



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 24, 2015, 12:30 p.m.
 Retirement Fund Conference Room

MINUTES

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 24, 2015, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
 Antonina S. Leon Guerrero, Secretary
 Gerard A. Cruz, Treasurer
 Katherine T.E. Taitano, Trustee
 Anthony C. Blaz, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Vice Chairman (*Excused*)
 David M. O'Brien, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary

Third Party Administrator Present:

Alice Tajeron, Director, Client Relations & Plan Counseling, Empower Retirement
 John Borne, Vice President, Government Markets & Client Relations, Empower Retirement, West Region

Investment Consultant Present:

Terry Dennison, Mercer Investment Consulting, Inc.

Actuarial Consultant Present:

Richard Wright, Milliman, Inc.

Trustees:

Joe T. San Agustin
 Chairman

Wilfred P. Leon Guerrero, Ed.D.
 Vice-Chairman
 Investment Committee, Chairman

Antonina S. Leon Guerrero
 Secretary

Gerard A. Cruz
 Treasurer
 Audit & Operations Committee,
 Chairman

Katherine T.E. Taitano
 Trustee

Anthony C. Blaz
 Trustee

David M. O'Brien
 Trustee

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 27, 2015 Regular Meeting

Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the March 27, 2015 Regular Meeting, subject to technical corrections. 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 Paula Blas stated that Secretary Antolina Leon Guerrero will cover this item under the Members and Benefits Committee Report.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of March 31, 2015 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Chairman San Agustin asked what the disability benefits are in the DC Plan. Director Blas stated that it is 66⅔% of the employee's pre disability salary and there is an age cap of 65. Director Blas stated that the DB disability is based on an average of salary. Chairman San Agustin asked, after the age of 65, how many returned to work. Alice Taijeron of Empower Retirement stated that there are a few individuals that do return to work. Chairman San Agustin asked whether there are any survivor benefits in the DC Plan. Treasurer Gerard Cruz stated that there is no pension component or survivor benefits under the DC disability insurance.

Financial Report

1. *Contributions* - Director Blas stated that as of April 22, 2015, all agencies are current with their Fiscal Year 2015 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ending March 31, 2015 were closed on April 21, 2015.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – March 2015

Director Blas stated that Ms. Taijeron provided the TPA Report for the month ending March 31, 2015 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Taijeron reported that the 401(a) Plan had total assets of \$417,513,447.67. There was a decrease of \$694,793,763.05 or -.17%. There was a market decrease of -.9% from February to March 2015. The 457 Deferred Compensation Plan had total assets of \$42,948,295.89. There was an increase of \$75,549.31 or .18%. There was a market decrease of -1% from February to March 2015.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,057,208.87. There was an increase in contributions of \$317,171.88 or 11.58%. The 457 Deferred Compensation Plan had total

contributions of \$509,859.39. There was an increase of \$85,867.99 or 20.25%. Ms. Taijeron stated that the 401(a) Plan had 143 employee distributions totaling \$1,420,725.42. The 457 Plan had 32 participant distributions totaling \$306,947.48.

Ms. Taijeron stated that mapping from BlackRock to Secure Foundation occurred on April 20, 2015. Ms. Taijeron further reported that participation in the 457 Deferred Compensation Plan is increasing due to their educational programs. Chairman San Agustin asked what the age group of the participants is. Ms. Taijeron stated that it is the newly hired employees that are enrolling. John Borne of Empower Retirement, West Region, suggested that the Board may wish to consider plan design changes, noting that auto-enrollment and auto-escalation have proven to do well for employees. Mr. Borne stated that he'll provide the Board with a copy of the draft proposal for the 457 auto-enrollment/auto-escalation.

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

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Cruz reported that the Quarterly Performance Meeting for the Quarter ended March 31, 2015 was held on April 23, 2015. The Investment Committee Meeting was also held on April 23, 2015. The Committee reviewed and approved the Investment Committee Meeting Minutes of March 20, 2015 and the January 29, 2015 Due Diligence Meeting Minutes for the Quarter Ended December 31, 2014.

Treasurer Cruz stated that Terry Dennison of Mercer Investment Consulting, Inc. provided an overview of the DC Plan's Investment Performance for the Quarter Ended March 31, 2015. Mr. Dennison stated that the Investment Committee reviewed the state of the world economy. There is indication that positive growth is minimal. Mr. Dennison stated that the performance of the Fund has been good and Mercer has no recommendations to add or replace any managers at this time.

Dimensional Fund Advisors (DFA) Proxies – Mr. Dennison stated that there are proxies from DFA. Mr. Dennison stated that the proxy voting includes changing the structure of the agreement and adding language to clarify the investment in commodities. Mr. Dennison stated that Mercer recommends approval.

Chairman San Agustin inquired about fees. Mr. Dennison stated that Mercer has looked at every fee continuously and it is updated in every report. Chairman San Agustin asked whether there is a trend analysis. Mr. Dennison stated that the share classes with more assets get a lower expense ratio.

Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, moved to accept Mercer Investment Consulting, Inc.'s recommendation to approve Dimensional Fund Advisors' affirmative proxy votes. Without objection, the motion unanimously passed.

Next Quarterly Performance Meeting – Treasurer Cruz informed the Board that the next Quarterly Performance Meeting is scheduled for July 30, 2015.

Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

B. Members and Benefits Committee

Secretary Leon Guerrero stated that she and Trustee David O'Brien, met with David John about two (2) weeks ago regarding alternatives to the Hybrid bill that was presented by Vice Speaker B.J. Cruz. Secretary Leon Guerrero stated that Mr. John speaks for the Guam Chamber of Commerce and he is also working with the Administration. Mr. John is looking at Social Security plus a DC component for prospective employees; and considering options for the current DC members for whom Social Security will not be a viable option, which would likely include a DB Plan with a DC component. Other factors being considered are increasing employee and employer contributions, the employer match for the 457 Plan, and alternatives which will not create a new unfunded liability that would last for perpetuity. Secretary Leon Guerrero stated that Mr. John will craft alternatives, which he will provide by next week. Secretary Leon Guerrero stated that she will provide the Board with a copy of the alternatives once she receives it from Mr. John.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

None

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XI. ANNOUNCEMENTS

None

XII. ADJOURNMENT

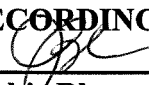
There being no further business before the Board for the Defined Contribution Plan, on motion of Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:15 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 24, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on May 29, 2015.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas