



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**  
 Wednesday, January 29, 2020, 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 12:20 p.m. Wednesday, January 29, 2020, 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  
 Artemio R.A. Hernandez, Trustee  
 Thomas H. San Agustin, Trustee  
 George A. Santos, Trustee

**Board of Trustees Absent:**

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

**Staff Present:**

Paula Blas, Director  
 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. December 20, 2019 Regular Meeting**

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve the Minutes of the December 20, 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 Bill No. 177-35 (repeal of the GRSP) is on the Session Agenda for this month. The bill was reported out of Committee and referred to the third reading file for vote.

**2. Standard Insurance** - Director Blas stated that an updated summary report as of December 31, 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 January 27, 2020, 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 November 30, 2019 are scheduled to close on January 31, 2020.

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

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

Director Blas stated that Bjorn Hauerbach, Director, Client Relations and Participant Engagement, Empower Retirement, provided the TPA Report for the month ending December 31, 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 December 31, 2019.

Grace Atalig, Retirement Plan Counselor, Empower Retirement, stated that the 401(a) Plan had total assets of \$377,677,576.45. There was an increase of \$9,331,439.03 or 2.53%. There was a market increase of 1.7% from November 2019 to December 2019. The 457 Deferred Compensation Plan had total assets of \$91,746,621.22. There was an increase of \$2,739,305.74 or 3.08%. There was a market increase of 1.9% from November 2019 to December 2019.

Ms. Atalig stated that the 401(a) Plan had total contributions of \$3,067,432.61. There was an increase in contributions of \$1,112,859.58 or 56.94%. The 457 Deferred Compensation Plan had total contributions of \$1,039,428.32. There was an increase in contributions of \$323,830.86 or 45.25%.

Ms. Atalig stated that the 401(a) Plan had 154 employee distributions totaling \$1,648,895.86. The 457 Plan had 60 participant distributions totaling \$288,512.60. Ms. Atalig stated that the 401(a) Plan has a total of 6,144 participants receiving employer contributions. The 457 Plan has 5,606 contributing participants. Ms. Atalig stated that there were 4 retirees in the month of December. The total number of retirees is 1,251.

Mr. Hauerbach stated that preparations are now in full force for the Managed Accounts conversion. Notices will be sent out via email and the website in February. The first formal notice will be sent out in March and the second formal notice will be sent out in April. The actual conversion will take place in May 2020.

## **VI. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Treasurer Gerard Cruz reported that the Quarterly Performance Meeting for the Quarter Ended December 31, 2019 was held on January 28, 2020. The Investment Committee Meeting was also held on January 28, 2020. The Committee reviewed and approved the Investment Committee Meeting Minutes of December 19, 2019.

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 December 31, 2019. Mr. Systemans stated that during the due diligence meeting they discussed and reviewed recent developments on the economic and capital market environment and the DC Plan performance. Mr. Systemans stated that aside from Transamerica, all other investment funds are performing in line with expectations.

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

**1. Transamerica International Equity Fund** - Mr. Systemans stated that the Retirement Fund approved to replace Transamerica International Equity Fund due to their underperformance. Mercer recommended the replacement of a single manager with a multi-manager strategy. Mr. Systemans stated that Travis Pruit of Mercer Investments made a presentation on Mercer's International Multi-Manager Strategy. Mercer will provide additional data on other multi-manager and single manager strategies. Treasurer Cruz stated that the Investment Committee will continue further discussion at the April 2020 Quarterly Performance Meeting.

**2. DC Plan Alternatives to Revenue Sharing** - Mr. Systemans stated that the Retirement Fund agreed in principle to move away from collecting revenue share and explore possible options to pay for plan expenses. Mercer presented the DC Plan alternatives to replace revenue sharing:

- 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; or
- a combination of government contributions and forfeiture funds

Treasurer Cruz stated that the options provided are to create parity and transparency of the cost allocation for the participants. The Investment Committee will continue with further discussion at the April 2020 Quarterly Performance Meeting in order to design an appropriate fee model that would be fair to all participants and present it at the next Investment Committee Meeting.

**3. Great-West Secure Foundation Lifetime Funds -** Mr. Systemans stated that Mercer provided a review of the Great-West Secure Foundation Lifetime Funds as it compares to similar products available.

**Next Quarterly Performance Meeting –** Treasurer Cruz informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for April 23, 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

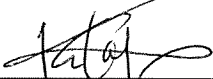
**X. ANNOUNCEMENTS**

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 12:33 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 29, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 28, 2020.

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

**RECORDING SECRETARY:**

  
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**Jackie Blas**