



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, December 20, 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 12:33 p.m. Friday, December 20, 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
 Katherine T.E. Taitano, Secretary
 Artemio R.A. Hernandez, Trustee
 Thomas H. San Agustin, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

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
 Grace Atalig, Retirement Plan Counselor, Empower Retirement

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 15, 2019 Regular Meeting

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve the Minutes of the November 15, 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 was held on November 14, 2019. Director Blas stated that she anticipates that the bill will be reported out in the January 2020 Legislative Session.

2. Standard Insurance - Director Blas stated that an updated summary report as of November 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 December 18, 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 were closed on December 14, 2019. The books for the month ended October 31, 2019 are scheduled to close on December 27, 2019 and the books for the month ended November 30, 2019 are scheduled to close on January 17, 2020.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – November 2019

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

Grace Atalig, Retirement Plan Counselor, Empower Retirement, stated that the 401(a) Plan had total assets of \$368,346,137.42. There was an increase of \$8,213,236.18 or 2.28%. There was a market increase of 1.7% from October 2019 to November 2019. The 457 Deferred Compensation Plan had total assets of \$89,007,315.48. There was an increase of \$2,549,334.64 or 2.95%. There was a market increase of 2.1% from October 2019 to November 2019.

Ms. Atalig stated that the 401(a) Plan had total contributions of \$2,030,732.86. There was a decrease in contributions of \$1,284,876.90 or -38.75%. The 457 Deferred Compensation Plan had total contributions of \$755,459.11. There was a decrease in contributions of \$588,648.63 or -43.79%. Ms. Atalig stated that the decrease in contributions was due to payroll timing or when funds were received and when funds were uploaded.

Ms. Atalig stated that the 401(a) Plan had 136 employee distributions totaling \$1,285,358.16. The 457 Plan had 49 participant distributions totaling \$284,223.07.

Ms. Atalig stated that the 401(a) Plan has a total of 6,055 participants receiving employer contributions. The 457 Plan has 5,559 contributing participants. Ms. Atalig stated that there were 9 retirees in the month of November. The total number of retirees is 1,246. Ms. Atalig stated that of the 9 retirees in November, 4 requested for a full withdrawal.

Mr. Hauerbach asked whether the Board has any questions or feedback regarding the proposed Managed Account Program. Mr. Hauerbach stated that he would like to work towards their campaign of continuous improvements. Empower Retirement's proposal is to map all participants into Managed Accounts. Mr. Hauerbach stated that Vice Chair Antolina Leon Guerrero and Treasurer Gerard Cruz had some questions and those were addressed at the M&B Committee meeting. There are details in the handout provided that shows that on average Managed Account participants contribute more. The handout also provided information regarding equity allocations. Mr. Hauerbach stated that the average retirement balance for Guam participants is quite lower than the national average and there may be some other facts that might contribute to that like lower income and higher expenses in Guam. Mr. Hauerbach stated that the gap could be lowered by having participants convert to Managed Accounts so they could contribute more. A city of Houston adopted the Managed Account Program and it had a positive outcome for everyone.

Mr. Hauerbach stated that if the Board were to adopt the Managed Account Program, three (3) notices, at 60 and 30 days, will be sent to all participants to describe the process, give them instructions on how to opt-out and to describe the 90-day free look period. If the Board approves it today, it will take 3-6 months before it's put in place. Mr. Hauerbach mentioned that the program fees will be reduced 5 basis points in 2021 (8.3%) and 2022 (9%).

Chairman Leon Guerrero inquired about the minimum contribution amount. Director Blas stated that it is mandated at 6.2% in the 401(a) Plan. There is no minimum on the 457 Plan. Vice Chair Leon Guerrero inquired about measurement of reaching goal. Mr. Hauerbach stated that the DC 401(a) Plan will track it within a one-year period. Vice Chair Leon Guerrero asked whether data supports that Managed Account participants tend to stay in the plan even after retirement. Mr. Hauerbach replied, "Yes." Mr. Hauerbach stated that the management fees are very reasonable.

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to adopt the Managed Account Program effective March 1, 2020 and implementation by June 1, 2020. Without objection, the motion passed.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Trustee Artemio Hernandez reported that the Investment Committee Meeting was held on December 19, 2019. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 14, 2019.

Next Quarterly Performance Meeting – Trustee Hernandez informed the Board that the next Quarterly Performance Meeting is scheduled for January 28, 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

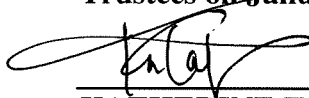
X. ANNOUNCEMENTS

None

XI. ADJOURNMENT


There being no further business before the Board for the Defined Contribution Plan, on motion of Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, and without objection, the meeting was adjourned at 1:12 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 20, 2019 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 29, 2020.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas