



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

Artemio R.A. Hernandez, Ph.D.
Treasurer
Chair, Investment Committee

Thomas H. San Agustin
Trustee

David N. Sanford
Trustee

George A. Santos
Trustee

BOARD OF TRUSTEES
Regular Meeting
Friday, July 31, 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 12:40 p.m. Friday, July 31, 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
David N. Sanford, Trustee
George A. Santos, Trustee

Board of Trustees Absent:

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

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

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc. (*Via Tele-Conference*)

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. June 26, 2020 Regular Meeting

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Minutes of the June 26, 2020 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

I. *Standard Insurance* - An updated summary report as of June 30, 2020 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information.

Financial Report

I. *Contributions* - Director Paula Blas stated that as of July 28, 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 June 30, 2020 are scheduled to close today.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – June 2020

Director Blas stated that Bjorn Hauerbach, Director, Client Relations and Participant Engagement, Empower Retirement, provided the TPA Report for the month ending June 30, 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 \$374,469,920.26. There was an increase of \$9,159,115.29 or 2.51%. There was a market increase of 1.6% from May 2020 to June 2020. The 457 Deferred Compensation Plan had total assets of \$93,891,151.97. There was an increase of \$2,803,588.56 or 3.08%. There was a market increase of 1.6% from May 2020 to June 2020.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,409,138.58. There was an increase in contributions of \$712,152.69 or 26.41%. The 457 Deferred Compensation Plan had total contributions of \$1,345,057.80. There was an increase in contributions of \$498,383.69 or 58.86%.

Mr. Hauerbach stated that the 401(a) Plan had 149 employee distributions totaling \$2,059,040.93. The 457 Plan had 43 participant distributions totaling \$570,795.27. Mr. Hauerbach stated that the 401(a) Plan has a total of 6,347 participants receiving employer contributions. The 457 Plan has 5,708 contributing participants. Mr. Hauerbach stated that there were 4 new retirees in the month of June. The total number of retirees is 1,280. Mr. Hauerbach stated that of the 4 retirees in June, 2 took full withdrawals, 1 rollover, and 1 with no distribution taken.

Mr. Hauerbach stated that there were 132 withdrawals since the enactment of the CARES Act: 16 in May, 41 in June, and 75 in July 2020. Of the 132 withdrawals, 60 took over half of their account balance which have balances of below \$25,000. Mr. Hauerbach also stated that there's a total of 5 loan suspensions under the CARES Act.

Mr. Hauerbach stated that the Managed Account Program conversion was completed on July 30, 2020. Mr. Hauerbach stated that starting August 3, 2020, Empower Retirement will be operating on a face to face basis with participants from 8:00 a.m. to 12:00 Noon. Controller Diana Bernardo stated that Management has offered Empower Retirement the two (2) offices that's available downstairs for Empower Retirement staff to utilize which has a separate access door from outside. Mr. Hauerbach stated that he has requested for approval from their Denver Office. Mr. Hauerbach stated that he should have an answer by Monday, August 3rd.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Trustee Artemio Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2020 was held on July 30, 2020. The Investment Committee Meeting was also held on July 30, 2020. The Committee reviewed and approved the Investment Committee Meeting Minutes of June 24, 2020.

Trustee Hernandez 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 June 30, 2020.

Recommendation for Board Action::

a. Bank of New York (BNY) Mellon Global Fixed Income

Trustee Hernandez stated that the Retirement Fund placed the Bank of New York Mellon strategy on watch in April 2020 due to their underperformance, and requested Mercer to move forward with a search for a replacement manager. Mercer conducted a manager search and provided the top 3 managers for consideration. Mr. Systemans stated that Mercer's recommendation is to replace Bank of New York Mellon with AB Global Fixed Income.

Trustee Artemio Hernandez, seconded by Trustee Thomas San Agustin, moved to accept Mercer Investment Consulting, Inc.'s recommendation to replace Bank of New York Mellon Global Fixed Income with AB Global Fixed Income. Without objection, the motion passed.

b. Alternatives to Revenue Sharing

Trustee Hernandez stated that the options presented by Mercer on the administrative cost to run the DC Plan was discussed during the Due Diligence Meeting. The Investment Committee requested for additional information related to forfeiture data and will continue with further discussion at the October 2020 Due Diligence Meeting in order to design and appropriate fee model that would be fair to all participants and present it at the next Investment Committee Meeting.

c. Responsible Investment

Trustee Hernandez stated that Mercer provided an introduction of Responsible Investment and its role in an Investment Portfolio: Environmental, Social and Governance (ESG) type investing. Chairman Leon Guerrero stated that the additional service will require going through the procurement process. Mr. Systemans stated that it's not an additional service, it's additional information. Vice Chair Antolina Leon Guerrero stated that Mercer is not offering services for DB Plans. Vice Chair Leon Guerrero stated that Mercer discussed the different consideration factors when looking at investments.

Next Quarterly Performance Meeting – Trustee Hernandez informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for October 29, 2020.

B. Members and Benefits Committee

No report was made at this time.

VII. OLD BUSINESS

None

VIII. NEW BUSINESS

A. Election of Treasurer

Chairman Leon Guerrero stated that the floor is now open for nominations for Treasurer.

Trustee George Santos nominated Trustee Artemio Hernandez for Treasurer. Trustee Thomas San Agustin seconded the nomination. Chairman Leon Guerrero asked whether there are any other nominations. With no other nominations, Chairman Leon Guerrero closed the floor for the nomination for Treasurer. With a unanimous vote of ayes, Chairman Leon Guerrero declared Trustee Artemio Hernandez duly elected as Treasurer of the Retirement Fund Board of Trustees.

IX. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

X. ANNOUNCEMENTS

None

XI. ADJOURNMENT

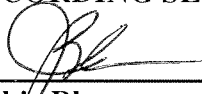
There being no further business before the Board for the Defined Contribution Plan, Trustee George Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:03 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 31, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 28, 2020.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas