



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, November 18, 2016, 12:00 Noon  
 Retirement Fund Conference Room

**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 12:26 p.m. Friday, November 18, 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  
 Albert H. Santos, Trustee

**Board of Trustees Absent:**

David M. O'Brien, Trustee (*Excused*)  
 Katherine T.E. Taitano, Trustee (*Excused*)

**Staff Present:**

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

**Third Party Administrator Present:**

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

**Investment Consultant Present:**

Maggie Ralbovsky, Wilshire Associates

**Public Present:**

Chris Wong, Guam Daily Post

*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

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. October 28, 2016 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the October 28, 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 Legal Counsel's draft of the rules and regulations, along with Milliman's updated data will be provided by November 30, 2016. Director Blas stated that the public hearing should be sometime in December 2016.

2. **Standard Insurance** - Director Blas stated that an updated summary report as of October 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 November 16, 2016, all agencies are current with their Fiscal Year 2017 employee and employer contributions.

2. **Financial Statements** - Director Blas stated that the books for the month ended September 30, 2016 are expected to close on November 21, 2016.

## VI. THIRD PARTY ADMINISTRATOR'S REPORT

### A. Contribution Report – October 2016

Director Blas stated that Alice Tajjeron, Director, Client Relations & Plan Counseling, Empower Retirement, provided the TPA Report for the month ending October 31, 2016 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Tajjeron reported that the 401(a) Plan had total assets of \$450,773,684.81. There was a decrease of \$5,155,167.64 or -1.13%. There was a market decrease of -0.02% from September to October 2016. The 457 Deferred Compensation Plan had total assets of \$51,029,538.79. There was a decrease of \$265,305.27 or -0.52%. There was a market decrease of -0.02 from September to October 2016.

Ms. Tajjeron stated that the 401(a) Plan had total contributions of \$3,046,733.99. There was an increase in contributions of \$158,168.35 or 5.48%. The 457 Deferred Compensation Plan had total contributions of \$544,936.63. There was an increase of \$18,808.90 or 3.57%. Ms. Tajjeron stated that the 401(a) Plan had 131 employee distributions totaling \$2,332,109.75. The 457 Plan had 40 participant distributions totaling \$190,278.39.

Ms. Taijeron stated that there are 868 retirees including deferred retirees, which are participants that met the vested period and returned at the age of 55, and are eligible for retirement status. Chairman San Agustin asked whether the retirees are entitled to health insurance and COLA. Ms. Taijeron replied, "Yes." Chairman San Agustin asked how the health insurance is being paid by the retirees. Director Blas stated that retirees remit their payments directly to the Department of Administration (DOA). Chairman San Agustin inquired about a listing of retirees' data. Ms. Taijeron stated that she is working on compiling a list going forward.

Chairman San Agustin inquired about Secure Foundation. Ms. Taijeron stated that enrollment is increasing. Chairman San Agustin asked what impact the Hybrid plan (DB 1.75) has on Empower Retirement. Ms. Taijeron stated that Empower Retirement will still be overseeing the 457 Plan and any members who remain in the DC Plan. The impact will be on the asset side. Payments will decrease. Director Blas stated that after December 31, 2017, participants will still have the option to remain in the DC Plan or go to the Cash Balance Plan (also known as the Guam Retirement Security Plan). Chairman San Agustin expressed his concern over the startup costs of the Cash Balance Plan as there is no funding mechanism in the bill to develop and implement the plan. Secretary Antolina Leon Guerrero asked whether Vice Speaker B.J. Cruz will need to be notified regarding funding. Director Blas replied, "Yes."

Treasurer Gerard Cruz asked whether the Retirement Fund could do a mandatory 1% for the 457 Plan as part of on the DB 1.75 Plan. Director Blas stated that the 1% for the 457 Plan as part of the DB 1.75 Plan is mandatory. Treasurer Cruz suggested that an auto enrollment for the 457 Plan should be implemented for everyone with the option to opt out. This will help the participants save money. Treasurer Cruz stated that an auto escalate should also be considered.

**Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to accept the Third Party Administrator's Report. Without objection, the motion passed.**

## **VII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Vice Chairman Wilfred Leon Guerrero reported that the Investment Committee Meeting was held on November 17, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of October 27, 2016.

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for January 26, 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, Secretary Antolina Leon Guerrero moved to adjourn the meeting. Without objection, the meeting was adjourned at 12:49 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of November 18, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 16, 2016.**



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

**RECORDING SECRETARY:**



**Jackie Blas**