



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, December 19, 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 12:46 p.m. Friday, December 19, 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
 Jackie Blas, Recording Secretary
 Alice Taijeron, Director, Client Relations & Plan Counseling, Great-West Financial

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 21, 2014 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the Minutes of the November 21, 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 Vice Speaker B.J. Cruz held round table discussions on Bill 394-32 on November 6, 2014 and December 9, 2014. As a result of the discussions, Bill 394-32 will not be reported out of Committee during the December 2014 Legislative Session. Director Blas stated that Vice Speaker Cruz will continue round table discussions and he will take the information and redraft the Hybrid Plan bill for reintroduction in January 2015. Trustee David O'Brien stated that the round table discussions have been positive and beneficial. Director Blas stated that Vice Speaker Cruz will invite the Administration to attend the next round table discussion. Trustee Anthony Blaz stated that the Administration will be at the next round table discussion. Trustee Blaz stated that the Administration would like to stick to the original bill. Director Blas stated that the original bill could be used and redrafted for reintroduction. Vice Chairman Wilfred Leon Guerrero stated that we must have a bill to start the whole process so the Hybrid proposal that we have should be used.

After a lengthy discussion regarding the Hybrid bill, Trustee O'Brien suggested for the Members and Benefits (M&B) Committee to conduct further discussion and come up with a plan. Secretary Antolina Leon Guerrero stated that the M&B Committee will come up with a strategy. Director Blas stated that she still has to communicate with Vice Speaker Cruz on which approach he would like to take.

2. **Standard Insurance** - Director Blas stated that an updated summary report for November 2014 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Secretary Leon Guerrero inquired about the information regarding claims and premiums. Director Blas stated that it will be submitted to the M&B Committee in January. In addition, Director Blas will work on a checklist for disability applicants to ensure that applicants are aware of the provisions and limitations of the disability insurance coverage.

Financial Report

1. **Contributions** - Director Blas stated that as of December 16, 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 ending October 31, 2014 were closed on December 5, 2014. The books for the month ending November 30, 2014 will be closed next week.

VI. THIRD PARTY ADMINISTRATOR'S REPORT
A. Contribution Report – November 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 November 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 \$396,416,398.29. There was an increase of \$6,754,791.24 or 1.70%. There was a market growth of 2% from October to November 2014. There was an increase of 15% and a market growth of 14% from November 2013 to November 2014. The 457 Deferred Compensation Plan had total assets of \$40,518,978.95. There was an increase of \$921,059.31 or 2.33%. There was a market growth of 1.28% from October to November 2014. There was an increase of 18% and a market growth of 17% from November 2013 to November 2014. Vice Chairman Leon Guerrero stated that he would like to see a comparison by fiscal year to date. Ms. Taijeron stated that she will provide a fiscal year to date comparison.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,733,451.77. There was a decrease in contributions of \$289,547.97 or -9.58%. The 457 Deferred Compensation Plan had total contributions of \$413,125.42. There was a decrease of \$18,640.02 or -4.32%.

Ms. Taijeron stated that the 401(a) Plan had 100 employee distributions totaling \$805,905.59. The 457 Plan had 18 participant distributions totaling \$159,240.06.

Ms. Taijeron stated that the Baron and DFA transfer of funds have been completed. Secretary Leon Guerrero inquired about the Funds of Funds. Ms. Taijeron stated that it was previously a default, but it is now an active selection.

Ms. Taijeron wanted to clarify a comment made earlier during the lengthy discussion regarding the Hybrid bill. Ms. Taijeron stated that she wants the Board to know that the participants don't know and don't ask because they do not attend the seminars conducted by Great-West. Ms. Taijeron stated that the participants do not read their account statement and they do not access their account on-line. The first question the participant will ask if they do attend the seminar is when they can take their money out. Ms. Taijeron stated that Great-West is educating the participants. Ms. Taijeron also mentioned that she does not want the participants to think that Secure Foundation is not a good product. Ms. Taijeron stated that Secure Foundation is a very good product.

Vice Chairman Leon Guerrero inquired about getting participants to increase their contributions in the 457 Plan. Ms. Taijeron stated that when the participants realize that they pay too much in taxes, they increase their contribution to the 457 Plan. Trustee O'Brien stated that the auto enrollment, matching, and educating the participants will surely help. Ms. Taijeron stated that managed accounts will also help the participants. Trustee O'Brien inquired about the cost for a managed account. Ms. Taijeron stated that it is asset based. Director Blas stated that payment would come from money generated from the DC Plan. DB money cannot be used to pay for managed accounts. Ms. Taijeron stated that she will look into what it would cost for the participants to have a managed account and Director Blas will evaluate the options. Secretary Leon Guerrero stated that the M&B Committee will work with Ms. Taijeron on an education plan.

Trustee Anthony Blaz, seconded by Secretary Antolina Leon Guerrero, 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 December 15, 2014. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 20, 2014.

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

B. Members and Benefits Committee

Secretary Leon Guerrero indicated that this item was covered under the Director's Report.

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 Anthony Blaz, and without objection, the meeting was adjourned at 2:00 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 19, 2014 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 30, 2015.


ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:


Jackie Blas