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for April 24, 2014.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

VIII. OLD BUSINESS

A. Members and Benefits Committee

Secure Foundation - Trustee Katherine Taitano reported that the M&B Committee reviewed the Secure Foundation Fund. Trustee David O'Brien stated that discussions with Ms. Tajeron and Mr. Dennison had to do with the logistics of moving over to Secure Foundation. The question was asked whether participants will be worst off if they did not want the Secure Foundation. The answer was no, the participants will still benefit. Trustee Taitano stated that after discussions with Ms. Tajeron and with Mr. Dennison during the Due Diligence Meeting, the Committee agreed with Mr. Dennison's recommendation that Secure Foundation should be the default fund. Secretary Antolina Leon Guerrero stated that the Committee concurred with Mr. Dennison's recommendation to change the default to Secure Foundation. Secretary Leon Guerrero stated that the Committee is suggesting that the Board consider changing the default to Secure Foundation. Chairman San Agustin stated that supporting documentation of the change is needed for the record. Trustee O'Brien stated that the previous meeting minutes reflects the discussions on changing the default to Secure Foundation.

Treasurer Cruz asked whether the balances will be mapped over. Trustee O'Brien replied, "Yes." Ms. Tajeron stated that there is a one (1) day black-out period for mapping of funds. Ms. Tajeron stated that the participants have the option to remain with BlackRock. Chairman San Agustin asked when the participants will be informed. Ms. Tajeron stated that once it is approved, notice will be sent out within 60 to 90 days. Chairman San Agustin stated that he would like a feedback on the process.

Trustee Katherine Taitano, seconded by Trustee David O'Brien, moved to approve to change the default to Secure Foundation and for Great-West Financial to report to the Board on the implementation process. Without objection, the motion unanimously passed.

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 12:51 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of February 28, 2014 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on March 28, 2014.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas