



GOVERNMENT OF GUAM  
**RETIREMENT FUND**

STABILITY · SECURITY · REWARDS

**BOARD OF TRUSTEES**

**Regular Meeting**

Friday, July 31, 2015, 12:00 Noon  
Retirement Fund Conference Room

**MINUTES**

**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

**Anthony C. Blaz**  
Trustee

**David M. O'Brien**  
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 12:05 p.m. Friday, July 31, 2015, 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  
David M. O'Brien, Trustee  
Anthony C. Blaz, Trustee

**Board of Trustees Absent:**

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

**Staff Present:**

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

**Third Party Administrator Present:**

Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement

**Investment Consultant Present:**

Terry Dennison, Mercer Investment Consulting, Inc.

**Electronic Recording** – Chairman San Agustin stated for the record that he objects to the fact that the Board Meeting is not being electronically recorded.

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

### **A. June 26, 2015 Regular Meeting**

Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the Minutes of the June 26, 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 the amendment to Bill 2-33 drafted by Senator Mike San Nicolas has not been introduced. It may be introduced in August as a separate bill. Secretary Antolina Leon Guerrero asked whether the Retirement Fund's Legal Counsel has completed its review of the draft amendments. Director Blas stated that Legal Counsel will provide its comments by next week on the different sections of the bill as amended. Trustee David O'Brien suggested waiting for Legal Counsel's comments on the bill.

After a lengthy discussion pertaining to the draft amendments to Bill 2-33, Treasurer Gerard Cruz stated that the Board acknowledges the problem with the limited retirement savings that members may have accumulated under the DC Plan. Chairman San Agustin stated that the Board started working on addressing the need to provide a reliable type of benefit for the DC Plan participants five years ago. Chairman San Agustin pointed out that there is no groundswell of support from the DC participants on the bill. The bill is now in the Legislature's hand. Director Blas stated that there will be a public hearing on the amended bill. Secretary Leon Guerrero stated that she agrees with Trustee O'Brien that the Board review Legal Counsel's comments. Director Blas stated that she will follow up with Legal Counsel.

**2. Standard Insurance** - Director Blas stated that an updated summary report as of June 30, 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 whether there is a trend of participants seeking disability. Alice Taijeron of Empower Retirement stated that there is a trend. Ms. Taijeron pointed out that the DC disability is a wage replacement program and the participant could return to his/her actual employment.

### **Financial Report**

**1. Contributions** - Director Blas stated that as of July 29, 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 June 30, 2015 were closed on July 20, 2015.

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

### **A. Contribution Report – June 2015**

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement provided the TPA Report for the month ending June 30, 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 \$420,166,024.15. There was a decrease of \$5,731,199.21 or -1.35%. There was a market decrease of -2% from May to June 2015. The Second Quarter 2015 assets was 1.0% and market was -1.5%. The First Quarter 2015 assets was 3.5% and market was 1.3%. The Fourth Quarter 2014 assets was 3.9% and market was 1.5%. The Year to Date assets (January to June 2015) was 4.67% and market was .28%. The Rolling Year assets (July 2014 to June 2015) was 10.22% and market was .86%. The Fiscal Year 2014 assets was 12.41% and market was 2.66%.

The 457 Deferred Compensation Plan had total assets of \$43,968,742.21. There was a decrease of \$384,098.10 or -0.87%. The Second Quarter 2015 assets was 2.38% and market was -1.31%. The First Quarter 2015 assets was 5.24% and market was 1.56%. The Fourth Quarter 2014 assets was 5.60% and market was 2.13%. The Year to Date assets was 7.33% and market was -.20%. The Rolling Year assets was 16.10% and market was .53%. The Fiscal Year 2014 assets was 17.84% and market was 2.55%.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,809,812.34. There was a decrease in contributions of \$208,618.12 or -6.91%. The 457 Deferred Compensation Plan had total contributions of \$502,362.34. There was a decrease of \$74,082.89 or -12.85%. Ms. Taijeron stated that the 401(a) Plan had 177 employee distributions totaling \$2,256,631.77. The 457 Plan had 34 participant distributions totaling \$275,281.66. Ms. Taijeron stated that 19% of participants are in the 457 Plan. The participants are increasing their contributions in the 457 Plan.

Trustee O'Brien inquired about session attendance. Ms. Taijeron stated that the average is 30%.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to accept the Third Party Administrator's Report. Without objection, the motion unanimously passed.**

## **VII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Vice Chairman Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2015 was held on July 30, 2015. The Investment Committee Meeting was also held on July 30, 2015. The Committee reviewed and approved the Investment Committee Meeting Minutes of June 19, 2015.

Vice Chairman Leon Guerrero stated that Terry Dennison of Mercer Investment Consulting, Inc. provided an overview of the DC Plan's Investment Performance for the Quarter Ended June 30, 2015. Mr. Dennison stated that he is pleased with the funds' performance. Mr. Dennison stated that it is good practice to have the Retirement Income Fund. Mr. Dennison pointed out that the 2010 Fund is

more conservative than the 2015 Fund. Mr. Dennison stated that no recommendations were made. Vice Chairman Leon Guerrero mentioned that Mr. Dennison made a good presentation during yesterday's due diligence meeting.

**Next Quarterly Performance Meeting** – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for October 29, 2015.

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

**B. Members and Benefits Committee**

This item was covered under the Director's Report.

**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 1:10 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 31, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 28, 2015.**



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

**RECORDING SECRETARY:**



**Jackie Blas**