



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 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 12:35 p.m. Friday, July 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
 Antolina S. Leon Guerrero, Secretary
 Gerard A. Cruz, Treasurer

Board of Trustees Absent:

David M. O'Brien, Trustee (*Excused*)
 Albert H. Santos, Trustee (*Excused*)
 Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

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

Third Party Administrator Present:

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

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc.

Public Present:

Rose Tribaudini, Retiree
 Aleta San Nicolas, Retiree
 Raymond Laguana, Retiree

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. June 30, 2017 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the June 30, 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

1. *Defined Benefit (DB)/Defined Contribution (DC) Plan Alternatives* - Director Paula Blas stated that at least one (1) educational seminar for the Defined Benefit 1.75 (DB 1.75) and the Guam Retirement Security Plan (GRSP) were completed at all departments/agencies/branches by July 14, 2017. As of July 27, 2017, 135 presentations have been conducted. As the schedule permits, Retirement Fund will continue to conduct additional seminars at Retirement Fund. Director Blas stated that in addition to the agency and Retirement Fund seminars, the educational video is also available on the Retirement Fund website.

Chairman San Agustin asked what the target date is for getting the Estimated Retirement Income Comparison (ERIC) letters out. Director Blas replied, "By the second week of September 2017." Director Blas stated that 1,200 ERIC letters have been issued. Secretary Antolina Leon Guerrero asked whether members are making an election at this time. Director Blas stated that some are already making an election or asking to meet with a Retirement Fund representative to go over their ERIC. Treasurer Gerard Cruz asked what the estimate is for transfers. Director Blas stated that we may be a little under the 55% margin. Secretary Leon Guerrero asked what the percentage is based on. Director Blas stated that it is what the actuary provided. Once the members make their election, the data will be entered into a master file. Director Blas stated that we were looking at a 55% transfer. We'll see the actual numbers by the end of September 2017. Treasurer Cruz stated that we could then see how close we are to the target. Chairman San Agustin inquired about the number of new staff. Director Blas stated that there are eight (8), but there are 15-18 working on this project.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of June 30, 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 July 26, 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 June 30, 2017 were closed on July 19, 2017.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – June 2017

Director Blas stated that Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement, provided the TPA Report for the month ending June 30, 2017 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Taijeron also provided the Quarterly Plan Review for the 401(a) Plan and the 457 Plan which contains detailed information on plan participation and activity for the period ending June 30, 2017.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$512,489,763.36. There was an increase of \$3,162,857.57 or 0.62%. There was a market increase of 0.02% from May 2017 to June 2017. The 457 Deferred Compensation Plan had total assets of \$60,146,704.91. There was an increase of \$649,631.64 or 1.09%. There was a market increase of 0.10% from May 2017 to June 2017.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,051,797.48. There was a decrease in contributions of \$1,022,028.47 or -25.09%. The 457 Deferred Compensation Plan had total contributions of \$572,072.35. There was a decrease in contributions of \$184,668.33 or -24.40%. The decrease was due to a timing issue. Ms. Taijeron stated that the 401(a) Plan had 269 employee distributions totaling \$3,206,904.01. The 457 Plan had 58 participant distributions totaling \$429,368.91.

Ms. Taijeron stated that as of June 2017, there are 933 retirees on the DC Plan. Chairman San Agustin inquired about their annuities. Ms. Taijeron stated that there are a few who took periodic payments, one on an annuity, and the majority took full distributions. Ms. Taijeron stated that the annual average participant distribution is \$20 Million which is about 3% of total assets.

Ms. Taijeron stated that at the July 2017 Members and Benefits (M&B) Committee Meeting, they went over auto enrollment and auto escalation for plan participants in the 401(a) plan. Treasurer Cruz stated that we need legislation for the auto enrollment and auto escalation, with no additional cost to the government. Secretary Leon Guerrero stated that the participants could always opt out.

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 Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2017 was held on July 27, 2017. The Investment Committee Meeting was also held on July 27, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of June 16, 2017.

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 June 30, 2017. There are no recommendations for Board action.

Mr. Systemans stated that he provided an overview of the economic and capital market environment and the performance of the DC Plan. Mr. Systemans stated that all of the investment options are performing in line with expectations and will all be retained. Mr. Systemans stated that he also clarified some issues concerning the fees in Revenue Sharing. Treasurer Cruz asked whether there is a need to look at the revenue sharing portion on Secure Foundation. Treasurer Cruz asked whether the Revenue Sharing Rebates are sufficient at this time to cover administrative cost. Controller Diana Bernardo stated that she would look into it. Treasurer Cruz stated that we need to make sure that we are not collecting too much on any one class. Chairman San Agustin pointed out that Mercer is not reviewing the whole plan in itself. Mr. Systemans stated that they could review the plan in total. Mr. Systemans stated that the overall plan is an aggregation of the different investment options. Mr. Systemans stated that they also confirm that all of the investment options on the plan do provide the individual mandates. Chairman San Agustin asked whether Mr. Systemans has access to the Plan Review provided by Empower Retirement. Chairman San Agustin suggested that a copy of the TPA report should be provided to Mr. Systemans for review and comment on overall plan performance. Ms. Tajeron stated that she will provide a copy to Mr. Systemans.

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

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to accept the Investment Committee Report. Without objection, the motion passed.

B. Members and Benefits Committee

An update of the DC/DB Plan Alternatives was covered under the Director's report.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

A. Board Meeting Date

Secretary Leon Guerrero made a suggestion to change the Board meeting date. Vice Chairman Leon Guerrero stated that a couple of the Retirement Fund's Board members are deprived from attending the monthly Board meeting due to a conflicting schedule with their day jobs. Secretary Leon Guerrero stated that she is concerned, as a Trustee, about not having a quorum and that the Board should consider moving our Board meeting date. After discussion and determination that a quorum has not been a problem, Secretary Leon Guerrero withdrew her suggestion to move the Board meeting date.

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, Secretary Antolina Leon Guerrero moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:20 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 28, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 25, 2017.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas