



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
Governor

Joshua F. Tenorio
Lieutenant Governor

Paula M. Blas
Director

BOARD OF TRUSTEES
Regular Meeting
Friday, July 26, 2024 12:30 P.M.
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 12:30 p.m. Friday, July 26, 2024 in the Retirement Fund Conference Room. Chair Antolina S. Leon Guerrero officiated.

Board of Trustees Present:

Antolina S. Leon Guerrero, Chair
George A. Santos, Vice Chair
Thomas H. San Agustin, Secretary
Artemio R.A. Hernandez, Treasurer
David N. Sanford, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee

Staff Present:

Paula Blas, Director
Andrea Atalig, Recording Secretary

Third Party Administrator Present:

Alice Taijeron, Director, Client Relations & Participant Engagement, Empower
Tamara Santos, Retirement Plan Counselor, Empower

Trustees:

Antolina S. Leon Guerrero
Chair

George A. Santos
Vice Chair

Thomas H. San Agustin
Secretary

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

Katherine T.E. Taitano
Trustee
Chair, Members and Benefits Committee

David N. Sanford
Trustee

Vacant
Trustee

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. June 21, 2024 Regular Meeting

Secretary Thomas San Agustin, seconded by Trustee David Sanford, moved to approve the Minutes of the June 21, 2024 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. **Standard Insurance** - An updated summary report as of June 30, 2024 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. There are 40 active claims as of June 30, 2024.

Financial Report

1. **Contributions** - Director Paula Blas stated that as of July 24, 2024, all agencies are current with their Fiscal Year 2024 employee and employer contributions.

2. **Financial Statements** - Director Blas stated that the books for the month ended June 2024 are scheduled to close on August 9, 2024.

Chair Antolina Leon Guerrero inquired on the delay of the books closing. Director Blas stated due to construction and moving the closing of the books for June was delayed.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – August 2023

Director Blas stated that Alice Taijeron, Director, Client Relations & Participant Engagement, Empower, provided the TPA Report for the month ended June 30, 2024 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Taijeron stated that the 401(a) Plan had total assets of \$424,838,674.70. There was an increase of \$4,204,821.01 or 1.00% from the previous month. The market effect was 85%. The 457 Plan had total assets of \$164,156,643.81. There was an increase of \$2,593,301.81 or 1.61% from the previous month. The market effect was 83%.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,939,834.78. There was an increase in contributions of \$498,410.74 or 20.41% from the previous month. The 457 Plan had total contributions of \$1,468,774.92. There was a decrease in contributions of (\$514,956.77) or -25.96% from the previous month.

Ms. Taijeron pointed out there was a question from June's Board meeting in regards to the contributions and the difference. Ms. Taijeron stated that the contributions are captured from June 1 to June 30, any contributions that were uploaded at that time is reflected on this report, it may not necessarily be a June contribution pay period ending it could be from a previous month. For this month

what was captured was one pay period in May for six agencies and two pay periods in June. Ms. Tajeron stated a large part of the negative in the 401(a) is only a few pay periods and agencies were captured for that month. In the 457 you are seeing -25% in contributions which is due to the pay period that was received. In May Empower received about 200 roll ins in the 457 which is why it was positive.

Treasurer Hernandez inquired if the current contributions under the 457 is being compared to the previous month. Ms. Tajeron stated the contributions are being compared to the previous month. Treasurer Hernandez mentioned that the previous chairman inquired about the changes from the previous periods in assets. Ms. Tajeron stated that on page four there are the asset components which show the gains and loss of the month and every month this information will be provided.

Ms. Tajeron stated that the 401(a) Plan had disbursements totaling \$2,313,695.97. The 457 Plan had disbursements totaling \$1,028,159.18. Ms. Tajeron stated that participants who transferred to the DB 1.75 Plan are allowed to use any excess DC funds to reclaim service credit for DC contributions withdrawn as a DC member.

Director Blas stated when a member enrolled into the DB 1.75 Plan from the DC Plan, GGRF transferred the actuarial cost from the participants to the DB 1.75. Some participants may have excess funds in their DC accounts which may be used to repay any DC distributions they may have taken to preserve their years of DC service they will lose unless repaid.

Ms. Tajeron provided the following updates:

As of June 30, 2024 the 12-month rolling period total 457 assets are at \$164,156,643.81 compared to July 31, 2023 where the total assets were at \$140,234,248.12. This is due to the DB 1.75 participants contributing a minimum of 1% to the 457 Plan.

Contributions for the age range of 29 years of age or less is at 3.6%, 30-44 years of age is at 4.1%, 45-59 years of age at 4.8%, and 60 years of age or more is at 5.2%, overall, the plan average rate is 4.4%. Empower is hoping to get participants to save more for retirement. These numbers represent participants who have an account balance in the 457 Plan. Secretary San Agustin inquired on the majority of the participants who contribute to the 457 Plan, if it is a majority of DB 1.75 participants due to the mandatory 1% contribution. Ms. Tajeron will provide more information.

Empower will be focusing on participants who will be contributing less than 4% and they are looking to reach out to agencies to get participants to contribute more.

Ms. Tajeron stated that there have been inquiries regarding phone calls going to the main call center and participants would like to speak to someone from the local office. Majority of participants call to inquire about how they can withdraw their contributions, if the calls do not get answered by the local office, the call center will send an email to the local office with the caller's information.

Ms. Tajeron pointed out that there were 479 walk-ins and 356 other participant engagements for a total of 835 engagements in the month of June.

Ms. Taijeron stated that Tamara Santos has passed her series 65 test and her promotion to be a retirement plan counselor is in order, once her 63 test is complete, she will be able to obtain her Guam license.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Artemio Hernandez reported that the Quarterly Performance Review for the Quarter Ended March 31, 2024 was held on June 20, 2024.

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 March 31, 2024. 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.

Recommendations for Board Action

1. To Continue to Place AB Discovery Value Fund on Watch

Treasurer Hernandez stated that the Investment Committee's recommendation is to keep AB Discovery Value Fund on watch. The AB Discovery Value Fund strategy was placed on watch due to underperformance. More recently, AB's performance has turned around and if this persists over the coming quarter Mercer may recommend removing the watch status. Mercer will continue to monitor the Fund over the next quarter.

2. To Place AB Global Fixed Income Fund Z on Watch

Treasurer Hernandez stated that the Investment Committee recommends to place AB Global Fixed Income Fund S strategy on watch. The AB Global Fixed Income strategy was downgraded by Mercer's manager researches, indicating that Mercer has no conviction in its ability to outperform the benchmark on a forward-looking basis. Mercer will continue to monitor this Fund over the next quarter.

3. To Place Principal Global Real Estate on Watch

Treasurer Hernandez stated that the Investment Committee recommends to place Principal Global Real Estate on watch. Principal's performance has been disappointed in recent periods, including in market environments which should be supportive of their investment style. Mercer will closely monitor this Fund over the next quarter.

Treasurer Artemio Hernandez, seconded by Trustee Tom San Agustin, moved to accept Mercer's recommendation to continue to place AB Discovery Value Fund on Watch and to monitor AB Discovery Value Fund's performance over the next quarter. Without objection, the motion passed.

Treasurer Artemio Hernandez, seconded by Trustee Tom San Agustin, moved to accept Mercer's recommendation to place AB Global Fixed Income Fund Z on Watch and to monitor AB Global Fixed Income Fund Z's performance over the next quarter. Without objection, the motion passed.

Treasurer Artemio Hernandez, seconded by Trustee Tom San Agustin, moved to accept Mercer's recommendation to place Principal Global Real Estate on Watch and to monitor Principal Global Real Estate's performance over the next quarter. Without objection, the motion passed.

Informational Items

I. Next Quarterly Performance Review – Treasurer Hernandez informed the Board that the next Quarterly Performance Review is scheduled for September 19, 2024.

B. Members and Benefits Committee

Vice Chair Santos stated there is no report for Members and Benefits.

VII. OLD BUSINESS

None

VIII. NEW BUSINESS

None

IX. OPEN DISCUSSION / GENERAL PUBLIC INPUT

X. ANNOUNCEMENTS

XI. ADJOURNMENT

There being no further business before the Board for the Defined Contribution Plan, on motion of Vice Chair George Santos seconded by Treasurer Artemio Hernandez, and without objection, the meeting was adjourned at 1:01 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 26, 2024 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 30, 2024.



THOMAS SAN AGUSTIN, Board Secretary

RECORDING SECRETARY:



Andrea Atalig