



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, October 31, 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 12:39 p.m. Friday, October 31, 2014, in the Retirement Fund Conference Room. Acting Chairman Wilfred P. Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Acting Chairman
 Gerard A. Cruz, Treasurer
 David M. O'Brien, Trustee
 Anthony C. Blaz, Trustee
 Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

Joe T. San Agustin, Chairman (*Excused*)
 Antolina S. Leon Guerrero, Secretary
 (*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:

Terry Dennison, Mercer Investment Consulting, Inc.

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 26, 2014 Regular Meeting

Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, moved to approve the Minutes of the September 26, 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 public hearings on Bill 394-32 were held on September 23, 2014 and September 24, 2014. Bill 394-32 was reported out of Committee and discussed in a Legislative Special Session. The Retirement Fund was present during the Committee as a whole on Friday, October 17, 2014 to provide additional information and answer any questions. Treasurer Gerard Cruz pointed out that Alice Taijeron of Great-West Financial took some of the heat during the Special Session. Director Blas stated that Session resumed on Tuesday, October 21, 2014 at which time Bill 394-32 was referred back to Committee to give the public and the Legislature additional time to review the supplemental reports provided by the Retirement Fund. Director Blas stated that Vice Speaker B.J. Cruz has called a Round Table discussion on Bill 394-32 on Thursday, November 6, 2014, at 10:00 a.m. Acting Chairman Leon Guerrero inquired about the Round Table. Director Blas stated that there will be an informal dialogue conducted then the bill will go back to the Committee to be reported out. Acting Chairman Leon Guerrero asked whether there are any issues. Director Blas stated that there are a lot of issues. Treasurer Cruz stated that they all want to play with the bill – some want Social Security because they think Social Security is cheaper, some want to increase the contribution to the DC members because they think it is a better option, and some are advocating the support of the Hybrid but want to change the 1.75% to make it closer to the current DB Plan. Treasurer Cruz stated that there is no consensus. Everyone wants different things. Treasurer Cruz stated that the only thing common is delay. Director Blas stated that if the attempt of getting the bill on the floor fails, then it will have to be reintroduced next year. Acting Chairman Leon Guerrero stated that Vice Speaker Cruz wants to get this addressed. Director Blas stated that waiting until after the election will remove the pressure. Trustee Anthony Blaz stated that the Governor is committed to work with the Retirement Fund. Acting Chairman Leon Guerrero inquired about the meeting with the Governor. Treasurer Cruz stated that it was a very productive meeting and the Governor will engage his Fiscal Policy Team to work with the Retirement Fund, but it won't be until after the election to relieve the political pressure. Trustee Blas stated that he will attend the Round Table discussion. Trustee Blas mentioned that Telo Taitague informed the Governor of the Round Table discussion and the Governor will have his Fiscal Policy Team there.

Director Blas stated that Vice Speaker Cruz is trying to get this bill into the November Legislative Session. Acting Chairman Leon Guerrero stated that he would like to have a planner at the Round Table discussion to answer questions. Trustee David O'Brien stated that there are several firms

available to address this. It will cost money, but we need a broader prospective. Trustee O'Brien stated that the time is right for the Board to get an expert to address the issues.

2. **Standard Insurance** - Director Blas stated that an updated summary report for September 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 October 28, 2014, all agencies are current with their Fiscal Year 2015 employee and employer contributions.

2. **Financial Statements** - Director Blas stated that the books for the month and the Fiscal Year ending September 30, 2014 will be closed on November 21, 2014.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – September 2014

Director Blas stated that Ms. Tajjeron provided the TPA Report for the month ending September 30, 2014 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Tajjeron stated that the total retiree count is 642 (8 retired in September). There are no new disability applicants. There were 132 individual meetings conducted. There are around 16% or 17% of employees participating in the 457 Plan. Trustee O'Brien inquired about the average balance in the 457 Plan. Ms. Tajjeron stated that it is in the report provided to the Board. Ms. Tajjeron stated that the report provided consists of an overview of 2012 and 2013 up to Fiscal Year Ending September 30, 2014.

Ms. Tajjeron reported that as of September 30, 2014, there were 13,381 eligible employees on the 401(a) Plan, 9,153 participants contributing, 11,396 active participants with balances, and 751 terminated participants with balances. Ms. Tajjeron stated that the participation rate is 68.40%.

Ms. Tajjeron stated that there was a 4.84% change in plan assets from December 31, 2013 to September 30, 2014. As of September 30, 2014, the plan offered 26 investment options. As of September 30, 2014, the plan asset is \$382 Million. Acting Chairman Leon Guerrero asked whether it is market. Ms. Tajjeron stated that it is market. Acting Chairman Leon Guerrero inquired about the unknown gender shown on Page 9. Ms. Tajjeron stated that some participants do not indicate their gender on the enrollment form. Ms. Tajjeron stated that the average participant account balance for all ages as of September 30, 2014 is \$31,481. The average participant account balance for year-end 2012 is \$63,929 nation wide. Trustee O'Brien stated that our salaries are less than that of the national averages.

Ms. Tajjeron stated that information regarding Secure Foundation is also provided for informational purposes.

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

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Acting Chairman Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2014 was held on October 30, 2014. The Investment Committee Meeting was also held on October 30, 2014. The Committee reviewed and approved the Investment Committee Meeting Minutes of September 25, 2014 and the Minutes of the July 24, 2014 Due Diligence Meeting for the Quarter Ended June 30, 2014.

Mr. Terry Dennison of Mercer Investment Consulting, Inc. (Mercer) reported that he discussed the state of the world economy and the U.S. economy. He reviewed the present economic situation. There are a lot of concerns regarding debt and the slow economic growth. Mr. Dennison stated that he reviewed the plan and the fiduciary concerns such as fees and the adequacy of the investment options provided to the participants, which were all within acceptable bounds. Mr. Dennison stated that as indicated by Ms. Taijeron the investment options that are provided to the participants are significantly above adequate. Mr. Dennison stated that there are no recommendations regarding changes to the plan structure or changes to the plan options being provided.

Mr. Dennison also provided an overview of the DC Plan's Investment Performance for the Quarter Ended September 30, 2014, noting the following:

1. BlackRock Life Path Funds

Mr. Dennison stated that Mercer will continue to monitor BlackRock.

2. Dreyfus/Standish Global Fixed Income Fund I

Mr. Dennison stated that Mercer will continue to monitor Dreyfus/Standish.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for January 29, 2015.

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

B. Members and Benefits Committee

No report was made at this time.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

None

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

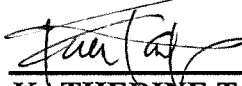
XI. ANNOUNCEMENTS

None

XII. ADJOURNMENT

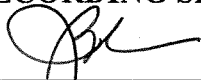
There being no further business before the Board for the Defined Contribution Plan, on motion of Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, and without objection, the meeting was adjourned at 1:07 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 31, 2014 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 21, 2014.



KATHERINE TAITANO, Acting Board Secretary

RECORDING SECRETARY:



Jackie Blas