



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, July 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

**(Vacant)**  
 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 12:45 p.m. Friday, July 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  
 James R.F. Duenas, Trustee

**Board of Trustees Absent:**

Gerard A. Cruz, Treasurer (*Excused*)  
 Katherine T.E. Taitano, Trustee (*Excused*)

**Staff Present:**

Diana Bernardo, Controller  
 Rosalia Bordallo, General Accounting Supervisor  
 Jackie Blas, Recording Secretary  
 Alice Taijeron, Great-West Retirement Services

**Investment Consultant Present:**

Terry Dennison, Mercer Investment Consulting, Inc.

**Public Present:**

Ken Quintanilla, KUAM

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

**A. June 28, 2013 Regular Meeting**

On motion of Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, and without objection, the Minutes of June 28, 2013 Regular Meeting were approved, subject to technical corrections. 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** – Controller Diana Bernardo stated that Bill 453-31 will have to be reintroduced in the 32nd Guam Legislature.

**Financial Report**

**1. Contributions** – Controller Bernardo stated that as of July 23, 2013, all agencies are current with their Fiscal Year 2013 employee and employer contributions.

**2. Financial Statements** – Controller Bernardo stated that the books for the month ending June 2013 were closed on July 18, 2013.

**VI. THIRD PARTY ADMINISTRATOR’S REPORT**

**A. Contribution Report – June 2013**

Controller Bernardo stated that Alice Taijeron of Great-West Retirement Services (Great-West) provided the TPA Report for the month ending June 30, 2013 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron reported that contributions are up to date. The combined assets were \$344,941,516.33. There was a decrease in assets of -.02%.

Ms. Taijeron provided the following Participant Disbursement Report:

**401(a) Plan – Participant Disbursement**

Participant Distributions = \$1,758,006.12	164
Retirement	49
Separation of Service	105
Hardship	06
IRS Levy	02
Spousal Beneficiary	02

## **457 Deferred Compensation Plan – Participant Disbursement**

Participant Distributions = \$107,780.92	28
Retirement	04
Separation of Service	05
Loans	19

**Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, 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 June 30, 2013 was held on July 25, 2013. Vice Chairman Leon Guerrero noted that the Investment Committee Meeting was also held on July 25, 2013. The Committee reviewed and approved the Investment Committee Meeting Minutes of March 8, 2013, April. 25, 2013, May 30, 2013, and June 14, 2013; and the April 25, 2013 Due Diligence Meeting Minutes for the Quarter Ended March 31, 2013.

***Quarterly Performance*** – Vice Chairman Leon Guerrero stated that Terry Dennison of Mercer Investment Consultant, Inc. (Mercer) provided an overview of the DC Plan’s Investment Performance for the Quarter Ended June 30, 2013. Mr. Dennison stated that they discussed the performance of the Fund and the economic environment. The Fund did very well provided the expected returns. Mr. Dennison stated that they also discussed the share classes, but there is no action recommended.

Mr. Dennison stated that he is recommending the following:

- a. To continue to monitor BlackRock Life Path Funds. Mr. Dennison stated that the issue is performance. We are looking for an improvement in their performance.
- b. To place Thornburg International Value Fund on monitor. Mr. Dennison stated that the issue is also performance.
- c. To perform a search for the replacement of Franklin Small-Mid Cap Growth Fund, and Nuveen Winslow Large-Cap Growth Fund. Mr. Dennison stated that the issue for both managers is their performance and the nature of their fund changing. Mr. Dennison stated that the impact on Winslow is due to the loss of Bart Wear.

Chairman San Agustin asked why Franklin and Winslow are being replaced. Mr. Dennison stated that it is because of poor performance. They will be replaced with a Mid-Cap Core Fund. Mr. Dennison stated that we are trying to improve participant understanding. Mr. Dennison stated that with Winslow, Mr. Wear is no longer there and they are downgrading the ranking from an A to B+.

Vice Chairman Leon Guerrero mentioned that in the DB Plan, the Board terminated Winslow. Chairman San Agustin stated that Winslow was terminated in the DB Plan and will be placed on monitor for the DC Plan. Mr. Dennison stated that the process is that he will perform a fund search for a Mid-Cap and Large-Cap Core Fund. The Investment Committee will go through the selection process during the October due diligence meeting. Chairman San Agustin stated that with the DB Plan there was no process, Winslow was just terminated. Chairman San Agustin stated that the Retirement Fund could be liable if the same process is not used. Mr. Dennison stated that if you want to

accelerate the process to replace Winslow, we could have a special meeting. Secretary Leon Guerrero stated that we need a valid option. Ms. Taijeron stated that as soon as the Board decides on the fund, she will work quickly to get the notice out regarding the change. Ms. Taijeron stated that she has to provide 60 days notice that the option has been replaced. Controller Bernardo suggested sending the letter now that the Board will be making the change. Mr. Dennison stated that it is better to wait. Mr. Dennison asked the Board again if they want a special meeting to accelerate the process. Chairman San Agustin asked whether we want to expedite this. Ms. Taijeron stated that the 60-day notice is required. Secretary Leon Guerrero suggested doing this in a month. Ms. Taijeron stated that the Board needs to decide on a replacement for the fund. Mr. Dennison stated that it could be done via a conference call. Mr. Dennison stated that this will accelerate the process. Secretary Leon Guerrero stated that the Board could make a decision at the August Board meeting. Mr. Dennison stated that he will submit a report as soon as possible and will provide a valid number for the 15 minute conference call.

**Vice Chairman Wilfred Leon Guerrero, seconded by Trustee James Duenas, moved to accept Mercer's recommendation to continue to monitor BlackRock Life Path Funds. Without objection, the motion unanimously passed.**

**Vice Chairman Wilfred Leon Guerrero, seconded by Trustee James Duenas, moved to accept Mercer's recommendation to place Thornburg International Value Fund on monitor. Without objection, the motion unanimously passed.**

**Vice Chairman Wilfred Leon Guerrero, seconded by Trustee James Duenas, moved to accept Mercer's recommendation to perform a search for the replacement of Franklin Small-Mid Cap Growth Fund and Nuveen Winslow Large-Cap Growth Fund. Without objection, the motion unanimously passed.**

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for October 2013. Controller Bernardo stated that they will finalize the meeting date early in October.

**Trustee James Duenas, seconded by Secretary Antolina Leon Guerrero, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.**

#### **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 Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, and without objection, the meeting was adjourned at 1:10 p.m. Motion unanimously passed.**

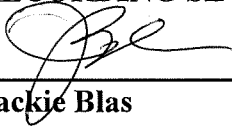
**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 26, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 30, 2013.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**