



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, April 26, 2013, 12:30 p.m.  
 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

**George A. Santos**  
 Members' & Benefits Committee,  
 Chairman

**Katherine T.E. Taitano**  
 Trustee

**James R.F. Duenas**  
 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 12:40 p.m. Friday, April 26, 2013, 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  
 George A. Santos, Trustee  
 James R.F. Duenas, Trustee

**Board of Trustees Absent:**

Katherine T.E. Taitano, Trustee (*Excused*)

**Staff Present:**

Paula Blas, Director  
 Rosalia Bordallo, General Accounting Supervisor  
 Jackie Blas, Recording Secretary  
 Alice Taijeron, Great-West Retirement Services

**Medical Consultant Present:**

Dr. Laura Post

**Investment Consultant Present:**

Terry Dennison, Mercer Investment Consulting, Inc.

**Public Present:**

Eghiem Callasan, UOG Student from Dededo  
 Ricky Hernandez, Senator Ben Pangelinan's Office

Chairman San Agustin welcomed Dr. Laura Post. Director Paula Blas stated that Dr. Post is one of two of the Retirement Fund's Medical Consultants. The other consultant is Dr. Ellen Bez.

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

### **A. March 29, 2013 Regular Meeting and April 1, 2013 Reconvened Meeting**

**On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to table the Minutes of March 29, 2013 Regular Meeting and April 1, 2013 Reconvened Meeting. Without objection, the motion unanimously passed.**

## **III. CORRESPONDENCE**

None

## **IV. INFORMATIONAL ITEMS**

None

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

**1. *Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives*** - Director Blas stated that Bill 453-31 will be reintroduced in the 32nd Guam Legislature.

### ***Financial Report***

**1. *Contributions*** - Director Blas stated that as of April 23, 2013, all agencies are current with their Fiscal Year 2013 employee and employer contributions.

**2. *Financial Statements*** - Director Blas stated that the books for the month ending March 2013 were closed on April 18, 2013.

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

### **A. Contribution Report – March 2013**

Director Blas stated that Alice Tajeron of Great-West Retirement Services (Great-West) provided the TPA Report for the month ending March 31, 2013 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Tajeron reported that the combined assets are \$343,133,845.63. The combined assets experienced an increase of \$6,865,581.21 from the previous month. Contributions are up to date.

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

## **VII. INVESTMENT COMMITTEE REPORT**

Vice Chairman Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended March 31, 2013 was held on April 25, 2013. Vice Chairman Leon Guerrero noted that the Investment Committee Meeting was also held on April 25, 2013. The Committee reviewed and approved the minutes of the October 25, 2012 Due Diligence Meeting for the Quarter Ended September 30, 2012.

**Quarterly Performance** – The Retirement Fund’s Investment Consultant, Mr. Terry Dennison of Mercer Investment Consulting, Inc. stated that, at yesterday’s Investment Committee Meeting, he reported on their views of the markets and the economy. The U.S. short-term is improving substantially. For the long-term, they discussed the very large increase in the level of debt in the U.S. The global growth will stay in the 1% or 2% range. China is doing much better than the rest of the developed world.

Mr. Dennison stated that he is recommending the following:

- a. To keep Franklin Small-Mid Cap Growth on the Watch List
- b. To remove Baron Small Cap Fund from the Watch List
- c. To place BlackRock Life Path Funds on Monitor

Mr. Dennison stated that Franklin Small-Mid Cap Growth has a long-term performance issue, Baron Small Cap has improved, and BlackRock Life Path is slightly underperforming their target. Mr. Dennison stated that BlackRock will again be reviewed in July 2013.

**Vice Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to accept the Retirement Fund’s Investment Consultant’s recommendation to keep Franklin Small-Mid Cap Growth Fund on the Watch List; remove Baron Small Cap Fund from the Watch List; and place BlackRock Life Path Funds on Monitor. Without objection, the motion unanimously passed.**

Mr. Dennison stated that seven (7) of the funds in the Plan are now eligible to move to lower cost share classes. The most significant one is the Life Path Target Date portfolios. They are now eligible to go from an Institutional Class to a K Class. This will decrease the expense ratio being borne by the participants from 85 basis points to 50 basis points. The Life Path Target Date portfolio has three quarters of the assets so the impact is substantial. This will also reduce the revenue share. This does not directly affect the commercial deal with Great-West, but it will reduce the amount of rebate the Plan is getting back from the revenue sharing. Mr. Dennison stated that Ms. Taijeron could provide what the impact would be by implementing this share class reduction. Treasurer Gerard Cruz stated that we just need to see what the numbers are and make a decision based on that. Ms. Taijeron stated that she will work on getting the information on what the impact on the class rebate would be by next week Friday. Mr. Dennison stated that from a fiduciary prospective, the right thing to do is seek the lowest possible share classes on behalf of the participants.

Chairman San Agustin stated that there is an invitation from Mercer for a conference in June in Boston. Mr. Dennison stated that it is Mercer’s Annual Client Conference. Mr. Dennison stated that he is on the Agenda Committee. There is another Client Conference in November in Vancouver.

**Next Quarterly Performance Meeting** – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting for the Quarter Ended June 30, 2013 is scheduled for July 25, 2013.

## **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 George Santos, seconded by Treasurer Gerard Cruz, and without objection, the meeting was adjourned at 12:58 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 26, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 28, 2013.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**