



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

BOARD OF TRUSTEES
Regular Meeting

Friday, October 30, 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 12:10 p.m. Friday, October 30, 2015, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
 Antolina S. Leon Guerrero, Secretary
 Anthony C. Blaz, Trustee
 Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

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

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary

Third Party Administrator Present:

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

Investment Consultant Present:

Terry Dennison, Mercer Investment Consulting, Inc.

Public Present:

Jerick Sablan, Pacific Daily News

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 18, 2015 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to approve the Minutes of the September 18, 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 Vice Speaker B.J. Cruz has tentatively scheduled the public hearing on Bill 002-33 for November 19, 2015 at 6:00 p.m.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of September 30, 2015 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information.

Financial Report

1. *Contributions* - Director Blas stated that as of October 27, 2015, all agencies are current with their Fiscal Year 2016 employee and employer contributions with the exception of the Guam Memorial Hospital Authority (GMHA). GMHA is currently one (1) pay period behind and if payment that is due today is not paid, GMHA will be behind for two (2) pay periods.

2. *Financial Statements* - Director Blas stated that the books for the month ending September 30, 2015 are scheduled to close in November 2015.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – September 2015

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement provided the TPA Report for the month ending September 30, 2015 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Taijeron reported that enrollment in the 457 Plan is increasing.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$399,621,913.58. There was a decrease of \$7,915,550.35 or -1.94%. There was a market decrease of -2.67% from August to September 2015. There was a market decrease of -1.50% in the Second Quarter 2015 and -0.04% in the Third Quarter 2015. The 457 Deferred Compensation Plan had total assets of \$42,572,228.15. There was a decrease of \$411,854.05 or -0.96%. There was a market decrease of -2% from August to September 2015. There was a market decrease of -1.31% in the Second Quarter 2015 and -0.04% in the Third Quarter 2015.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,962,376.76. There was an increase in contributions of \$330,165.70 or 12.54%. The 457 Deferred Compensation Plan had total contributions of \$529,554.50. There was an increase in contributions of \$65,273.00 or 14.06%. Ms. Taijeron stated that the 401(a) Plan had 124 employee distributions totaling \$1,925,000.10. The 457 Plan had 21 participant distributions totaling \$87,925.50.

Ms. Taijeron stated that a report of the Group Long Term Disability active claims, balances, and activities is provided for informational purposes.

Ms. Taijeron also provided a copy of the following reports:

- Defined Contribution Legal and Regulatory Update as of October 2015
- Third Quarter 2015 Plan Review of DCRS 401(a) for the Period Ending September 30, 2015
- Third Quarter 2015 Plan Review of Deferred 457(b) for the Period Ending September 30, 2015

Secretary Antolina Leon Guerrero, 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

Director Blas reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2015 was held on October 29, 2015.

Director Blas stated that Terry Dennison of Mercer Investment Consulting, Inc. (Mercer) provided an overview of the DC Plan's Investment Performance for the Quarter Ended September 30, 2015. Mr. Dennison stated that a review of the market environment and plan performance was conducted. Mr. Dennison stated that Mercer recommends mapping the BlackRock LifePath Retirement Portfolio in to the Great-West Secure Foundation Life Time 2015 Fund. This Fund most closely matches the glidepath of the BlackRock LifePath Retirement Portfolio and maintains a dynamic and declining glidepath through retirement.

Trustee Anthony Blaz, seconded by Secretary Antolina Leon Guerrero, moved to accept Mercer's recommendation to map the BlackRock LifePath Retirement Portfolio in to the Great-West Secure Foundation LifeTime 2015 Fund. Without objection, the motion unanimously passed.

Next Quarterly Performance Meeting – Mr. Dennison informed the Board that the next Quarterly Performance Meeting is scheduled for January 28, 2016.

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

Secretary Antolina Leon Guerrero asked Mr. Dennison about his thoughts on an approach for the DC Plan Alternatives. Mr. Dennison stated that there are three basic elements of wealth accumulation. One, participants should contribute more and early in their career. Auto-Enrollment and Auto-Escalation are options and techniques that are used in this regard. Second, provide members opportunities for investment portfolios that offer the best rate of return. Inclusion of the Bond Fund is

beneficial. Third, the menu of options should be reviewed frequently, keeping those that perform well and changing out options when they underperform. Participants need to use options and resources available to put their money in.

B. Members and Benefits Committee

Secretary Leon Guerrero stated that Director Blas received the analysis from Milliman. The M&B Committee will review the analysis.

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 Katherine Taitano, and without objection, the meeting was adjourned at 12:36 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 30, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 20, 2015.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas