



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

**Eddie Baza Calvo**  
Governor

**Ray Tenorio**  
Lieutenant Governor

**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

**BOARD OF TRUSTEES**  
**Regular Meeting**  
Friday, June 22, 2018, 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 12:32 p.m. Friday, June 22, 2018, in the Retirement Fund Conference Room. Acting Chairman Wilfred P. Leon Guerrero officiated.

**Board of Trustees Present:**

Wilfred P. Leon Guerrero, Acting Chairman  
Antolina S. Leon Guerrero, Secretary  
Gerard A. Cruz, Treasurer  
Albert H. Santos, Trustee

**Board of Trustees Absent:**

Joe T. San Agustin, Chairman (*Excused*)  
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, Relationship Manager, Empower Retirement

## **II. ELECTION OF OFFICERS**

Director Paula Blas stated that based on the By Laws for the Board of Trustees, the Election of Officers is conducted every two (2) years. Director Blas stated that the Board could postpone the election until all members of the Board are present. Treasurer Gerard Cruz asked whether the Board could elect to retain the positions of the current officers for the next two years. Director Blas replied, "Yes."

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve to retain the positions of the current officers and current committee members for the next two (2) years. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon Guerrero. With four (4) "Yes" votes, the motion passed. Chairman Joe T. San Agustin, Trustees David O'Brien and Katherine Taitano were absent.**

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

### **A. May 25, 2018 Regular Meeting**

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the May 25, 2018 Regular Meeting, subject to technical corrections. Without objection, the motion passed.**

## **IV. CORRESPONDENCE**

None

## **V. INFORMATIONAL ITEMS**

None

## **VI. DIRECTOR'S REPORT - EXECUTIVE SUMMARY**

**1. *Defined Benefit 1.75 (DB 1.75), Defined Contribution Retirement System (DCRS) and Government Retirement Security Plan (GRSP) Plans*** - Director Blas stated that the Retirement Fund had requested for DB 1.75 employee data from the agencies and continues to receive this information. The Retirement Fund expects the reconciliation to be a continuous process until the end of this month.

Director Blas stated that, as recommended by the Board at the May meeting, she along with Secretary Antolina Leon Guerrero and Treasurer Gerard Cruz met with Senator Michael San Nicolas to discuss issues regarding the GRSP. Secretary Leon Guerrero stated that Senator San Nicolas' question was why hasn't the Retirement Fund implemented the GRSP. Secretary Leon Guerrero explained to Senator San Nicolas that there was no funding for the GRSP and therefore the Retirement Board couldn't implement the plan. Secretary Leon Guerrero stated that Senator San Nicolas would like to know how much is needed. Secretary Leon Guerrero stated that it is difficult for the Board, as fiduciaries, to promote a plan that the Board does not see is beneficial to its members.

Secretary Leon Guerrero stated that Senator San Nicolas asked her to report back to the Board on what it will take, in terms of funding, to implement the GRSP. Secretary Leon Guerrero stated that a couple of options were discussed: 1) for the Legislature to appropriate funding for the GRSP; and 2) for the DB Plan to front money and that the GRSP will reimburse the DB Plan. Treasurer Cruz stated that he

does not think the DB Plan should fund the GRSP. Secretary Leon Guerrero stated that Senator San Nicolas is looking for a plan that is similar to Social Security.

Treasurer Cruz pointed out that after months of discussions and educational seminars with thousands of Government of Guam employees on the three options, only six (6) employees opted for the GRSP and to make the GRSP the default plan is contrary to the Board's fiduciary. Secretary Leon Guerrero stated that the Board should communicate with its Legal Counsel on the Board's fiduciary with respect to the law. Acting Chairman Leon Guerrero stated that the Board needs to respond to Senator San Nicolas' inquiry as to how much it will cost to implement the GRSP. Director Blas stated that the Retirement Fund's Board Resolution specifies the reasons why the Retirement Fund has not implemented the GRSP and that is because there is no funding source and that it will violate the Lamorena Order, and also the fact that only 6 members opted for the GRSP. The Board agreed to run the numbers on what it will cost to implement the GRSP.

**Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve to verify the funding requirements to implement the Government Retirement Security Plan (GRSP), as requested by Senator Michael San Nicolas. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon Guerrero. With four (4) "Yes" votes, the motion passed. Chairman Joe T. San Agustin, Trustees David O'Brien and Katherine Taitano were absent.**

2. **Standard Insurance** - Director Blas stated that an updated summary report as of May 31, 2018 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 June 20, 2018, 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 a total amount of \$890,776.54.

2. **Financial Statements** - Director Blas stated that the books for the month ended May 31, 2018 are scheduled to close on June 26, 2018.

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

### **A. Contribution Report – May 2018**

Director Blas stated that Alice Taijeron, Relationship Manager, Empower Retirement provided the TPA Report for the month ending May 31, 2018 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 \$338,972,959.31. There was an increase of \$4,297,674.97 or 1.28%. There was a market increase of 1% from April 2018 to May 2018. The 457 Deferred Compensation Plan had total assets of \$71,357,358.65. There was an increase of \$1,341,445.21 or 1.92%. There was a market increase of 1% from April 2018 to May 2018.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,279,933.67. There was a decrease in contributions of \$390,330.24 or -14.62%. The 457 Deferred Compensation Plan had total contributions of \$663,826.10. There was a decrease in contributions of \$433,732.69 or -39.52%.

Ms. Taijeron stated that the 401(a) Plan had 186 employee distributions totaling \$2,220,419.10. The 457 Plan had 60 participant distributions totaling \$396,276.10.

Ms. Taijeron stated that there were 4 retirees in May and a total of 1,046 thru May 2018. Ms. Taijeron mentioned that Mr. Rob Dwyer from Empower Retirement will be on island during the October Due Diligence meeting.

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Acting Chairman Leon Guerrero reported that the Investment Committee Meeting was held on June 15, 2018. The Committee reviewed and approved the Investment Committee Meeting Minutes of May 24, 2018.

**5-Year Plan** - Acting Chairman Leon Guerrero pointed out that the contracts of Mercer Consulting Inc. and Empower Retirement expires in 2019. Acting Chairman Leon Guerrero stated that the contracts will be addressed in the Investment Committee meeting.

**Next Quarterly Performance Meeting** – Acting Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for July 26, 2018.

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

An update of the DB 1.75, DCRS and GRSP Plans was covered under the Director's report.

**457 Deferred Compensation Plan Auto Enrollment** - Director Blas stated that the Retirement Fund is looking at the implementation of a 3% auto enrollment into the 457 Deferred Compensation Plan for brand new hires going forward. Once enrolled, the members will have the option to opt out or increase or decrease their deduction.

Director Blas stated that the implementation of the auto enrollment will take effect October 1, 2018.

**Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve to amend the Government of Guam 457 Deferred Compensation Plan Document to allow for the Implementation of a Three Percent (3%) Auto Enrollment into the 457 Deferred Compensation Plan. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon Guerrero. With four (4) "Yes" votes, the motion passed. Chairman Joe T. San Agustin, Trustees David O'Brien and Katherine Taitano were absent.**

## **IX. OLD BUSINESS**

None

**X. NEW BUSINESS**

None

**XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

**XII. ANNOUNCEMENTS**

None

**XIII. 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 1:07 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 22, 2018 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 25, 2018.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**