



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

**BOARD OF TRUSTEES**  
**Regular Meeting**  
Wednesday, December 27, 2017, 12:00 Noon  
Retirement Fund Conference Room

**MINUTES**

**DEFINED CONTRIBUTION**

**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 12:23 p.m. Wednesday, December 27, 2017, 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
- Katherine T.E. Taitano, Trustee

**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:**

- Edwin Torres, Civile & Tang
- Dan Del Priore, Guam Federation of Teachers (GFT)

**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*

**David M. O'Brien**  
*Trustee*

**Albert H. Santos**  
*Trustee*

**Eddie Baza Calvo**  
*Governor*

**Ray Tenorio**  
*Lieutenant Governor*

Chairman San Agustin informed the Board that he is eliminating Item IX (Evaluation of Empower Retirement's Contract) from today's meeting agenda. Chairman San Agustin stated that Item IX was placed on the agenda with the assumption that it was time for contract evaluation. Treasurer Gerard Cruz stated that Empower Retirement's contract is for five years and is up for review in 2019.

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. November 17, 2017 Regular Meeting**

**Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the Minutes of the November 17, 2017 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 the Retirement Fund transmitted the list of the employees who elected to transfer from the DC Plan to the DB 1.75 Plan to Empower Retirement along with the amount that needs to be transferred from the individual participants' accounts on December 22, 2017. Brand new employees have 30 days to make an election to the DB 1.75. Chairman San Agustin asked how many employees transferred to the DB 1.75. Director Blas replied, "Approximately 3,400." Treasurer Cruz inquired about the transfer amount. Director Blas stated that the employees' share is \$108 Million and the employers' share should be more. Trustee Albert Santos asked whether the agencies were informed of the split of deductions. Director Blas replied, "Yes, the agencies' Payroll Centers have been given the instructions to split the deductions for the pay period ending January 6, 2018." The first week will be with the old rate and the second week will be with the new rate. Treasurer Cruz inquired about the impact to the unfunded liability. Director Blas stated that the data won't be available for a couple of months. Director Blas stated that Milliman's Valuation report will show the impact. Chairman San Agustin asked when Milliman's report will be ready. Director Blas replied, "By April or May 2018."

Trustee David O'Brien inquired about the letters sent to employees regarding signing up for the 457 Plan for the required contribution of 1% of base salary. Director Blas stated that the letters were sent to the employees who have not signed up for the 457 Plan. Director Blas stated that for those employees who have not filled out the proper enrollment forms, they will automatically get the 1% deducted. Alice Tajeron, Director, Client Relations & Plan Counseling, Empower Retirement stated that if the employees did not sign up, it will be rejected and set in a default account. Empower Retirement will call the employee's department to have the employee come in and sign up. Ms. Tajeron stated that the enrollment forms were emailed to the Human Resources offices of the Port Authority and Guam Memorial Hospital Authority to download.

Trustee O'Brien asked whether there's anyone waiting on the Guam Retirement Security Plan (GRSP). Director Blas stated that there's no one waiting for the GRSP. Director Blas stated that the draft bill was submitted to the Speaker's Office. If the bill does not pass, the Retirement Fund will not be able to implement the GRSP. Treasurer Cruz asked whether the six participants who initially elected the GRSP informed. Director Blas replied, "Yes." Secretary Antolina Leon Guerrero stated that five elected to remain in the DC Plan and one elected to enroll in the DB 1.75. Director Blas stated that on January 2, 2018, the default plan for brand new employees will be the DC Plan. Vice Chairman Wilfred Leon Guerrero asked how many participants are transferring to the DB 1.75. Director Blas replied, "3,400." Director Blas mentioned that the Retirement Fund is already entertaining appointments for retirement in January 2018 for DB 1.75 eligible participants. Vice Chairman Leon Guerrero recommended that a resolution be presented to Retirement Fund employees recognizing their hard work with regards to the Hybrid Plan, aka DB.1.75.

**Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, moved to approve that a Board Resolution be presented to Retirement Fund employees recognizing their hard work with regards to DB 1.75 also known as the Hybrid Plan. Without objection, the motion passed.**

2. *Standard Insurance* - Director Blas stated that an updated summary report as of November 30, 2017 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 December 26, 2017, all agencies are current with their Fiscal Year 2018 employee and employer contributions with the exception of Guam Memorial Hospital Authority (GMHA). GMHA is currently in arrears for pay period ending December 9, 2017 in the amount of approximately \$160,000.00. Director Blas stated that GMHA was placed on notice that the Retirement Fund will be suspending retirement for eligible GMHA employees. Trustee Katherine Taitano asked whether there are any GMHA employees waiting to retire. Ms. Taijeron stated that there are two employees that have requested to retire.

2. *Financial Statements* - Director Blas stated that the books for the month ended October 31, 2017 is scheduled to close on December 29, 2017.

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

### **A. Contribution Report – November 2017**

Director Blas stated that Ms. Taijeron provided the TPA Report for the month ending November 30, 2017 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$552,277,430.61. There was an increase of \$10,539,190.12 or 1.95%. There was a market increase of 1.00% from October 2017 to November 2017. The 457 Deferred Compensation Plan had total assets of \$66,502,118.92. There was an increase of \$1,807,763.28 or 2.79%. There was a market increase of 2.00% from October 2017 to November 2017.

Ms. Tajeron stated that the 401(a) Plan had total contributions of \$3,424,342.11. There was an increase in contributions of \$124,784.53 or 3.78%. The 457 Deferred Compensation Plan had total contributions of \$817,988.93. There was an increase in contributions of \$191,265.84 or 30.52%. Ms. Tajeron stated that the 401(a) Plan had 152 employee distributions totaling \$1,954,816.71. The 457 Plan had 36 participant distributions totaling \$246,884.76.

Chairman San Agustin asked what Secure Foundation's average return is. Ms. Tajeron stated that the net return is 8.5%. Chairman San Agustin asked how many participants are in Secure Foundation. Ms. Tajeron replied, "8,000 participants."

**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 Leon Guerrero reported that the Investment Committee Meeting was held on December 15, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 16, 2017.

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for January 25, 2018.

### **B. Members and Benefits Committee**

An update of the DB/DC Plan Alternatives 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 Albert Santos, seconded by Trustee Katherine Taitano, and without objection, the meeting was adjourned at 1:03 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 27, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 26, 2018.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**