



GOVERNMENT OF GUAM  
**RETIREMENT FUND**

STABILITY · SECURITY · REWARDS

**BOARD OF TRUSTEES**

**Regular Meeting**

Friday, August 28, 2015, 12:00 Noon  
Retirement Fund Conference Room

**MINUTES**

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

**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 12:29 p.m. Friday, August 28, 2015, 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  
David M. O'Brien, Trustee

**Board of Trustees Absent:**

Anthony C. Blaz, Trustee (*Excused*)  
Katherine T.E. Taitano, Trustee (*Excused*)

**Staff Present:**

Paula Blas, Director  
Diana Bernardo, Controller  
Rosalia Bordallo, General Accounting Supervisor  
Jackie Blas, Recording Secretary

**Third Party Administrator Present:**

Alice Tajeron, Director, Client Relations & Plan Counseling, Empower Retirement

**Investment Consultant Present:**

Maggie Ralbovsky, Wilshire Associates

**Legal Counsel Present:**

Elyze M. Iriarte, Carlsmith Ball LLP

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. July 31, 2015 Regular Meeting**

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the July 31, 2015 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 meetings were held with Vice Speaker B.J. Cruz, Senator Mike San Nicolas, David John, Governor's representatives and the Congresswoman's office to review draft Bill 2-33 (LS). Secretary Antolina Leon Guerrero stated that the first meeting was with Vice Speaker Cruz regarding some of the concerns and Legal Counsel's analysis of Senator San Nicolas' bill. The next meeting was held with Senator San Nicolas and his staff to confirm the intent of the bill. The objectives from Senator San Nicolas were to have Government of Guam employees eligible for Social Security and to take care of the current DC members in the transition. Secretary Leon Guerrero stated that Senator San Nicolas' main objective is to have a parity of contribution. Secretary Leon Guerrero stated that, according to David John, the Chamber of Commerce and the Administration would also like to see Government of Guam employees eligible for Social Security, and that an unfunded liability with no end was not appealing to them. Secretary Leon Guerrero stated that the parties present agreed to cost out Senator San Nicolas' proposed plans and that it was best for Milliman to do another study. Secretary Leon Guerrero asked Senator San Nicolas to find funding for Milliman's study and Senator San Nicolas indicated that he will speak to Vice Speaker Cruz regarding funding.

Secretary Leon Guerrero stated that a separate meeting was held with Congresswoman Madeleine Bordallo. Secretary Leon Guerrero stated that Congresswoman Bordallo and Senator San Nicolas met with Social Security and Social Security had stated that it is not feasible to change the federal law to include Government of Guam employees. As an alternative, Senator San Nicolas asked to look at the legislation that he is seeking to carve out perspective Government of Guam employees and Government of Guam employees that resign and then return to work. Secretary Leon Guerrero stated that Congresswoman Bordallo is willing to introduce a bill to see if it is feasible to amend the Social Security Act to carve out new employees. Trustee David O'Brien stated that all parties agreed with the need to take care of the current DC employees and transition employees, those who are hired before Social Security is available. Trustee O'Brien stated the proposed transition plan is a cash balance plan and the next step is a cost benefit analysis of such a plan. Director Blas stated that cash balance plans have to be Internal Revenue Code (IRC) regulated. Chairman San Agustin suggested that the M&B Committee continue discussions regarding this matter.

**2. *Standard Insurance*** - Director Blas stated that an updated summary report as of July 31, 2015 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Chairman San Agustin asked what happens when an individual reaches the age

of 65. Alice Taijeron of Empower Retirement stated that they have two options – 1) return to employment, or 2) retire. Chairman San Agustin asked what amount they would receive. Ms. Taijeron stated that the amount they receive will be lower than what they were earning and that it also depends on their account balance. Ms. Taijeron stated that she will work with Director Blas on getting the list and then she will work on the account balances.

### **Financial Report**

**1. Contributions** - Director Blas stated that as of August 25, 2015, all agencies are current with their Fiscal Year 2015 employee and employer contributions. Director Blas mentioned that Guam Memorial Hospital Authority (GMHA) was late for one (1) pay period, which may become an issue in the future. GMHA is current at this time.

**2. Financial Statements** - Director Blas stated that the books for the month ending July 31, 2015 were closed on August 24, 2015.

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

### **A. Contribution Report – July 2015**

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement provided the TPA Report for the month ending July 31, 2015 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 \$426,250,251.96. There was an increase of \$6,084,227.81 or 1.45%. The 457 Deferred Compensation Plan had total assets of \$44,604,988.66. There was an increase of \$636,246.45 or 1.45%. Chairman San Agustin asked what the total assets are. Ms. Taijeron replied, "\$480 Million."

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,511,167.48. There was an increase in contributions of \$701,355.14 or 24.96%. The 457 Deferred Compensation Plan had total contributions of \$481,065.26. There was a decrease of \$21,297.08 or -4.24%. Ms. Taijeron stated that the 401(a) Plan had 173 employee distributions totaling \$1,618,675.85. The 457 Plan had 33 participant distributions totaling \$350,865.29.

**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 August 27, 2015. The Committee reviewed and approved the Investment Committee Meeting Minutes of July 30, 2015.

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

**B. Members and Benefits Committee**

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**

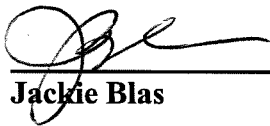
**There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee David O'Brien, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:17 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 28, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 18, 2015.**



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

**RECORDING SECRETARY:**



---

**Jackie Blas**