



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
 Governor

Joshua F. Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

BOARD OF TRUSTEES
Regular Meeting
 Friday, April 26, 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

Albert H. Santos
 Trustee

Vacant
 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 12:16 p.m. Friday, April 26, 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

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

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc.

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 27, 2019 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the March 27, 2019 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* - Director Paula Blas stated that an updated report is provided for the Board's information.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of March 31, 2019 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 52 active claims on LTD as of March 31, 2019. Chairman San Agustin asked what the difference between the Defined Benefit (DB) and Defined Contribution (DC) disability is. Director Blas stated that the DB disability is a retirement pension and the DC disability is a wage replacement.

Financial Report

1. *Contributions* - Director Blas stated that as of April 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 February 28, 2019 were closed on March 29, 2019 and the books for the month ended March 31, 2019 are scheduled to close on April 29, 2019.

Empower Retirement Agreement - Director Blas informed the Board that Empower Retirement's agreement expires August 20, 2019. Director Blas stated that there is a provision in the agreement that the Board could exercise the option to extend Empower's agreement for 5 years provided that it is mutually agreed upon between Empower and the Retirement Fund. Secretary Antolina Leon Guerrero suggested a 2-3 year extension may be a sufficient amount of time for transition with the new incoming Board members. Treasurer Gerard Cruz suggested that approval be subject to Management's review of Mercer's finding related to Empower and industry benchmarks. Cameron Systemans of Mercer Investment Consulting, Inc. stated that he could make a comparison of what the industry currently offers. Chairman San Agustin stated that Board consideration will be based on Mercer's evaluation.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve an extension of Empower Retirement's Agreement for three (3) years, based on a positive evaluation of findings and recommendation from Mercer Investment Consulting, Inc. Without objection, the motion passed.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – March 2019

Director Blas stated that Grace Atalig, Interim Relationship Manager, Empower Retirement, provided the TPA Report for the month ending March 31, 2019 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 March 31, 2019.

Ms. Atalig stated that the 401(a) Plan had total assets of \$342,609,802.19. There was an increase of \$3,181,120.23 or 0.94%. There was a market increase of 0.2% from February 2019 to March 2019. The 457 Deferred Compensation Plan had total assets of \$78,109,175.00. There was an increase of \$1,024,332.07 or 1.33%. There was a market increase of 0.1% from February 2019 to March 2019.

Ms. Atalig stated that the 401(a) Plan had total contributions of \$2,640,833.16. There was an increase in contributions of \$401,965.76 or 17.95%. The 457 Deferred Compensation Plan had total contributions of \$952,262.92. There was an increase in contributions of \$134,086.27 or 16.39%.

Ms. Atalig stated that the 401(a) Plan had 159 employee distributions totaling \$2,346,686.50. The 457 Plan had 43 participant distributions totaling \$727,072.79.

Ms. Atalig stated that the 401(a) Plan has a total of 5,654 participants receiving employer contributions. The 457 Plan has 4,558 contributing participants. Ms. Atalig stated that there were 7 retirees in the month of March. The total number of retirees is 1,167.

Ms. Atalig informed the Board that notices regarding the fund changes, which will take place on May 10, 2019, were sent to the 401(a) and 457 Plan participants; and that Empower Retirement has launched a new website: guamretire.com. Ms. Atalig stated that updates will be provided on the website. Vice Chairman Wilfred Leon Guerrero inquired about the status of filling the Relationship Manager position. Ms. Atalig stated that their Regional Office has not named anyone yet, but she will check with their Regional Office. Secretary Leon Guerrero stated that Empower Retirement currently has an Interim Relationship Manager, which is Ms. Atalig.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended March 31, 2019 was held on April 25, 2019. The Investment Committee Meeting was also held on April 25, 2019. The Committee reviewed and approved the Investment Committee Meeting Minutes of March 15, 2019.

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, 2019. Vice Chairman Leon Guerrero pointed out that Mercer's prediction is that the market will continue its positive trend.

Recommendation:

Vice Chairman Leon Guerrero stated that the Investment Committee's recommendation is to place Transamerica International Equity on watch due to underperformance.

Vice Chairman Wilfred Leon Guerrero, seconded by Trustee Albert Santos, moved to the approve the Investment Committee's recommendation to place Transamerica International Equity on Watch. 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 July 25, 2019.

B. Members and Benefits Committee

1) RESOLUTION NO. 2019-01 - RELATIVE TO A CASH BALANCE PLAN KNOWN AS THE GUAM RETIREMENT SECURITY PLAN

Director Blas stated that at the March 27, 2019 Board Meeting, the Board recommended to have the Retirement Fund's Legal Counsel provide a resolution supporting the draft legislation to repeal the Guam Retirement Security Plan. Director Blas stated that the resolution and draft legislation are attached for the Board's review.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to adopt Government of Guam Retirement Fund Resolution No. 2019-01 Relative to a Cash Balance Plan Known as the Guam Retirement Security Plan. Without objection, the motion passed.

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, Secretary Antolina Leon Guerrero moved to adjourn the meeting. Without objection, the meeting was adjourned at 12:47 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 26, 2019 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on May 31, 2019.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackle Blas