



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 28, 2017, 12:00 Noon  
 Retirement Fund Conference Room

**MINUTES**

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

**DEFINED CONTRIBUTION**

**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 12:30 p.m. Friday, April 28, 2017, 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  
 Gerard A. Cruz, Treasurer  
 David M. O'Brien, Trustee  
 Katherine T.E. Taitano, Trustee

**Board of Trustees Absent:**

Antolina S. Leon Guerrero, Secretary (*Excused*)  
 Albert H. Santos, 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  
 Grace Atalig, Empower Retirement

**Investment Consultant Present:**

Cameron Systemans, Mercer Investment Consulting, Inc.

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

- A. February 27, 2017 Reconvened Meeting**
- B. March 24, 2017 Regular Meeting**

**Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to approve the Minutes of the February 27, 2017 Reconvened Meeting and the March 24, 2017 Regular Meeting, subject to technical corrections. Without objection, the motion passed.**

## **III. CORRESPONDENCE**

None

## **IV. INFORMATIONAL ITEMS**

None

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

**I. *Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives*** - Director Paula Blas stated that the finalized plan documents were transmitted to the Legislature on March 31, 2017. The education seminars for the Defined Benefit 1.75 (DB 1.75) and the Guam Retirement Security Plan (GRSP) commenced on April 13, 2017. Director Blas stated that the Retirement Fund has conducted seminars at nine (9) departments (Retirement Fund, Civil Service Commission, GVB, Guam Election Commission, Guam Housing Corporation, GHURA, GEDA, Public Defender, and UOG). Chairman San Agustin asked whether attendance is kept. Director Blas replied, "Yes, an attendance log is kept at every seminar." Director Blas stated that at every seminar, members are provided an overview on the 401(a), DB 1.75, and the GRSP, together with a form requesting for the Retirement Fund to run an income comparison for them at age 55 and 62. Director Blas stated that there is a 27-28 minute video presentation. Chairman San Agustin asked what the members' reaction has been. Director Blas replied, "Positive." Treasurer Gerard Cruz asked whether it is positive towards the DB 1.75. Director Blas stated that it's positive towards the DB 1.75 or stay in DC. Director Blas stated that what the members were mostly concerned about were the benefits in DC and DB 1.75. Trustee Katherine Taitano stated that one of the things that needs to be reinforced is that staying in the DC Plan is an option. Director Blas stated that the Retirement Fund opens the presentation with the 401(a) and Empower Retirement closes the presentation on the 401(a) and states that the 401(a) is one of the options. Trustee David O'Brien stated that he agrees with Trustee Taitano because there's some confusion even at the University of Guam. Trustee O'Brien stated that there should be an analysis on the 401(a), the DB 1.75 and the GRSP for the members. Chairman San Agustin asked whether the presenter is pushing for a certain plan. Director Blas replied, "No, we are not promoting any of the plans, we are just educating the members as to what the three plans offer." Controller Diana Bernardo stated that the presentation should open by saying that as a DC member going forward you have three options.

Director Blas stated that approximately 15 departments have been scheduled for the month of May. Additional seminars will be conducted periodically at Retirement Fund.

2. **Standard Insurance** - Director Blas stated that an updated summary report as of March 31, 2017 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 April 25, 2017, 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 March 31, 2017 were closed on April 25, 2017.

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

**A. Contribution Report – March 2017**

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement, provided the TPA Report for the month ending March 31, 2017 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Taijeron also provided the Plan Review for the 401(a) Plan and the 457 Plan which contains detailed information on plan participation and activity for the period ending March 31, 2017. Ms. Taijeron stated that the annual plan review was conducted on April 27, 2017. Ms. Taijeron stated that Jonathan Kreider, Vice President of Great West Financial Investments spoke on Secure Foundation. Trustee O'Brien stated that it was a very informative presentation.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$493,588,069.32. There was an increase of \$4,232,632.17 or 0.86%. There was a market increase of 0.3% from February 2017 to March 2017. The 457 Deferred Compensation Plan had total assets of \$57,138,473.44. There was an increase of \$639,226.30 or 1.13%. There was a market increase of 0.1% from February 2017 to March 2017.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,988,178.46. There was a decrease in contributions of \$156,935.67 or -4.99%. The 457 Deferred Compensation Plan had total contributions of \$561,238.57. There was a decrease in contributions of \$87,377.18 or -13.47%. Ms. Taijeron stated that the 401(a) Plan had 137 employee distributions totaling \$1,655,250.30. The 457 Plan had 41 participant distributions totaling \$324,008.70.

Ms. Taijeron pointed out that we will see an increase in participation in the 457 Plan in 2017 and into 2018. Ms. Taijeron mentioned that by 2018, she along with Grace Atalig will be licensed Investment Advisors.

**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 Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended March 31, 2017 was held on April 27, 2017. The Investment Committee Meeting was also held on April 27, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of March 17, 2017 and the January 26, 2017 Due Diligence Meeting Minutes.

***DC Plan Quarterly Performance*** - Vice Chairman Leon Guerrero stated that Cameron Systemans of Mercer Investment Consulting, Inc. provided an overview of the DC Plan's Investment Performance for the Quarter Ended March 31, 2017. Mr. Systemans stated that the economic conditions are improving. Mr. Systemans stated that all investment options should be retained. There were no recommendations for Board action. Treasurer Cruz inquired about revenue sharing. Ms. Taijeron stated that she will work with Mr. Systemans on the list of investment options. Treasurer Cruz stated that he is looking for an analysis. Trustee O'Brien inquired about the expense ratio. Mr. Systemans stated that the revenue sharing would be different from the other expenses. It won't change the assets. Trustee O'Brien inquired about the expense ratio on Secure Foundation. How does the revenue sharing lower the expenses to the members? Mr. Systemans stated that if you take out the revenue sharing off Secure Foundation, it will then lower the median. Mr. Systemans stated that he will provide all the investment options. Chairman San Agustin inquired about a trend analysis. Ms. Taijeron stated that she will work towards including a trend analysis in her monthly and quarterly reports.

***Empower Retirement Annual Review*** - Vice Chairman Leon Guerrero stated that Ms. Taijeron and Mr. Kreider provided an overview on April 27, 2017. There were no recommendations for Board action.

***Next Quarterly Performance Meeting*** – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for July 27, 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, Treasurer Gerard Cruz moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:05 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 28, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on May 26, 2017.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**