



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, June 27, 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

Anthony C. Blaz
 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 12:36 p.m. Friday, June 27, 2014, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
 Antolina S. Leon Guerrero, Secretary
 Gerard A. Cruz, Treasurer
 James R.F. Duenas, Trustee
 David M. O'Brien, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Vice Chairman
(Excused, Off-Island)
 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

Public Present:

Selina Onedera-Salas, Senator Ben Pangelinan's Office

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. May 30, 2014 Regular Meeting

Trustee David O'Brien pointed out that Item VII-A-1 on Page 4 of 5 of the May 30, 2014 Minutes regarding the "Extension of Great-West's Contract" should reflect the statement made by Director Paula Blas that there is an option in the contract that allows the Retirement Fund to renew Great-West's contract for another five-year term. Chairman San Agustin so noted the correction to be made.

On motion of Treasurer Gerard Cruz, seconded by Trustee James Duenas, and without objection, the Minutes of May 30, 2014 Regular Meeting were approved, as corrected, subject to further 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 Blas stated that on June 6, 2014, the draft DB/DC Hybrid Bill with attachments was transmitted to Senator Ben Pangelinan's Office. The draft bill is being reviewed by his office. Director Blas stated that Senator Pangelinan's office has reassured her of their support on the Hybrid and they are in the final stages of putting it into the format that they need. The bill will be introduced shortly. Chairman San Agustin stated that he is concerned that the bill was transmitted to Senator Pangelinan on June 6, 2014 and it still has not been introduced. Director Blas stated that the Retirement Fund met its timeline. Trustee O'Brien stated that the compelling issue is proceeding with the communications plan. Director Blas stated that she will be engaging with a firm who will be assisting with the communication strategy on how to approach this. The details of the plan is something we don't want to get into until the bill is introduced. Director Blas stated that Adxtech will be the firm to facilitate the communication and educational process. Trustee O'Brien stated that there is a need to get the word out to the community about this plan. Secretary Antolina Leon Guerrero stated that the firm will help craft the message and how to lay it out. Chairman San Agustin asked when this was decided on. Director Blas stated that it was discussed during the last Board meeting. Director Blas stated that she put out a Request for Quotation (RFQ). Chairman San Agustin stated to amend the minutes to include the statement that Secretary Antolina Leon Guerrero had stated to work with Legal Counsel and if Legal Counsel is not able to do it then we will get someone else. Chairman San Agustin stated that the minutes should reflect that there was a search for a communication consultant.

2. *Standard Insurance* - Director Blas stated that an updated report for May 2014 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Trustee O'Brien inquired about "Proof of Loss" as being a reason for denial of claim. Director Blas stated that it may reflect when the applicant does not meet the threshold of disability. Controller Diana Bernardo stated that she will ask what "Proof of Loss" means. Director Blas stated that all documents are submitted directly to Standard Insurance. Trustee O'Brien pointed out that the average number of days from assignment to decision is 51 days.

Financial Report

1. **Contributions** - Director Blas stated that as of June 24, 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 May 2014 were closed on June 17, 2014.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – May 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 May 31, 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 \$378,116,971.65. There was an increase of \$7,275,747.85 or 2%. There was a market increase of 1%. There was an increase from May 2013 to May 2014 of 18% and a market increase of 17%. The 457 Deferred Compensation Plan had total assets of \$37,099,339.98. There was an increase of \$628,460.77 or 1.72%. There was a market increase of .5%. There was an increase from May 2013 to May 2014 of 22% and a market increase of 20%.

The 401(a) Plan had total contributions of \$2,157,803.44. There was a decrease in contributions of \$1,051,082.68 or 32.76%. The 457 Deferred Compensation Plan had total contributions of \$446,469.21. There was a decrease of \$4,719.68 or 4.05%.

Ms. Taijeron stated that the 401(a) Plan had 109 employee distributions totaling \$1,716,703.48. The 457 Plan had 34 participant distributions totaling \$551,162.42.

Trustee O'Brien asked whether there is a class on managing money during retirement to help DC members plan for retirement. Ms. Taijeron stated that seminars are conducted regarding options for distributions. Trustee O'Brien stated that he is referring to DC members that are now retired. Ms. Taijeron stated that they offer guidance on an individual basis. Chairman San Agustin asked why get involved after they take their annuity. Ms. Taijeron stated that they speak to the individuals prior to distribution. Trustee O'Brien asked what advice is given to the individuals that are about to retire and post retirement. Ms. Taijeron stated that they speak to them individually and give them guidance prior to leaving the government. Chairman San Agustin asked how Great-West is being compensated for giving advice. Ms. Taijeron stated that Great-West does not give advice. Secretary Leon Guerrero asked whether DC retirees are still members of the Fund. Director Blas stated that only if they have money in the Fund. Secretary Leon Guerrero asked whether the investment advisory arm of Great-West is also available for retirees as they are for active members. Ms. Taijeron replied, "Yes, only if they have money in the Fund." Ms. Taijeron pointed out that individuals withdraw their contributions for many reasons, but there is an increase in periodic payments taken by retirees. Secretary Leon Guerrero asked Ms. Taijeron to check whether there is a module available with Great-West on managing money during retirement. Ms. Taijeron stated that she will check on it.

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

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Gerard Cruz reported that the Investment Committee Meeting was held on June 20, 2014. The Committee reviewed and approved the Investment Committee Minutes of May 29, 2014.

Next Quarterly Performance Meeting – Treasurer Cruz informed the Board that the next Quarterly Performance Meeting is 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.

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 1:03 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 27, 2014 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 25, 2014.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas