



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
 STABILITY · SECURITY · REWARDS

**Eddie Baza Calvo**  
 Governor

**Ray Tenorio**  
 Lieutenant Governor

**Paula M. Blas**  
 Director

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Friday, March 18, 2016, 12:00 Noon  
 Retirement Fund Conference Room

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

**David M. O'Brien**  
 Trustee

**Albert H. Santos**  
 Trustee

**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 12:16 p.m. Friday, March 18, 2016, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

**Board of Trustees Present:**

Joe T. San Agustin, Chairman  
 Antolina S. Leon Guerrero, Secretary  
 Gerard A. Cruz, Treasurer  
 Katherine T.E. Taitano, Trustee  
 Albert H. Santos, Trustee

**Board of Trustees Absent:**

Wilfred P. Leon Guerrero, Vice Chairman (*Excused*)  
 David M. O'Brien, 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

**Public Present:**

Jerick Sablan, Pacific Daily News

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. February 26, 2016 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the February 26, 2016 Regular Meeting, subject to technical corrections. Without objection, the motion 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 has scheduled a round table hearing for March 23, 2016 at 3:30 p.m. on Bill 002-33 as amended. Director Blas stated that Vice Speaker Cruz took the concepts of the cash balance on Bill 266-33 and integrated it into Bill 002-33 as amended. A copy of the bill will be provided for the Board's review. Director Blas stated that the bill provided a framework for the cash balance and gave the Retirement Fund the ability to be able to design the plan and develop the rules and regulations based on some of the provisions that the Legislature had asked for, which was to set a contribution rate and an interest credit rate. Chairman San Agustin asked whether this will be subject to Legislative approval. Director Blas stated that the rules and regulations will have to go through the AAA process. The design of the Plan has to be approved by the Legislature. Director Blas stated that if it is not feasible, she will let the Legislature know.

Treasurer Gerard Cruz asked whether the Hybrid is for the current employees and the cash balance is for the new employees. Director Blas replied, "Yes." Chairman San Agustin inquired about the implementation date. Director Blas stated that it will be March 2017 for new employees. Chairman San Agustin asked whether the cash balance is portable. Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement stated that it is not portable. Director Blas stated that it could be a pretax. Secretary Antolina Leon Guerrero inquired about costs. Director Blas stated that she asked Milliman to do a cost analysis on the cash balance. Treasurer Cruz inquired about the guaranteed rate. Director Blas stated that 4-5% is an industry standard. Director Blas stated that she expects Milliman's analysis by Monday and she will provide it to the Board for review before the Round Table Hearing.

2. **Standard Insurance** - Director Blas stated that an updated summary report as of February 29, 2016 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 March 16, 2016, all agencies are current with their Fiscal Year 2016 employee and employer contributions including the Guam Memorial Hospital Authority (GMHA). Director Blas stated that GMHA paid the arrears and paid their DC contributions for pay period ending February 20, 2016. GMHA should be making another payment by today.

Ms. Tajeron stated that she will calculate the investment loss individually and then bill GMHA. Chairman San Agustin asked whether the current market gains will make up for the loss. Ms. Tajeron replied, "Yes."

2. **Financial Statements** - Director Blas stated that the books for the month ended January 31, 2016 were closed on March 10, 2016, and the books for the month ended February 29, 2016 are scheduled to close by March 22, 2016.

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

### **A. Contribution Report – February 2016**

Director Blas stated that Ms. Tajeron of Empower Retirement provided the TPA Report for the month ending February 29, 2016 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Tajeron reported that the 401(a) Plan had total assets of \$401,808,747.01. There was a decrease of \$438,710.01 or -0.11%. There was a market decrease of -0.01% from January to February 2016. The 457 Deferred Compensation Plan had total assets of \$43,743,542.13. There was an increase of \$155,877.69 or 0.36%. There was a market decrease of -0.01% from January to February 2016.

Ms. Tajeron stated that the 401(a) Plan had total contributions of \$2,551,261.87. There was a decrease in contributions of \$452,753.66 or -15.07%. The 457 Deferred Compensation Plan had total contributions of \$500,280.72. There was a decrease of \$192,804.11 or -27.82%.

Ms. Tajeron stated that the 401(a) Plan had 113 employee distributions totaling \$1,428,980.00. The 457 Plan had 23 participant distributions totaling \$285,483.87.

Chairman San Agustin inquired about the total DC enrollment. Ms. Tajeron stated that there are about 8,700 DC employees. Chairman San Agustin asked how many are on disability. Director Blas stated that there are 55 DC employees on disability. Chairman San Agustin asked how many have retired or died without survivor benefits since 1995. Ms. Tajeron stated that she will need to pull out that information. Chairman San Agustin stated that this has an impact on the retirement system. Ms. Tajeron stated that the DC Plan does not have a survivor benefit per se. The survivor benefit could come from the guarantee of Secure Foundation.

Ms. Tajeron provided, for review and information purposes, a copy of the average cost of annuities showing the annuity options with a \$1,000.00 minimum annuity benefit purchase, along with its premium per annum; and COLA with 1%, 2%, and 3% options. Secretary Leon Guerrero stated that this is useful information when looking at the value of the cash balance.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to accept the Third Party Administrator's Report. Without objection, the motion passed.**

**VII. STANDING COMMITTEE REPORTS**

**A. Investment Committee**

Treasurer Cruz reported that the Investment Committee Meeting was held on March 11, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of February 25, 2016.

*Next Quarterly Performance Meeting* – Treasurer Cruz informed the Board that the next Quarterly Performance Meeting is scheduled for April 28, 2016. John Borne, Vice President, Government Markets & Client Relations, Empower Retirement, West Region will also be here for the TPA annual review. Secretary Leon Guerrero inquired about Mercer's contract. Director Blas stated that Mercer's contract was renewed for 3 more years effective April 1, 2014. The 3-year review will be in March 2017.

**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 Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 12:45 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 18, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on April 29, 2016.**

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

**RECORDING SECRETARY:**

  
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**Jackie Blas**