



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

BOARD OF TRUSTEES
Regular Meeting
 Friday, September 18, 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 12:25 p.m. Friday, September 18, 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
 Anthony C. Blaz, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary

Third Party Administrator Present:

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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. August 28, 2015 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the August 28, 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 this item will be discussed under the Members and Benefits Committee report.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of August 31, 2015 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 September 15, 2015, all agencies are current with their Fiscal Year 2015 employee and employer contributions. Director Blas mentioned that Guam Memorial Hospital Authority (GMHA) was a day late for the last pay period.

2. *Financial Statements* - Director Blas stated that the books for the month ending August 31, 2015 were closed on September 17, 2015.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – August 2015

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement provided the TPA Report for the month ending August 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 \$407,537,463.93. There was a decrease of \$18,712,463.93 or -4.39%. There was a market decrease of -0.05% from July to August 2015. The 457 Deferred Compensation Plan had total assets of \$42,984,082.20. There was a decrease of \$1,620,906.46 or -3.63%. There was a market decrease of -.05% from July to August 2015. Trustee David O'Brien inquired about the decrease in assets. Ms. Taijeron stated that it is due to the timing of the pay periods. Controller Diana Bernardo stated that there might have been three (3) pay periods in a month.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,632,211.06. There was a decrease in contributions of \$878,956.42 or -25.03%. The 457 Deferred Compensation Plan had total contributions of \$464,281.50. There was a decrease of \$16,783.76 or -3.49%.

Ms. Tajjeron stated that the 401(a) Plan had 172 employee distributions totaling \$2,365,757.16. The 457 Plan had 37 participant distributions totaling \$273,104.20.

Ms. Tajjeron stated that Empower Retirement conducts two (2) meetings a week. The meetings are broken down into 2 groups, which works out better for the participants. Trustee O'Brien inquired about the Auto-Escalation program. Director Blas stated that we are trying to get the Hybrid Plan in place first and then move into the direction of Auto-Escalation, which requires legislation.

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 September 11, 2015. The Committee reviewed and approved the Investment Committee Meeting Minutes of August 27, 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

Secretary Antolina Leon Guerrero stated that Vice Speaker B.J. Cruz is trying to find funding for Milliman's analysis. Trustee O'Brien stated that once we get the funding to do the analysis, he expects that results will show the contribution rate is going to be very high. The Government cost will escalate from 1.8% to at least 6.2%. Trustee O'Brien suggested having the Retirement Fund pay for the analysis to get this through to clear the road block. Trustee O'Brien stated that the question is what level of contribution gives a parity of benefits and what the total costs would be. Secretary Leon Guerrero stated that the other question is what the government contribution rate would be if the employee contribution rate is the same as Social Security. Chairman San Agustin stated to pose those questions to Milliman and have them do the analysis. Director Blas stated that she could request for Milliman to provide a table to show the costs of the employee contribution rate if it is equal to Social Security. The benefit has to be the same as the Hybrid. The Board agreed to have Milliman do the analysis, and to have the Retirement Fund will pay for it.

Trustee David O'Brien, seconded by Secretary Antolina Leon Guerrero, moved to approve to have Milliman, Inc. conduct an analysis and to pose the following questions: 1) What level of contribution gives a parity of benefits to the Hybrid Plan and what the total costs would be; and 2) What is the government contribution rate if the employee contribution rate is the same as Social Security. 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 Anthony Blaz, and without objection, the meeting was adjourned at 12:52 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 18, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 30, 2015.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas