



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 29, 2016, 12:00 Noon  
 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 12:10 p.m. Friday, July 29, 2016, 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  
 Katherine T.E. Taitano, Trustee  
 Albert H. Santos, Trustee

**Board of Trustees Absent:**

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

**Investment Consultant Present:**

Terry Dennison, Mercer Investment Consulting, Inc.

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

**David M. O'Brien**  
 Trustee

**Albert H. Santos**  
 Trustee

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

### **A. June 24, 2016 Regular Meeting**

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to approve the Minutes of the June 24, 2016 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

## **III. CORRESPONDENCE**

### **A. July 1, 2016 Letter to Chairman Joe T. San Agustin Regarding Empower Retirement Commentary on Future Plan Design**

Chairman San Agustin stated that Empower Retirement provided their commentary on the future retirement plan design for Government of Guam employees. Chairman San Agustin stated that this could be an alternative if the Hybrid Plan does not go through. Secretary Antolina Leon Guerrero stated that it's a comparison between the Defined Contribution (DC) Plan and the proposed Cash Balance Plan. Director Paula Blas stated that it's already part of the Defined Benefit 1.75 Plan.

## **IV. INFORMATIONAL ITEMS**

None

**RECESS: 12:11 P.M.**

**RECONVENED: 12:45 P.M.**

## **V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY**

**1. *Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives*** - Director Blas stated that Vice Speaker B.J. Cruz is still trying to push for an override of the Governor's veto of Bill 2-33.

**2. *Standard Insurance*** - Director Blas stated that an updated summary report as of June 30, 2016 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 July 26, 2016, all agencies are current with their Fiscal Year 2016 employee and employer contributions. Vice Chairman Wilfred Leon Guerrero inquired about the Guam Memorial Hospital Authority's (GMHA's) payment. Director Blas stated that GMHA is current with their DC contributions.

**2. *Financial Statements*** - Director Blas stated that the books for the month ended June 30, 2016 were closed on July 28, 2016.

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

### **A. Contribution Report – June 2016**

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement, provided the TPA Report for the month ending June 30, 2016 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Taijeron also provided their Quarterly Plan Review for the 401(a) Plan and 457 Plan which contains detailed information on plan

participation and activity as of June 30, 2016. Ms. Taijeron stated that as of quarter ended June 30, 2016, there is a total of 809 DC retirees. Chairman San Agustin asked how many retirees took lump sum payments. Director Blas stated that 99% took the lump sum payment.

Ms. Taijeron reported that the 401(a) Plan had total assets of \$436,766,953.26. There was an increase of \$1,198,432.58 or 0.28%. There was a market decrease of -0.01% from May to June 2016. The 457 Deferred Compensation Plan had total assets of \$48,309,148.28. There was an increase of \$853,096.08 or 1.80%.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,425,167.95. There was an increase in contributions of \$470,012.90 or 15.90%. The 457 Deferred Compensation Plan had total contributions of \$987,930.27. There was an increase of \$553,789.57 or 127.56%. Ms. Taijeron stated that the 401(a) Plan had 222 employee distributions totaling \$2,007,657.71. The 457 Plan had 39 participant distributions totaling \$202,474.08.

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

## **VII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Vice Chairman Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2016 was held on July 28, 2016. The Investment Committee Meeting was also held on July 28, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of June 17, 2016.

**Quarterly Performance** - 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, 2016. Mr. Dennison stated that there are no concerns with the performance of the existing funds. There are no recommendations to add or replace any managers at this time.

**Search Reports** - Vice Chairman Leon Guerrero stated that during the April 2016 meeting, the Board recommended that Mercer perform a search for Real Estate Investment Trusts (REITs) and International Small Cap Equity Funds. Based on the results of the search, the Investment Committee recommends the following:

1. To add to the Plan as options: Real Estate Investment Trusts (REITs) Fund and International Small Cap Equity Fund.

**Vice Chairman Wilfred Leon Guerrero, seconded by Trustee Albert Santos, moved to approve the Investment Committee's recommendation to add to the Plan as options: Real Estate Investment Trusts (REITs) Fund and International Small Cap Equity Fund to be made directly available to the 457 Plan Participants and to the Managers of the Managed Accounts and Investment Advice Programs. Without objection, the motion passed.**

2. Funding for the REITs option, the Principal Global Real Estate Securities Fund Institutional will be used; and funding for the International Small Cap Equity Fund, the

Touchstone International Small Cap Fund Share Class Y (Sub advised by Copper Rock) will be used.

**Vice Chairman Wilfred Leon Guerrero, seconded by Trustee Albert Santos, moved to approve the Investment Committee's recommendation that funding for the Real Estate Investment Trusts (REITs), the Principal Global Real Estate Securities Fund Institutional will be used; and funding for the International Small Cap Equity Fund, the Touchstone International Small Cap Fund Share Class Y (Sub advised by Copper Rock) will be used. Without objection, the motion passed.**

Chairman San Agustin inquired about the time frame. Ms. Taijeron stated that the time frame would be 30-60 days. Mr. Dennison stated that as soon as Ms. Taijeron receives the letter from Director Blas, she will start the process.

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for October 27, 2016.

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

#### **B. Members and Benefits Committee**

Secretary Leon Guerrero stated that at the June meeting the Board voted to have Director Blas prepare a Board resolution urging the Legislature to override the Governor's veto of Bill 2-33. Secretary Leon Guerrero stated that during the M&B Committee meeting, there was a discussion on alternatives to a Board resolution. In lieu of a Board resolution, Director Blas could prepare a letter directed to all participants. The letter would inform them as to the status of Bill 2-33 and encourage them to contact the Legislature in support of the Bill. The Board of Trustees agreed to have Director Blas prepare the letter to all the DC participants and to also publish the form letter.

**Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to approve having the Director prepare a letter to all the DC participants, in lieu of a Board Resolution. Without objection, the motion passed.**

#### **VIII. OLD BUSINESS**

None

#### **IX. NEW BUSINESS**

None

#### **X. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

#### **XI. ANNOUNCEMENTS**

None

**XII. ADJOURNMENT**

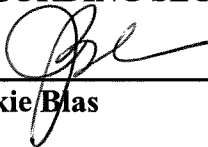
**There being no further business before the Board for the Defined Contribution Plan, on motion of Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:48 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 29, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 26, 2016.**



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

**RECORDING SECRETARY:**



**Jackie Blas**