



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

BOARD OF TRUSTEES

Regular Meeting

Friday, May 30, 2014, 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 12:50 p.m. Friday, May 30, 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
 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, Director, Client Relations & Plan Counseling, Great-West Financial

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

Public Present:

Uriah Perez, Senator Ben Pangelinan's Office
 Maree Pelkey, Morgan Stanley
 Kevin Ryan, Cornerstone Real Estate Advisers

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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. April 25, 2014 Regular Meeting

On motion of Trustee David O'Brien, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of April 25, 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 Legal Counsel has been working aggressively on the draft provisions concerning the tax issues. Legislation will then be submitted to Senator Ben Pangelinan by next week. Chairman San Agustin stated that the Legislature is currently conducting budget hearings and in July they will be gearing up for the upcoming election in September. Director Blas stated that the provision that involves the portion of the actuarial cost of service is a little bit more complicated to put into actual legislation. Director Blas added that Legal Counsel wants to make sure that the provisions meet the tax code. Secretary Antolina Leon Guerrero stated that the Members and Benefits (M&B) Committee had indicated that it would be a good idea to put together a communication plan. When legislation is submitted to the Legislature, there will be questions and we want to make sure our message is clear. Secretary Leon Guerrero suggested working with Legal Counsel Vince Camacho in terms of communicating some of the issues and answering questions. Director Blas stated that Legal Counsel will get back to her on whether they could handle it. Treasurer Gerard Cruz stated that other things will be thrown in. Trustee James Duenas stated that the biggest question posed is why there is no campaign ad out. Trustee Duenas stated that he explained that the proposed legislation is still going through Legal Counsel. Director Blas stated that transferring from DC to the hybrid is not something that is going to be automatic, it is voluntary for DC members. Trustee David O'Brien stated that it is very complex. There are multiple issues. Developing the message will take some time. Trustee O'Brien added that we can start the educational portion of the message now. Secretary Leon Guerrero stated that the debate comes up on how to resolve the issue of the DC members not having enough for retirement. The details are very confusing. Secretary Leon Guerrero added that we need to get consensus on the approach. Director Blas stated that Legal Counsel is working on an alternative which they don't want to discuss until it is complete. Trustee O'Brien stated that we need to talk to the members about what they are facing. There are facts to be presented. Treasurer Cruz stated that we need to remind ourselves of what our position or mission is. Treasurer Cruz added that a lot of the discussion coming from the outside has to do with portability. It is not the mission of the Retirement Fund to consider portability. Chairman San Agustin stated that the DC Plan has portability. Treasurer Cruz stated that the Hybrid Plan does not have portability. Chairman San Agustin stated that the Board needs the rationale of why we are going with the Hybrid Plan and the mechanics of how to go with the Hybrid Plan. Secretary Leon Guerrero stated that the Hybrid Plan will be mandatory for new

employees. The current members could either stay in the current DC Plan or move to the Hybrid Plan. Treasurer Cruz suggested waiting for the bill to come out from Legal Counsel. Director Blas stated that she is hoping that it will be done by next week.

2. **Standard Insurance** - Director Blas stated that an updated report as of April 30, 2014 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information.

Financial Report

1. **Contributions** - Director Blas stated that as of May 27, 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 April 2014 were closed on May 15, 2014.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – April 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 April 30, 2014 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron reported that the 401(a) Plan had total assets of \$370,841,223.80. There was an increase of \$2,495,569.45 or .68%. There was a market increase of 14.69%. The 457 Deferred Compensation Plan had total assets of \$36,470,879.21. There was an increase of \$253,895.11 or .70%. There was a market increase of 20%.

The 401(a) Plan had total contributions of \$3,208,886.12. There was an increase in contributions of \$567,058.61 or 21.46%. The 457 Deferred Compensation Plan had total contributions of \$451,188.89. There was an increase of \$93,700.54 or 26.21%.

Ms. Taijeron stated that the 401(a) Plan had 123 employee distributions totaling \$1,124,866.36. The 457 Plan had 37 participant distributions totaling \$232,542.52.

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. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Wilfred Leon Guerrero reported that the Investment Committee Meeting was held on May 29, 2014. The Committee reviewed and approved the Investment Committee Minutes of April 24, 2014.

1. *Extension of Great-West's Contract*

Vice Chairman Leon Guerrero stated that the Investment Committee recommends extending Great-West's contract for another five (5) years. Chairman San Agustin asked when Great-West's contract will expire. Director Blas stated that it will expire in August 2014. Chairman San Agustin asked whether it will have the same terms and conditions. Director Blas replied, "Yes." Chairman San Agustin asked whether there is anything adverse against the renewal. Director Blas stated that there were no issues in the last five (5) years.

Vice Chairman Wilfred Leon Guerrero, seconded by Trustee James Duenas, moved to accept the Investment Committee's recommendation to extend Great-West's contract for an additional five (5) years. Without objection, the motion unanimously passed.

2. *Next Quarterly Performance Meeting*

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

Treasurer Gerard Cruz, seconded by Trustee James Duenas, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

B. *Members and Benefits Committee*

1. *Secure Foundation*

Trustee O'Brien inquired about the status of the notification letter for DC members. Ms. Taijeron stated that it is with Legal Counsel for compliance. Ms. Taijeron added that Great-West is having two additional fund changes – Vanguard and Transamerica. Secretary Leon Guerrero asked whether we are still looking at June to get the letter to the members. Ms. Taijeron replied, "Yes."

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 David O'Brien, and without objection, the meeting was adjourned at 1:11 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 30, 2014 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 27, 2014.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas