

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
 Wednesday, July 25, 2018, 12:00 Noon
 Retirement Fund Conference Room

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

MINUTES

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 12:23 p.m. Wednesday, July 25, 2018, in the Retirement Fund Conference Room. Acting Chairman Wilfred P. Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Acting Chairman
 Gerard A. Cruz, Treasurer
 Albert H. Santos, Trustee
 Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

Joe T. San Agustin, Chairman (*Excused*)
 Antolina S. Leon Guerrero, Secretary (*Excused*)
 David M. O'Brien, Trustee (*Excused*)

Staff Present:

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

Third Party Administrator Present:

Alice Taijeron, Relationship Manager, Empower Retirement

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc.

Actuarial Consultant Present:

Richard Wright, Milliman, Inc.

Public Present:

Jerick Sablan, Pacific Daily News

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. June 22, 2018 Regular Meeting

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to approve the Minutes of the June 22, 2018 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 1.75 (DB 1.75), Defined Contribution Retirement System (DCRS) and Government Retirement Security Plan (GRSP) Plans* - Director Paula Blas stated that the reconciliation process with Empower Retirement regarding the required funds to be transferred from DCRS participant accounts for DB 1.75 members has been completed.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of June 30, 2018 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Director Blas stated that there are currently 53 participants on LTD.

Financial Report

1. *Contributions* - Director Blas stated that as of July 23, 2018, all agencies are current with their Fiscal Year 2018 employee and employer contributions with the exception of Guam Memorial Hospital Authority (GMHA). GMHA is currently in arrears for a total amount of \$1.2 Million. Director Blas stated that it's the unfunded portion that is not being paid. Trustee Katherine Taitano asked how many pay periods behind GMHA is. Director Blas replied, "Six (6) pay periods."

2. *Financial Statements* - Director Blas stated that the books for the month ended June 30, 2018 are scheduled to close on July 27, 2018.

VI. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – June 2018

Director Blas stated that Alice Taijeron, Relationship Manager, Empower Retirement, provided the TPA Report for the month ending June 30, 2018 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$339,042,528.60. There was an increase of \$69,569.29 or 0.02%. There was a market decrease of -1.00% from May 2018 to June 2018. The 457 Deferred Compensation Plan had total assets of \$72,004,494.14. There was an increase of \$647,135.49 or 0.91%. There was a market decrease of -0.40% from May 2018 to June 2018.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$3,329,398.75. There was an increase in contributions of \$1,049,465.08 or 46.03%. The 457 Deferred Compensation Plan had total contributions of \$946,573.98. There was an increase in contributions of \$282,747.88 or 42.59%.

Ms. Taijeron stated that the 401(a) Plan had 564 employee distributions totaling \$3,160,814.72. The 457 Plan had 52 participant distributions totaling \$458,212.79. There are 5,458 active participants receiving employer contributions for the 401(a) Plan and 4,361 in the 457 Deferred Compensation Plan.

Treasurer Gerard Cruz inquired about the 457 Deferred Compensation Plan Auto Enrollment. Director Blas stated that the Board approved the auto enrollment at the June Board meeting. Implementation of a 3% auto enrollment will take effect October 1, 2018. Director Blas stated that the auto enrollment is for new employees moving forward. The employees will still have the option of opting out, increasing or decreasing their percentage of pay.

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to accept the Third Party Administrator's Report. Without objection, the motion passed.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Cruz reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2018 was held on July 24, 2018. The Investment Committee Meeting was also held on July 24, 2018. The Committee reviewed and approved the Investment Committee Meeting Minutes of June 15, 2018.

Treasurer Cruz 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, 2018. Mr. Systemans stated that he discussed the market outlook and reviewed the plan performance during yesterday's due diligence meeting. Mr. Systemans stated that the Investment Committee's recommendation is to keep ClearBridge Mid Cap Core Fund on Watch, and to continue further discussion of Mercer's recommendation for the U.S. Equity strategy during the October 2018 Due Diligence Meeting.

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to accept Mercer Investment Consulting, Inc.'s recommendation to keep ClearBridge Mid Cap Core Fund on Watch. Without objection, the motion passed.

Next Quarterly Performance Meeting – Acting Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for October 25, 2018.

B. Members and Benefits Committee

An update of the DB 1.75, DCRS and GRSP Plans 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

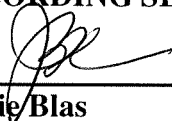
There being no further business before the Board for the Defined Contribution Plan, Treasurer Gerard Cruz moved to adjourn the meeting. Without objection, the meeting was adjourned at 12:36 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 25, 2018 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 31, 2018.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas