



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
Friday, February 28, 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 12:37 p.m. Friday, February 28, 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
Artemio R.A. Hernandez, Trustee
Thomas H. San Agustin, Trustee
George A. Santos, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Secretary (*Excused*)
Gerard A. Cruz, Treasurer (*Excused*)

Staff Present:

Paula Blas, Director
Jackie Blas, Recording Secretary

Third Party Administrator Present:

Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. January 29, 2020 Regular Meeting

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve the Minutes of the January 29, 2020 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

1. Bill No. 151-35 (COR) - AN ACT TO CREATE A NEW CHAPTER 2 TO TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO SALARY ADJUSTMENTS FOR EMPLOYEES APPOINTED BY BOARDS AND COMMISSIONS OF AUTONOMOUS AGENCIES OF THE GOVERNMENT OF GUAM

Chairman Leon Guerrero stated that he received a letter from Senator Clynton Ridgell regarding Bill 151-35 (COR). Chairman Leon Guerrero stated that the proposed legislation indicates that a certificate of the Chair must show that the requirements of §8113.1, Title 5, Guam Code Annotated, have been complied with. Trustee Artemio Hernandez stated that the Public Hearing is scheduled for 2:00 p.m. today. Chairman Leon Guerrero inquired about submitting testimony. Director Paula Blas stated that she will submit a position statement in opposition of Bill 151-35 (COR).

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 Blas stated that Bill 177-35 (repeal of the GRSP) was passed by the Legislature on February 4, 2020 and signed into law on February 14, 2020 as Public Law 35-72.

2. *Standard Insurance* - Director Blas stated that an updated summary report as of January 31, 2020 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 February 25, 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 December 31, 2019 are scheduled to close on February 28, 2020.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – January 2020

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement, provided the TPA Report for the month ending January 31, 2020 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Mr. Hauerbach stated that the 401(a) Plan had total assets of \$375,694,057.07. There was a decrease of \$1,983,519.38 or -0.53%. There was a market decrease of -1.2% from December 2019 to January 2020. The 457 Deferred Compensation Plan had total assets of \$91,666,578.51. There was a decrease of \$80,042.71 or -0.09%. There was a market decrease of -1.2% from December 2019 to January 2020.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$2,658,136.07. There was a decrease in contributions of \$297,511.31 or -10.07%. The 457 Deferred Compensation Plan had total contributions of \$1,004,394.26. There was an increase in contributions of \$18,432.49 or 1.87%.

Mr. Hauerbach stated that the 401(a) Plan had 153 employee distributions totaling \$1,880,880.88. The 457 Plan had 66 participant distributions totaling \$720,876.92.

Mr. Hauerbach stated that the 401(a) Plan has a total of 6,075 participants receiving employer contributions. The 457 Plan has 5,625 contributing participants. Mr. Hauerbach stated that there were 8 retirees in the month of January. The total number of retirees is 1,259. Mr. Hauerbach stated that of the 8 retirees in January, 4 took full withdrawals, 2 partial withdrawals, and 2 periodic payments.

Mr. Hauerbach stated that Empower Retirement sent out the email announcing the Managed Account Conversion Program. There were 6,163 emails delivered, 45% were opened and read, and 6% opened and read the attachment, which is a successful rate. Mr. Hauerbach stated that a handful of participants notified Empower Retirement that they wanted to opt out of the Managed Account Program. Mr. Hauerbach stated that the first hard copy notice will be sent out on March 13, 2020, the second notice on April 17, 2020 and the third notice on May 15, 2020.

Trustee Thomas San Agustin inquired about participants' mailing addresses that are not updated. Mr. Hauerbach stated that if there is no valid address, the participant won't be eligible for the conversion and they won't be seeing these notices until their addresses are updated. Mr. Hauerbach stated that Empower Retirement is working on updating addresses by calling the participants. Director Blas asked whether the pull for migration only for active participants contributing or anyone with a balance. Mr. Hauerbach stated that it's anyone with a balance and below the age of 70.

Mr. Hauerbach stated that Empower Retirement is also working on how to submit payroll. Testing internally will start in a week or two. Mr. Hauerbach further stated that Empower Retirement continues to analyze the impact of the implementation of the Secure Act. The mandatory provisions include: 1) The required beginning date age for Required Minimum Distributions (RMDs) is increased from age 70½ to age 72 which is effective for participants who turned 70½ on or after January 1, 2020; and 2) A 10-year rule for payment of participant's entire account balance following the death applies to beneficiaries, and has been modified to name a non-spouse as a beneficiary, with certain exceptions which is effective for deaths occurring on and after January 1, 2022. Mr. Hauerbach stated that the optional provisions include: 1) Withdrawals for birth or adoption; 2) Permissible in-service withdrawals from 457(b) plans at age 59½; and 3) Portability of lifetime income options. Mr. Hauerbach stated that Empower Retirement will review the options and make recommendations on whether the Plan should adopt any of the optional provisions.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Trustee Hernandez reported that the Investment Committee Meeting was held on February 27, 2020. The Committee reviewed and approved the Investment Committee Meeting Minutes of January 28, 2020 and the January 28, 2020 Due Diligence Meeting Minutes for the Quarter Ended December 31, 2019.

Trustee Hernandez stated that Revenue Sharing Alternatives and the International Multi-Manager Strategy will be revisited at the April 2020 Due Diligence Meeting.

Next Quarterly Performance Meeting – Director Blas 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. Vice Chair Antolina Leon Guerrero stated that the M&B Committee feels that they may start to look ahead and think about some options for increasing savings amongst our members. Vice Chair Leon Guerrero stated that one of the options would be auto escalate.

VII. OLD BUSINESS

None

VIII. NEW BUSINESS

None

IX. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

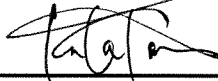
X. ANNOUNCEMENTS

None

XI. ADJOURNMENT

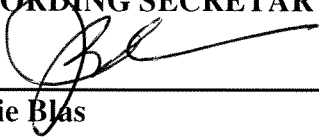
There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Trustee Artemio Hernandez, and without objection, the meeting was adjourned at 12:50 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of February 28, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on March 19, 2020.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas