



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, Ph.D.**  
 Trustee

**Thomas H. San Agustin**  
 Trustee

**George A. Santos**  
 Trustee

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Tuesday, October 29, 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 12:23 p.m. Tuesday, October 29, 2019, in the Retirement Fund Conference Room. Chairman Wilfred P. Leon Guerrero officiated.

**Board of Trustees Present:**

Wilfred P. Leon Guerrero, Chairman  
 Antolina S. Leon Guerrero, Vice Chair  
 Gerard A. Cruz, Treasurer  
 Thomas H. San Agustin, Trustee  
 George A. Santos, Trustee

**Board of Trustees Absent:**

Katherine T.E. Taitano, Secretary (*Excused*)  
 Artemio R.A. Hernandez, Trustee (*Excused*)

**Staff Present:**

Paula Blas, Director  
 Jackie Blas, Recording Secretary

**Third Party Administrator Present:**

Bjorn Hauerbach, 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. September 27, 2019 Regular Meeting**

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Minutes of the September 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 a public hearing on Bill 177-35 (Repeal of the GRSP) is scheduled for 10:30 a.m. on November 4, 2019.

**2. *Standard Insurance*** - Director Blas stated that an updated summary report as of September 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 October 25, 2019, all agencies are current with their Fiscal Year 2020 employee and employer contributions.

**2. *Financial Statements*** - Director Blas stated that the books for the month ended September 30, 2019 are scheduled to close on November 8, 2019.

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

### **A. Contribution Report – September 2019**

Director Blas stated that Bjorn Hauerbach, Client Relations and Participant Engagement, Empower Retirement provided the TPA Report for the month ending September 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 September 30, 2019.

Grace Atalig, Retirement Plan Counselor, Empower Retirement stated that the 401(a) Plan had total assets of \$353,990,149.26. There was an increase of \$4,454,657.54 or 1.27%. There was a market increase of 0.7% from August 2019 to September 2019. The 457 Deferred Compensation Plan had total assets of \$83,794,161.24. There was an increase of \$1,145,629.64 or 1.39%. There was a market increase of 0.7% from August 2019 to September 2019.

Ms. Atalig stated that the 401(a) Plan had total contributions of \$2,102,708.16. There was a decrease in contributions of \$156,988.38 or -6.95%. The 457 Deferred Compensation Plan had total contributions of \$582,434.74. There was a decrease in contributions of \$410,249.56 or -41.33%.

Ms. Atalig stated that the 401(a) Plan had 155 employee distributions totaling \$2,797,835.23. The 457 Plan had 43 participant distributions totaling \$626,269.54.

Ms. Atalig stated that the 401(a) Plan has a total of 5,854 participants receiving employer contributions. The 457 Plan has 5,499 contributing participants. Ms. Atalig stated that there were 11 retirees in the month of September. The total number of retirees is 1,232. Ms. Atalig stated that of the 11 retirees in September, 7 requested for full withdrawals.

Mr. Hauerbach stated that he would like to introduce a strategy of changing the default investment option to a Managed Account Program. Mr. Hauerbach stated that he is concerned that participants are taking full withdrawals and also that participants are not investing. Mr. Hauerbach stated that Empower Retirement looked at solutions and would like to adopt the Management Account Proposal. Vice Chair Antolina Leon Guerrero inquired as to who will be targeted. Mr. Hauerbach stated that it will be all participants. Treasurer Gerard Cruz stated that he is concerned of the disruption of the complete shift and also of the liability of having participants enrolled. Director Blas stated that Empower Retirement could continue with the outreach program on a quarterly basis.

After a lengthy discussion on the details of the Managed Account Program, Chairman Leon Guerrero referred the matter to the Members and Benefits Committee.

## **VI. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Treasurer Cruz reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2019 was held on October 28, 2019. The Investment Committee Meeting was also held on October 28, 2019. The Committee reviewed and approved the Investment Committee Meeting Minutes of September 19, 2019.

Treasurer Cruz stated that Cameron Systemans of Mercer Investment Consulting, Inc. provided an overview of the current Economic Outlook and the DC Plan's Investment Performance for the Quarter Ended September 30, 2019.

### **Recommendation:**

Mr. Systemans stated that the Investment Committee recommends the following:

1. To replace Transamerica International Equity Fund due to their performance. Mercer recommends a multi-manager approach and the replacement fund will be researched to identify multi-manager type of funds available. The Investment Committee will continue further discussion in January 2020.

**Treasurer Gerard Cruz, seconded by Trustee Thomas San Agustin, moved to accept the Investment Committee's recommendation to replace Transamerica International Equity Fund; and Mercer Investment Consultant Inc.'s recommendation for a Multi-Manager approach. Without objection, the motion passed.**

2. To review the DC Plan revenue analysis as presented by Mercer. The Retirement Fund agreed in principle to move away from collecting revenue share and explore possible options to pay for plan expenses. Several options were presented by Mercer:

- charge DC participants a flat dollar fee; or
- a combination of a flat fee and percentage of assets; or
- a combination of a flat fee and forfeiture funds; or
- a combination of a flat fee and government contributions

Mr. Systemans pointed out that the cost of running a plan is \$2.8 Million per year including recordkeeping.

The Investment Committee recommends that Management work with Mercer to design an appropriate fee model that would be fair to all participants and present it at the next Investment Committee Meeting.

*Next Quarterly Performance Meeting* – Treasurer Cruz informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for January 30, 2020.

**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

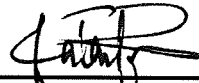
**X. ANNOUNCEMENTS**

None

**XI. ADJOURNMENT**

**There being no further business before the Board for the Defined Contribution Plan, Trustee George Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:15 p.m. Motion passed.**

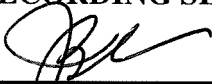
**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 29, 2019 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 15, 2019.**



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**KATHERINE V.E. TAITANO, Board Secretary**

**RECORDING SECRETARY:**



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**Jackie Blas**