



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
Governor

Joshua F. Tenorio
Lieutenant Governor

Paula M. Blas
Director

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

BOARD OF TRUSTEES
Regular Meeting
Friday, September 20, 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 12:38 p.m. Friday, September 20, 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
David N. Sanford, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee
Artemio R.A. Hernandez, Treasurer

Staff Present:

Paula Blas, Director
Andrea Atalig, Recording Secretary

Third Party Administrator Present:

Alice Taijeron, Director, Client Relations & Participant Engagement, Empower
Grace Atalig, Retirement Plan Counselor, Empower

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc.

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. August 30, 2024 Regular Meeting

Trustee David Sandford, seconded by Secretary Thomas San Agustin, moved to approve the Minutes of the August 30, 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 August 31, 2024 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. There are 43 active claims as of August 31, 2024.

Financial Report

1. **Contributions** - Director Paula Blas stated that as of September 17, 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 July 2024 are scheduled to close on September 25, 2024 and the books for the month ended August 2024 is scheduled to close on October 11, 2024.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – August 2024

Director Blas stated that Alice Taijeron, Director, Client Relations & Participant Engagement, Empower, provided the TPA Report for the month ended August 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 \$444,119,681.96. There was an increase of \$8,035,810.40 or 1.84% from the previous month. The market effect was 90%. The 457 Plan had total assets of \$172,441,819.33. There was an increase of \$3,933,807.55 or 2.33% from the previous month. The market effect was 83%.

Ms. Taijeron stated that the 401(a) Plan had total contributions of \$2,687,928.39. There was a decrease in contributions of \$357,947.21 or -11.75% from the previous month. The 457 Plan had total contributions of \$1,320,400.80. There was a decrease in contributions of \$305,875.02 or -18.81% from the previous month. Ms. Taijeron stated this is a timing issue, for the month of August, Empower received parts of July and August contributions, the report shows what is captured from the first of the month through the end of the month.

Ms. Taijeron stated that the 401(a) Plan has a total of 5,499 participants receiving employer contributions and 5,474 participants actively contributing. The 457 Plan has 6,737 actively contributing participants. For the 401(a) Plan, the difference between the participants receiving employer contributions and actively contributing are those who are under Long Term Disability

(LTD). LTD participants receive employer contributions but they do not contribute. The 401(a) Plan has 79 first-time contributors and the 457 Plan has 65 first-time contributors. Chair Leon Guerrero inquired if all new employees were subject to the 1% mandatory contribution to the 457 Plan. Ms. Taijeron stated that only participants in the DB 1.75 Plan are subject to the mandatory minimum 1% contribution. New participants in the 401(a) Plan are auto enrolled into the 457 Plan with a 3% contribution rate with the option to opt out, increase or decrease their contributions.

Ms. Taijeron stated that there were 21 retirees in the month of August. Ms. Taijeron pointed out that there were 565 walk-ins and 347 other participant engagements for a total of 912 engagements in the month of August. To assess the outcome of these meetings, Empower will be tracking Positive Outcome Results. Grace Atalig, Retirement Plan Counselor, had 114 meetings and of those meetings the positive action result was 23% participants increased their savings in the 457 Plan, 32% came in for a retirement review, and 45% enrolled into the 457 Plan.

Ms. Taijeron stated that the 401(a) Plan had a total of 47 new participants who registered their 401(a) accounts online and 2,268 or 13.4% were total digital registrations for the month of August. The number of 401(a) participants include participants who transferred to the DB 1.75 Plan who have a remaining balance in their 401(a) Plan account and participants who have separated from Government of Guam and did not withdraw their contributions. For the 457 Plan there was a total of 44 new participants who registered their 457 accounts online and 2,226 or 23.5% were total digital registrations for the month of August.

Ms. Taijeron stated at last month's meeting Chair Leon Guerrero inquired on lump sum distributions. Ms. Taijeron is currently reaching out to other plans to get feedback on their experience receiving requests for lump sum distributions.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Artemio Hernandez reported that the Quarterly Performance Review for the Quarter Ended June 30, 2024 was held on September 19, 2024.

DC Plan Quarterly Performance

Secretary San Agustin 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 June 30, 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.

Action Items

1. Mr. Systemans recommends to allow Mercer to commence a search for a replacement for the AB Global Fixed Income Fund. The Fund has been on watch since July 2024 due to underperformance. Recently, Mercer downgraded the AB Global Fixed Income Strategy to a B rating stating that Mercer no longer has conviction that AB will outperform the benchmark on a forward-looking basis. Mercer no longer regards the strategy to be best in its class.

Trustee Thomas San Agustin, second by Trustee David Sanford, moved to accept Mercer Investment Consulting, Inc.’s recommendation to commence a search for a replacement for AB Discovery Value Fund. Without objection, the motion passed.

2. Mr. Systemans recommends for GGRF to change the Vanguard Inflation Protected Securities from the Admiral share class to a lower fee vehicle, the Institutional share class.

Trustee Thomas San Agustin, second by Trustee David Sanford, moved to accept Mercer Investment Consulting, Inc.’s recommendation to change the Vanguard Inflation Protected Securities from the Admiral share class to a lower fee vehicle, the Institutional share class. Without objection, the motion passed.

3. Mr. Systemans recommends to replace the Hartford Total Return Bond Fund, with a lower fee vehicle, the Wellington Core Bond Plus CIT. The Wellington Core Bond Plus CIT follows the exact same strategy as the Hartford Total Return Bond Fund, with Wellington sub-advising Hartford.

Trustee Thomas San Agustin, second by Trustee David Sanford, moved to accept Mercer Investment Consulting, Inc.’s recommendation to replace Hartford Total Return Bond Fund, with a lower fee vehicle, the Wellington Core Bond Plus CIT. Without objection, the motion passed.

Ms. Taijeron stated Wellington Core Bonds is on the Empower platform and Empower will assist with transition from Vanguard Inflation Protected Securities from the Admiral share class to the lower fee vehicle, there is 90 day period where participants will be notified of the transition and to take action if needed.

Informational Items

1. Next Quarterly Performance Review – Secretary San Agustin informed the Board that the next Quarterly Performance Review is scheduled for December 19, 2024.

B. Members and Benefits Committee

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 Secretary Thomas San Agustin, and without objection, the meeting was adjourned at 1:14 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 20, 2024 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 25, 2024.



THOMAS SAN AGUSTIN, Board Secretary

RECORDING SECRETARY:



Andrea Atalig