



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, September 30, 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 12:27 p.m. Friday, September 30, 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, Director, Client Relations & Plan Counseling, Empower Retirement

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. August 26, 2016 Regular Meeting

Trustee David O'Brien, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the August 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 Bill 2-33 which is now Public Law 33-186 creates a DB 1.75 Retirement System, an enhanced DC Retirement System, and a Government Retirement Security Plan (GRSP) aka Cash Balance Plan for Government of Guam employees. Director Blas stated that as part of the Retirement Fund's due diligence, a final analysis from Milliman updating the data as of September 30, 2015 will be completed by next week. At this time, the Retirement Fund's Legal Counsel has been tasked with drafting the Rules and Regulations for the DB 1.75 Plan. Director Blas stated that the Plan Document would need to be restated to reflect the increase in the contribution rate.

Chairman San Agustin commended Secretary Antolina Leon Guerrero, Trustee David O'Brien, and Treasurer Gerard Cruz for working all the way through on the bill. Chairman San Agustin stated that the bill wouldn't have passed without them. Trustee O'Brien stated that it was a team effort which also included Director Blas, the Retirement Fund's Actuary, Investment Consultant, and Legal Counsel.

Director Blas stated that the option enrollment period will be from April 1, 2017 through December 31, 2017. The implementation date is January 1, 2018. Vice Chairman Wilfred Leon Guerrero asked when the educational process would commence. Director Blas stated that as soon as the Rules and Regulations are promulgated, it will then have to go through the Administrative Adjudication Act (AAA) process. Legal Counsel is working on drafting the Rules and Regulations for the DB 1.75. Director Blas stated that everything has to be ready by January 1, 2017 for it to be offered by April 1, 2017. Trustee O'Brien stated that he thought that there was an issue on the GRSP that the Board has to flesh out. Director Blas stated that the Cash Balance Plan functions similar to a DB Plan except it does not have a guaranteed lifetime annuity.

2. **Standard Insurance** - Director Blas stated that an updated summary report as of August 31, 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 September 28, 2016, all agencies are current with their Fiscal Year 2016 employee and employer contributions.

2. **Financial Statements** - Director Blas stated that the books for the month ended August 31, 2016 were closed on September 24, 2016.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – August 2016

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement provided the TPA Report for the month ending August 31, 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 \$454,235,362.30. There was an increase of \$2,172,780.08 or 0.48%. There was a market decrease of -0.02% from July to August 2016. The 457 Deferred Compensation Plan had total assets of \$50,980,367.68. There was an increase of \$654,668.86 or 1.30%. There was a market increase of 0.02% from July to August 2016.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,874,615.38. There was an increase in contributions of \$124,614.71 or 4.53%. The 457 Deferred Compensation Plan had total contributions of \$570,939.45. There was an increase of \$48,107.08 or 9.20%.

Trustee O'Brien inquired about the decrease in contributions of -19.71% in July and an increase of 4.53% in August. Ms. Taijeron stated that it could be that the Guam Memorial Hospital Authority (GMHA) payroll was late for the month of July 2016. Controller Diana Bernardo stated that it could be that some of the contributions that should have come in early July actually came in late June. Secretary Leon Guerrero asked whether the numbers are as of the end of the month only. Ms. Taijeron replied, "Yes."

Ms. Taijeron stated that the 401(a) Plan had 192 employee distributions totaling \$2,373,396.93. The 457 Plan had 52 participant distributions totaling \$269,560.23. Ms. Taijeron stated that there is no impact on the assets.

Ms. Taijeron also provided a copy of the Legislative and Regulatory Update which has the latest developments that may affect the DC Plan; and the Impact on the Department of Labor (DOL) Fiduciary Rule. Ms. Taijeron stated that, moving forward, she will include a breakdown of the retirees in her monthly report.

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

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on September 9, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of August 25, 2016.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for October 27, 2016.

B. Members and Benefits Committee

Secretary Leon Guerrero stated there is nothing to add to what was discussed 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, Secretary Antolina Leon Guerrero moved to adjourn the meeting. Without objection, the meeting was adjourned at 12:52 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 30, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 28, 2016.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas