



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

**Anthony C. Blaz**  
 Trustee

**David M. O'Brien**  
 Trustee

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Friday, August 29, 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 12:54 p.m. Friday, August 29, 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  
 David M. O'Brien, Trustee  
 Anthony C. Blaz, Trustee

**Board of Trustees Absent:**

Gerard A. Cruz, Treasurer (*Excused*)  
 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

**Legal Counsel Present:**

Vince Camacho, Carlsmith Ball LLP

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. July 25, 2014 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the Minutes of the July 25, 2014 Regular Meeting, subject to technical corrections. Without objection, the 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 a copy of the draft Hybrid Bill is with Vice-Speaker B.J. Cruz for his review. Director Blas stated that the bill will be introduced sometime next week or the week after.

2. **Standard Insurance** - Director Blas stated that an updated report for July 2014 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Chairman San Agustin inquired about the disability rate. Director Blas stated that disability on the DC Plan is a wage replacement program. The disability rate is 66⅓% up to the age of 65. Chairman San Agustin asked what happens after the age of 65. Alice Taijeron, Director of Client Relations & Plan Counseling, Great-West Financial (Great-West), stated that the individual has the option to do a reexamination to see if he/she will qualify up to the maximum age of 69½ or 70, or return to work, if he/she meets the agency's qualification to return to work, or retire. Chairman San Agustin asked whether an individual on disability is still contributing. Ms. Taijeron stated that contribution is from Standard Insurance. Ms. Taijeron stated that Standard Insurance is contributing to the pension. Secretary Antolina Leon Guerrero asked where the contribution goes to. Ms. Taijeron stated that it goes to the employer's share. Trustee David O'Brien asked whether individuals on disability have the option to contribute. Ms. Taijeron replied, "No." Trustee O'Brien pointed out that it would be extremely difficult for them to retire. Chairman San Agustin stated that an individual on disability is much better off being on disability rather than to retire. Ms. Taijeron agreed. Chairman San Agustin inquired about medical reexaminations for individuals on disability. Ms. Taijeron stated that a reexamination is done the following year and at the end of their term. Chairman San Agustin inquired about reexaminations on the DB Plan. Director Blas stated that there are 2 reexaminations within the first seven years. Vice Chairman Wilfred Leon Guerrero inquired about the formula to determine the rate of disability. Director Blas stated that it is set by Standard Insurance. Vice Chairman Leon Guerrero asked whether there is the same problem with the degree of disability on the DB Plan. Director Blas stated that disability on the DC Plan is a wage replacement program. The disability evaluation process on the DB Plan is different from the DC Plan. In the DB Plan, the law states that the individual must be "Totally and Permanently Disabled." Chairman San Agustin stated that there is no degree of disability on the DC Plan. Secretary Leon Guerrero stated that the M&B Committee should look at the disability evaluation process on the DC Plan. Secretary Leon Guerrero inquired about disability on the Hybrid Plan. Director Blas stated that members on the Hybrid Plan eligible for disability will retire at 50%.

Chairman San Agustin inquired about an applicant showing: "Not disabled from own occupation." Secretary Leon Guerrero stated that a determination was made that the applicant is not disabled from performing his/her duties. Director Blas stated that the applicant is still able to work.

Vice Chairman Leon Guerrero inquired about the status of participation in Social Security for Government of Guam employees. Director Blas stated that the Legislature passed a resolution to ask Congresswoman Madeleine Bordallo to introduce legislation. Director Blas stated that she has not heard anything on whether legislation was introduced.

### **Financial Report**

1. **Contributions** - Director Blas stated that as of August 26, 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 July 2014 were closed on August 19, 2014.

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

### **A. Contribution Report – July 2014**

Director Blas stated that Ms. Taijeron of Great-West provided the TPA Report for the month ending July 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 \$381,207,924.92. There was a decrease of \$4,366,493.61 or -1.13% for the month. There was an increase from July 2013 to July 2014 of 16% and a market increase of 15%. The 457 Deferred Compensation Plan had total assets of \$37,869,880.75. There was a decrease of \$88,885.96 or -0.23% for the month. There was an increase from July 2013 to July 2014 of 20% and a market increase of 19%.

The 401(a) Plan had total contributions of \$2,684,713.86. There was a decrease in contributions of \$174,261.42 or -6.10%. The 457 Deferred Compensation Plan had total contributions of \$489,613.58. There was an increase of \$102,767.17 or 26.57%.

Ms. Taijeron reported that the 401(a) Plan had 199 employee distributions totaling \$1,888,757.85. The 457 Plan had 33 participant distributions totaling \$125,297.36. Secretary Leon Guerrero asked whether the \$1,888,757.85 employee distributions part of the \$4,366,493.61 decrease in assets. Ms. Taijeron replied, "Yes."

Ms. Taijeron also reported that there were 568 walk-in participants and 82 individual meetings. Ms. Taijeron further reported that notices have been sent out regarding the fund changes. Chairman San Agustin asked how many participants are enrolled in Secure Foundation. Ms. Taijeron stated that there are about over 100 participants enrolled and after September 2014 that number will increase since Secure Foundation has been identified as a default fund. Ms. Taijeron stated that the participants are showing interest in Secure Foundation.

**Secretary Antolina Leon Guerrero, 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 Leon Guerrero reported that the Investment Committee Meeting was held on August 15, 2014. The Committee reviewed and approved the Investment Committee Minutes of July 24, 2014.

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

**B. Members and Benefits Committee**

Secretary Leon Guerrero stated that Standard Insurance was discussed under the Director’s Report. Secretary Leon Guerrero further stated that the M&B Committee is working on the Hybrid Plan.

**VIII. OLD BUSINESS**

None

**IX. NEW BUSINESS**

None

**X. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

**XI. ANNOUNCEMENTS**

None

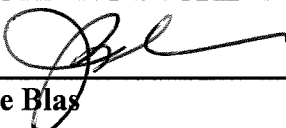
**XII. ADJOURNMENT**

**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 1:15 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 29, 2014 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 26, 2014.**

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

**RECORDING SECRETARY:**

  
\_\_\_\_\_  
**Jackie Blas**