



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, December 16, 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 12:36 p.m. Friday, December 16, 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
 David M. O'Brien, Trustee
 Albert H. Santos, Trustee

Board of Trustees Absent:

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

Staff Present:

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

Third Party Administrator Present:

Grace Atalig, Empower Retirement

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. November 18, 2016 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the November 18, 2016 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

A. December 12, 2016 Letter from Terry Dennison Re: Transition Plans Regarding Retirement from Mercer Investments

Director Paula Blas informed the Board that Terry Dennison will be retiring from Mercer Investments at the end of December 2016. Mr. Cameron Systemans is proposed to assume Mr. Dennison's role with the Retirement Fund. Mr. Systemans is based in Mercer's Tokyo office. Director Blas stated that Rich Nuzum or Mr. Dennison will be here for the January 2017 meetings, along with Mr. Systemans. Chairman San Agustin stated that Mr. Systemans has no government experience. Director Blas stated that both Mr. Nuzum and Mr. Dennison indicated that Mr. Systemans is the most appropriate candidate from their organization. Director Blas stated that Mr. Systemans has experience with Defined Contribution (DC) Plans. Trustee Albert Santos stated that Mr. Dennison has confidence in Mr. Systemans. Chairman San Agustin asked whether the contract is with the firm. Director Blas replied, "Yes." Secretary Antolina Leon Guerrero asked whether the Retirement Fund has a criteria for a DC Plan consultant. Director Blas replied, "Yes." Secretary Leon Guerrero stated that the criteria may be helpful for the Board. Rosalia Bordallo, General Accounting Supervisor, stated that when Mercer was first hired, Rich Nuzum was the lead person coming out for the due diligence meetings and Mr. Nuzum was from Mercer's Tokyo office. Chairman San Agustin stated that he is skeptical at this point since the Retirement Fund's core portfolio is not Asia. Director Blas stated that we could have Mr. Systemans come out in January and the Board could decide from there. Chairman San Agustin stated that he is willing to meet with Mr. Systemans. The Board agreed to meet with Mr. Systemans in January.

IV. INFORMATIONAL ITEMS

None

V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives* - Director Blas stated that she received Milliman's analysis and the Plan Documents for the DB 1.75 and the Government Retirement Security Plan (GRSP). Director Blas stated that a working session with the Board is tentatively scheduled for January 6, 2017. Director Blas stated that she will confirm this date with Milliman and Legal Counsel as they will join in the working session via conference call. Secretary Leon Guerrero asked whether Vice Speaker B.J. Cruz will be informed that the Retirement Fund is looking at the Plan Document as opposed to just going through the Administrative Adjudication Act (AAA) process. Director Blas replied, "Yes." Trustee David O'Brien stated that his understanding from Director Blas is that the Plan Document is not that much different from the AAA procedures. Trustee O'Brien suggested to let the new Legislators know. Director Blas stated that she will run this by Vice Speaker Cruz.

2. **Standard Insurance** - Director Blas stated that an updated summary report as of November 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 December 13, 2016, all agencies are current with their Fiscal Year 2017 employee and employer contributions.

2. **Financial Statements** - Director Blas stated that the books for the month ended October 31, 2016 is expected to close on December 17, 2016.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – November 2016

Director Blas stated that Grace Atalig of Empower Retirement, provided the TPA Report for the month ending November 30, 2016 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Atalig reported that the 401(a) Plan had total assets of \$461,681,727.80. There was an increase of \$10,908,042.99 or 2.42%. There was a market increase of 0.015% from October to November 2016. The 457 Deferred Compensation Plan had total assets of \$52,805,655.24. There was an increase of \$1,776,116.45 or 3.48%. There was a market increase of 0.02% from October to November 2016.

Ms. Atalig stated that the 401(a) Plan had total contributions of \$3,950,683.82. There was an increase in contributions of \$903,949.83 or 29.67%. The 457 Deferred Compensation Plan had total contributions of \$714,236.50. There was an increase of \$169,299.87 or 31.07%. Ms. Atalig stated that the 401(a) Plan had 153 employee distributions totaling \$1,910,492.24. The 457 Plan had 35 participant distributions totaling \$242,050.00.

Vice Chairman Wilfred Leon Guerrero asked why the contributions increased. Ms. Atalig stated that it was due to the timing of the contributions, new enrollees, and that there were three (3) paydays in November. Vice Chairman Leon Guerrero inquired about employee contributions not being remitted to the Retirement Fund. Director Blas stated that the employees need to be the one to file a claim with the U.S. Department of Labor.

Treasurer Gerard Cruz, seconded by Trustee David O'Brien, 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 Investment Committee Meeting was held on December 9, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 17, 2016.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for January 26, 2017.

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 Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, and without objection, the meeting was adjourned at 1:08 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 16, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 27, 2017.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas