



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, January 29, 2021, 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 12:19 p.m. Friday, January 29, 2021, 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, Treasurer
Thomas H. San Agustin, Trustee
David N. Sanford, Trustee
George A. Santos, Trustee

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:

Cameron Systermans, Mercer Investment Consulting, Inc.

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. December 18, 2020 Regular Meeting

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Minutes of the December 18, 2020 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

Chairman Leon Guerrero asked whether the Open Government Law was amended. Director Paula Blas stated that the Retirement Fund is still operating under the Governor's Executive Order pertaining to teleconference or electronic meetings.

III. CORRESPONDENCE

None

IV. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. Standard Insurance - An updated summary report as of December 31, 2020 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Director Blas stated that there are 44 active claims as of December 31, 2020.

Financial Report

1. Contributions - Director Blas stated that as of January 26, 2021, all agencies are current with their Fiscal Year 2021 employee and employer contributions.

2. Financial Statements - Director Blas stated that the books for the month ended December 31, 2020 are scheduled to close today.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – December 2020

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement, provided the TPA Report for the month ending December 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 \$439,096,135.54. There was an increase of \$14,183,839.14 or 3.34% from the previous month. The 457 Deferred Compensation Plan had total assets of \$114,013,255.38. There was an increase of \$4,635,352.98 or 4.24% from the previous month.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,486,241.98. There was an increase in contributions of \$1,686,833.76 or 93.74% from the previous month. The 457 Deferred Compensation Plan had total contributions of \$1,319,092.12. There was an increase in contributions of \$814,713.73 or 161.53% from the previous month.

Mr. Hauerbach stated that the 401(a) Plan had disbursements totaling \$5,149,005.49. Coronavirus-related disbursement totaled \$4,222,165.93. The 457 Plan had disbursements totaling \$928,760.93. Coronavirus-related disbursements totaled \$443,983.46.

Mr. Hauerbach stated that the 401(a) Plan has a total of 6,479 participants receiving employer contributions. The 457 Plan has 5,710 contributing participants. The 401(a) Plan has 93 first-time contributors and the 457 Plan has 46 first-time contributors. Mr. Hauerbach stated that there were three (3) retirees in the month of December. Mr. Hauerbach stated that of the 3 retirees in December, 1 took a full withdrawal, 1 took a partial withdrawal, and 1 with no distribution taken.

Mr. Hauerbach stated that notices were sent out to the participants regarding the various fund changes. The following fund changes occurred on January 15, 2021:

- Touchstone International Small Cap was replaced by Grandeur Peak International Stalwarts
- Change of Hartford Total Return Bond Share Class Y to Share Class R6

Mr. Hauerbach stated that the change of Secure Foundation Target Date Fund to State Street Target Date Fund is scheduled to take place on March 19, 2021. The switch of the William Blair Small-Mid Cap Growth Mutual Fund Vehicle to a Collective Investment Trust Vehicle will take place in late March. Vice Chair Antolina Leon Guerrero inquired about the Large Cap Equity. Cameron Systemans of Mercer Investment Consulting, Inc. stated that it is Vanguard. Mr. Systemans stated that Vanguard has the largest holdings. Vice Chair Leon Guerrero asked why is Secure Foundation being shifted to the Large Cap Equity. Mr. Hauerbach stated that it was attributable to the July 29, 2020 conversion of the Managed Account.

Mr. Hauerbach stated that on January 1, 2021, Empower Retirement initiated the Managed Account fee reduction at various asset levels by 5 basis points. The participants should see a 9.63% reduction across the board. This will again be initiated on January 1, 2022.

Mr. Hauerbach stated that the new hire presentation recorded by Grace Atalig, Retirement Plan Counselor is on Empower Retirement's retireguam.com website. This will help educate new participants as well as reeducate some other participants. Mr. Hauerbach pointed out that the participant survey has been completed and is being finalized into a presentation format. Preliminary results show a favorable response of 77%.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Artemio Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended December 31, 2020 was held on January 28, 2021. The Investment Committee Meeting was also held on January 28, 2021. The Committee reviewed and approved the Investment Committee Meeting Minutes of December 16, 2020 and the Minutes of the October 29, 2020 Due Diligence Meeting for the Quarter Ended September 30, 2020.

DC Plan Quarterly Performance

Treasurer Hernandez stated that Cameron Systemans of Mercer Investment Consulting, Inc. provided an overview of the Economic Outlook and the DC Plan's Investment Performance for the Quarter Ended December 31, 2020. 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.

Recommendation for Board Action

1. To Place Dimensional Fund Advisors (DFA) Emerging Markets Core Equity on Watch

Mr. Systemans stated that Mercer's recommendation is to place DFA on Watch due to underperformance. DFA underperformed for quite some time. Mr. Systemans stated that DFA is expected to out perform their benchmark. Mr. Systemans stated that Mercer's recommendation is to monitor DFA's performance during the next few months.

Treasurer Artemio Hernandez, seconded by Trustee Tom San Agustin, moved to accept Mercer's recommendation to place Dimensional Fund Advisors (DFA) Emerging Markets Core Equity on Watch and to monitor DFA's performance during the next few months. Without objection, the motion passed.

Next Quarterly Performance Meeting – Treasurer Hernandez informed the Board that the next Quarterly Performance Meeting is tentatively scheduled for April 29, 2021

B. Members and Benefits Committee

No report was made at this time.

VII. OLD BUSINESS

None

VIII. NEW BUSINESS

None

IX. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

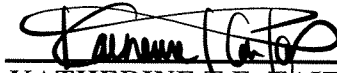
X. ANNOUNCEMENTS

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 Thomas San Agustin, and without objection, the meeting was adjourned at 12:35 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 29, 2021 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 26, 2021.



KATHERINE E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas