



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
 BOARD OF TRUSTEES  
 STABILITY SECURITY REWARDS

**Lourdes A. Leon Guerrero**  
 Governor

**Joshua F. Tenorio**  
 Lieutenant Governor

**Paula M. Blas**  
 Director

Friday, January 25, 2019, 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 12:25 p.m. Friday, January 25, 2019, 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  
 Albert H. Santos, Trustee  
 David M. O'Brien, Trustee

**Board of Trustees Absent:**

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

**Staff Present:**

Paula Blas, Director  
 Jackie Blas, Recording Secretary

**Third Party Administrator Present:**

Grace Atalig, Interim Relationship Manager, Empower Retirement  
 Rob Dwyer, Vice President, Empower Retirement

**Investment Consultant Present:**

Cameron Systemans, Mercer Investment Consulting, Inc.

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

### **A. December 28, 2018 Regular Meeting**

Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the Minutes of the December 28, 2018 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

## **III. CORRESPONDENCE**

None

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

**1. *Defined Benefit 1.75 (DB 1.75), Defined Contribution Retirement System (DCRS) and Government Retirement Security Plan (GRSP) Plans*** - The Retirement Fund has completed the reconciliation process with Empower Retirement regarding the required funds to be transferred from DCRS participant accounts for DB 1.75 members.

Director Paula Blas stated that the GRSP will be covered under the Members and Benefits Committee Report.

**2. *Standard Insurance*** - Director Blas stated that an updated summary report as of December 31, 2018 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 January 23, 2019, all agencies are current with their Fiscal Year 2019 employee and employer contributions.

**2. *Financial Statements*** - Director Blas stated that the books for the month ended November 30, 2018 is scheduled to close January 28, 2019.

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

### **A. Contribution Report – December 2018**

Director Blas stated that Grace Atalig, Interim Relationship Manager, Empower Retirement, provided the TPA Report for the month ending December 31, 2018 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Ms. Atalig 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 December 31, 2018.

Ms. Atalig stated that the 401(a) Plan had total assets of \$312,954,481.86. There was a decrease of \$18,554,077.77 or -5.60%. There was a market decrease of -6.2% from November 2018 to December 2018. The 457 Deferred Compensation Plan had total assets of \$69,642,783.87. There was a decrease of \$4,162,713.88 or -5.64%. There was a market decrease of -6.4% from November 2018 to December 2018.

Ms. Atalig stated that the 401(a) Plan had total contributions of \$1,854,142.76. There was a decrease in contributions of \$818,686.05 or -30.63%. The 457 Deferred Compensation Plan had total contributions of \$577,006.16. There was a decrease in contributions of \$373,799.77 or -39.31%. Vice Chairman Wilfred Leon Guerrero inquired about the decrease in contributions. Ms. Atalig stated that it was a payroll timing issue.

Ms. Atalig stated that the 401(a) Plan had 168 employee distributions totaling \$1,753,850.76. The 457 Plan had 49 participant distributions totaling \$496,134.50. Ms. Atalig stated that the 401(a) Plan has a total of 5,418 participants receiving employer contributions. The 457 Plan has 4,290 contributing participants.

Ms. Atalig introduced Mr. Rob Dwyer, Vice President of Empower Retirement. Mr. Dwyer stated that, in the interim, he has appointed Ms. Atalig as Relationship Manager. Empower Retirement is looking to fill the position through the hiring process and will try to complete the process as soon as possible. Mr. Dwyer stated that they are trying to hire someone with experience and appropriate licensure.

Mr. Dwyer stated that Empower Retirement has entered into several strategic partnerships. Empower Retirement is also upgrading to selling retail products, and has instituted their security guarantee due to the massive increase in fraud. Mr. Dwyer stated that there are a lot of opportunities to continue to improve growth.

## **VI. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Vice Chairman Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended December 31, 2018 was held on January 24, 2019. The Investment Committee Meeting was also held on January 24, 2019. The Committee reviewed and approved the Investment Committee Meeting Minutes of December 14, 2018.

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 December 31, 2018. Mr. Systemans stated that during the due diligence meeting they discussed and reviewed the recent development on the economic and capital market environment and the DC Plan performance.

#### **1. DC Plan Quarterly Performance**

Mr. Cameron also provided an overview on the manager search process and evaluation process. A short-list of suitable investment managers consists of:

- William Blair (Blair)
- Jackson Square Partners (JSP)
- Loomis, Sayles & Company (Loomis)
- Westfield Capital Management Company (Westfield)

## **Recommendation:**

Vice Chairman Leon Guerrero stated that Mercer's recommendation is to replace ClearBridge U.S. Mid Cap Core, DFA U.S. Small Cap Value, and Champlain U.S. Small Cap Core with AB U.S. SMID Cap Value and William Blair U.S. SMID Cap Growth. Mr. Systemans stated that the combined 401(a) and 457(b) assets invested in each of the existing Small and Mid Cap options will be divided equally into the new U.S. SMID Cap Value and Growth funds.

**Treasurer Gerard Cruz, seconded by Vice Chairman Wilfred Leon Guerrero, moved to accept Mercer Investment Consulting, Inc.'s recommendation to replace ClearBridge U.S. Mid Cap Core, DFA U.S. Small Cap Value, and Champlain U.S. Small Cap Core with AB U.S. SMID Cap Value and William Blair U.S. SMID Cap Growth. Without objection, the motion passed.**

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for April 25, 2019.

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

Secretary Antolina Leon Guerrero stated that the Retirement Fund should move forward with the recommendation to eliminate the GRSP from the statute. Chairman San Agustin agreed to remove the GRSP and reopen the DB 1.75 Plan as an option. Director Blas stated that she will have Milliman run numbers on reopening the DB 1.75 Plan as an option. Treasurer Gerard Cruz stated that reopening the DB 1.75 won't have a negative impact on the unfunded liability.

## **VII. OLD BUSINESS**

None

## **VIII. NEW BUSINESS**

None

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

None

## **X. ANNOUNCEMENTS**

None

**XI. 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 1:25 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 25, 2019 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 22, 2019.**



---

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

**RECORDING SECRETARY:**



---

**Jackie Blas**