



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
Governor

Joshua F. Tenorio
Lieutenant Governor

Paula M. Blas
Director

Trustees:

Wilfred P. Leon Guerrero, Ed.D.
Chairman

Antolina S. Leon Guerrero
Vice Chair

Katherine T.E. Taitano
Secretary
Chair, Members and Benefits Committee

Gerard A. Cruz
Treasurer
Chair, Investment Committee

Artemio R.A. Hernandez
Trustee

Thomas H. San Agustin
Trustee

George A. Santos
Trustee

BOARD OF TRUSTEES
Regular Meeting
Wednesday, July 31, 2019, 12:00 Noon
Retirement Fund Conference Room

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 12:19 p.m. Wednesday, July 31, 2019, in the Retirement Fund Conference Room. Chairman Wilfred Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Chairman
Antolina S. Leon Guerrero, Vice Chair
Katherine T.E. Taitano, Secretary
Gerard A. Cruz, Treasurer
Artemio R.A. Hernandez, Trustee
Thomas H. San Agustin, Trustee
George A. Santos, Trustee

Staff Present:

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

Third Party Administrator Present:

Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement
Grace Atalig, Retirement Plan Counselor, Empower Retirement

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc.

II. REVIEW AND APPROVAL OF BOARD MINUTES

- A. June 19, 2019 Regular Meeting**
- B. June 26, 2019 Organizational Meeting**

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve the Minutes of the June 19, 2019 Regular Meeting and the June 26, 2019 Organizational 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 the draft legislation to repeal the GRSP was transmitted to the Legislature. A Public Hearing on Bill 177-35 (repeal of the GRSP) has not been scheduled. Chairman Leon Guerrero inquired about an inquiry made by Congressman Michael San Nicolas' office. Director Blas stated that the Congressman's Chief of Staff asked why the Retirement Fund is considering repealing the GRSP. Director Blas stated that she forwarded the email she had sent to Senator San Nicolas' office last year. Director Blas stated that she also forwarded Board Resolution Nos. 2017-04 and 2017-05 to the Congressman's Office.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of June 30, 2019 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, 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 June 30, 2019 were closed on July 25, 2019.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – June 2019

Director Blas stated that Bjorn Hauerbach, Director, Client Relations and Participant Engagement, Empower Retirement, provided the TPA Report for the month ending June 30, 2019 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan. Mr. Hauerbach 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 June 30, 2019.

Mr. Hauerbach stated that the 401(a) Plan had total assets of \$352,501,007.92. There was an increase of \$16,213,706.43 or 4.82%. There was a market increase of 4.1% from May 2019 to June 2019. The 457 Deferred Compensation Plan had total assets of \$81,884,604.90. There was an increase of \$4,458,017.88 or 5.76%. There was a market increase of 4.6% from May 2019 to June 2019.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$2,286,348.40. There was a decrease in contributions of \$130,827.70 or -5.41%. The 457 Deferred Compensation Plan had total contributions of \$927,346.58. There was a decrease in contributions of \$58,566.88 or -5.94%.

Mr. Hauerbach stated that the 401(a) Plan had 275 employee distributions totaling \$3,000,314.91. The 457 Plan had 57 participant distributions totaling \$474,132.52.

Mr. Hauerbach stated that the 401(a) Plan has 102 new participants for the month of June. The total number of participants receiving employer contributions is 5,706. The 457 Plan has 4,812 contributing participants. Mr. Hauerbach stated that there were 7 retirees in the month of June. The total number of retirees is 1,197.

Mr. Hauerbach stated that there is an average of 719 users on Empower Retirement's new website - guamretire.com. Trustee Artemio Hernandez pointed out that the website has "Mountain Time." Mr. Hauerbach stated that he will check if they could change it to "Local Time."

Mr. Hauerbach stated that the top 5 most accessed website pages are: Retirement Income, Plan Balances, How Do I Compare, Health Care Costs and Social Security. Empower Retirement will be adding more cultural enhancement on Guam. Mr. Hauerbach stated that Empower Retirement is building a Campaign on: "Staying in the Plan," "Better Together," and "Student Debt." Mr. Hauerbach stated that he will update the flyer of the "Team Players" with their pictures.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Gerard Cruz reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2019 was held on July 30, 2019. The Investment Committee Meeting was also held on July 30, 2019. The Committee reviewed and approved the Investment Committee Meeting Minutes of June 14, 2019 and the October 19, 2017, January 25, 2018, April 26, 2018, July 24, 2018, October 24, 2018, January 24, 2019 and April 25, 2019 Due Diligence Meeting Minutes.

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, 2019.

Recommendation:

Mr. Systemans stated that Mercer recommends changing the share classes of two funds: Galliard Wells Fargo Stable Return Fund and Vanguard Windsor II Fund to take advantage of lower fee share classes available:

- Galliard Wells Fargo Stable Return Fund with a Share Class M and a fee of 51 basis points to a **Share Class E with a fee of 20 basis points.**
- Vanguard Windsor II Fund with the Share Class Investor Class and a fee of 33 basis points to the **Admiral Share Class with a fee of 25 basis points.**

Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to accept Mercer Investment Consulting, Inc.'s recommendation to change the share classes of the following two funds: Galliard Wells Fargo Stable Return Fund with a Share Class M and a fee of 51 basis points to a Share Class E with a fee of 20 basis points; and Vanguard Windsor II Fund with the Share Class Investor Class and a fee of 33 basis points to the Admiral Share Class with a fee of 25 basis points. Without objection, the motion passed.

Next Quarterly Performance Meeting – Treasurer Cruz informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for October 28, 2019. Treasurer Cruz pointed out that the DC Due Diligence Meeting minutes are now up to date.

Mr. Systemans stated that he will provide an updated analysis on Revenue Sharing at the October 28, 2019 Due Diligence Meeting.

Empower Retirement Agreement - Director Blas stated that at the April 26, 2019 Board Meeting, the Board approved an extension of Empower Retirement's Agreement for three (3) years, based on a positive evaluation and findings from Mercer. Mr. Systemans stated the results from competitors confirms competitive fees for the benchmark for recordkeeping the Empower Retirement does. Mr. Systemans stated that Empower Retirement's fees are in line with the median. Treasurer Cruz requested for a written report, for the record, of Mercer's evaluation.

B. Members and Benefits Committee

An update of the DB 1.75, DCRS and GRSP Plans was covered under the Director's report.

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 Secretary Katherine Taitano, seconded by Vice Chair Antolina Leon Guerrero, and without objection, the meeting was adjourned at 12:52 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 31, 2019 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 29, 2019.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas