



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, May 27, 2016, 12:00 Noon
 Retirement Fund Conference Room

MINUTES

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

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 12:30 p.m. Friday, May 27, 2016, 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
 Albert H. Santos, Trustee

Board of Trustees Absent:

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 Taijeron and Grace Atalig, Empower Retirement

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. April 29, 2016 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the April 29, 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

I. *Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives* - Director Paula Blas stated that a revised Bill 2-33 (LS) renaming the Hybrid Plan to the "Defined Benefit 1.75 Plan" was introduced for consideration by the 33rd Guam Legislature. On May 3, 2016, Bill 2-33 was unanimously passed by the Legislature and on May 5, 2016 the bill was forwarded to the Governor for his consideration. On May 17, 2016, the Governor vetoed Bill 2-33 (LS). Director Blas stated that Vice Speaker B.J. Cruz will submit Bill 2-33 to the Legislature for an override of the Governor's veto in the Legislature's June 2016 session. Chairman San Agustin stated that if the override goes through, the Retirement Fund is mandated to implement the DB 1.75 Plan effective January 1, 2018. Director Blas stated that the Hybrid Plan is detailed in the law as to its implementation. The increase in the DC contribution of 6.2% will be also become effective on January 1, 2018. The Retirement Security Plan, also known as the Cash Balance Plan, the Retirement Fund Board has been tasked with creating and adopting a plan. The current DC employees will have from April 1, 2017 to September 30, 2017 to elect whether to go into the DB 1.75 Plan, Cash Balance Plan or status quo. New employees coming in after January 1, 2018 will have the option to go into the Cash Balance Plan or the DC Plan.

Vice Chairman Wilfred Leon Guerrero asked whether extending the amortization has been resolved. Trustee David O'Brien stated that it's up to the Retirement Fund Board to act on it. Trustee O'Brien stated that the bill authorizes the Board to reamortize, it does not require the Board to do so. Director Blas stated that if mandated to reset the amortization and to change the Retirement Fund's code, the provision for re-amortization is there. Vice Chairman Leon Guerrero asked whether it is mandated or it is up to the Retirement Fund Board. Director Blas stated that she thinks it is mandated. Vice Chairman Leon Guerrero asked how is that going to affect the Retirement Fund. Treasurer Gerard Cruz stated that the contribution rate will come down. Vice Chairman Leon Guerrero stated that the Retirement Fund will be placed in a position to administer five (5) plans. Chairman San Agustin stated that funding needs to be authorized by law to develop or set up the plans. There is no funding mechanism in the bill to develop the plan. Treasurer Cruz stated that the DC Plan will continue and so there's no urgency to go into the Cash Balance Plan. Secretary Antolina Leon Guerrero suggested that we could go through with the Hybrid and the increase in the contribution of 6.2%. Treasurer Cruz suggested having Milliman run the numbers on the impact of the extension of the amortization. Director Blas stated that she'll ask Milliman to take the same data based on the last report and just work in the numbers of the two year extension.

2. **Standard Insurance** - Director Blas stated that an updated summary report as of April 30, 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 May 24, 2016, all agencies are current with their Fiscal Year 2016 employee and employer contributions. The Guam Memorial Hospital Authority (GMHA) is current for the DC Plan. Director Blas stated that as for the DB Plan, GMHA is behind \$500,000. Secretary Leon Guerrero asked whether GMHA is behind on its payment of arrears. Director Blas replied, "Yes." Secretary Leon Guerrero stated that we need to consider the DB arrears in the DB meeting.

2. **Financial Statements** - Director Blas stated that the books for the month ended April 30, 2016 were closed on May 19, 2016.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – April 2016

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement provided the TPA Report for the month ending April 30, 2016 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 \$431,320,413.60. There was an increase of \$5,570,924.70 or 1.31%. There was a market increase of 1.00% from March to April 2016. The 457 Deferred Compensation Plan had total assets of \$47,166,206.73. There was an increase of \$970,103.06 or 2.10%. There was a market increase of 1.00% from March to April 2016.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,334,711.10. There was a decrease in contributions of \$746,270.06 or -18.29%. The 457 Deferred Compensation Plan had total contributions of \$599,571.04. There was a decrease of \$161,974.92 or -21.27%. Ms. Taijeron stated that the 401(a) Plan had 115 employee distributions totaling \$1,341,290.18. The 457 Plan had 29 participant distributions totaling \$147,913.56.

Ms. Taijeron stated that starting in July 2016, Empower Retirement will be conducting meetings with the various Human Resources, Personnel, and Payroll divisions on the first Friday of each month.

Trustee David O'Brien, seconded by Treasurer Gerard Cruz, 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 May 26, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of April 28, 2016.

Next Quarterly Performance Meeting – Director Blas informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for July 28, 2016.

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 Treasurer Gerard Cruz, and without objection, the meeting was adjourned at 1:15 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 27, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 24, 2016.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas