



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

**James R.F. Duenas**  
Trustee

**David M. O'Brien**  
Trustee

**INVESTMENT COMMITTEE MEETING  
DEFINED CONTRIBUTION PLAN**

Thursday, April 24, 2014  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee Meeting was called to order at 3:00 p.m. Thursday, April 24, 2014, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred P. Leon Guerrero officiated.

**Board of Trustees Present:**

Wilfred P. Leon Guerrero, Chairman  
Gerard A. Cruz, Vice Chairman  
James R.F. Duenas, Member  
Joe T. San Agustin, Ex-Officio

**Staff Present:**

Paula Blas, Director  
Diana Bernardo, Controller

**Investment Consultant Present**

Terry Dennison, Mercer Investment Consulting, Inc.

## **II. ACTION ITEMS**

- 1. March 21, 2014 Regular Investment Committee Meeting Minutes**
- 2. January 30, 2014 Due Diligence Meeting Minutes for the Quarter Ended December 31, 2013**

**A motion was made by Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas, to approve the minutes of March 21, 2014 Regular Investment Committee Meeting and the minutes of the January 30, 2014 Due Diligence Meeting, subject to technical corrections. Without objection, the motion was passed.**

## **III. OPEN ITEMS**

- 1. Baron Small Cap Fund**

Committee Chairman Leon Guerrero stated that Mercer Investment Consulting, Inc.'s recommendation is to place Baron Small Cap Fund on watch due to underperformance.

Terry Dennison of Mercer asked whether the Retirement Fund would like to have Mercer perform a search for the possible replacement of the Baron Small Cap Fund in time for the July 24, 2014 meeting should we decide to pull the plug on Baron Small Cap. Mr. Dennison stated that there is no charge and it saves us three months.

**Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas moved to approve to have Mercer perform a search for the possible replacement of the Baron Small Cap Fund. Without objection, the motion unanimously passed.**

- 2. Vanguard 500 Index Fund**

Mr. Dennison stated that in October 2014, the current Signal share class will convert to the Admiral share class. The expense ratio for the Signal share class is .05%, versus .04% for the Admiral share class. There is no impact since both share classes have no revenue share. He also stated that the Retirement Fund is eligible to move to the lower cost institutional share class.

Mr. Dennison stated that the recommendation is to move to a lower share class for the Vanguard S&P 500 Index Fund to the Institutional Share Class.

**Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas moved to approve to move to the lower cost institutional share class. Without objection, the motion unanimously passed.**

- 3. Thornburg International Value Fund**

Controller Diana Bernardo stated that during the January 2014 meeting, the Board approved the replacement of the Thornburg International Value Fund with the Transamerica International Equity

Fund I, subject to the determination of “an explicit expense ratio to replace the revenue sharing component” of the Thornburg International Value Fund.

Mr. Dennison stated that the recommendation is to charge an expense ratio of 20 basis points.

**Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas moved to approve to charge an expense ratio of .20% to participants of the Transamerica International Equity Fund I. Without objection, the motion unanimously passed.**

#### **4. BlackRock Life Path Funds**

Controller Bernardo asked whether there is a watch on BlackRock. Mr. Dennison stated that we are continuing to monitor BlackRock. There’s no change.

#### **5. Dreyfus/Standish Global Fixed Income Fund I**

Controller Bernardo stated that during the January 2014 meeting, the Board reviewed the Proxy received from Dreyfus in December 2013. Based on discussions with Mr. Dennison:

- a. It was determined that Dreyfus’ proposal would dramatically modify the current investment guidelines.
- b. The risk of such a proposal is that the make-up of the fund could change from its current allocation in a manner that existing investors did not contemplate.
- c. The Board voted not to accept Dreyfus’ recommendation to approve the proposed change; and placed Dreyfus “on watch,” pending the outcome of the vote.

However, the results of the vote have not yet been received by Mercer.

**Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas moved to approve to assess the status of Dreyfus upon receipt of Mercer’s analysis of the proxy vote results. Without objection, the motion unanimously passed.**

#### **IV. NEW BUSINESS**

None

#### **V. INFORMATIONAL ITEMS**

None

#### **VI. OPEN DISCUSSION**

None

**VII. CORRESPONDENCE**

None

**VIII. ANNOUNCEMENTS**

**1. Next Due Diligence Meeting: July 24, 2014**

Committee Chairman Leon Guerrero informed the Committee members that the next Quarterly Performance meeting is tentatively scheduled for July 24, 2014.

**IX. ADJOURNMENT**

There being no further business before the Investment Committee, a motion was made by Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas, to adjourn the meeting at 3:04 p.m. Without objection, the motion was passed.

Respectfully submitted,



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**JACKIE M. BLAS**  
Recording Secretary

**AFFIRMED:**



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**WILFRED P. LEON GUERRERO, Ed.D.**  
Investment Committee Chairman