



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, March 10, 2023, 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 12:44 p.m. Friday, March 10, 2023, 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, Treasurer
 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
 Jackie Blas, Recording Secretary

Third Party Administrator Present:

Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower

Investment Consultant Present:

Cameron Systemans, Mercer Investment Consulting, Inc.

Public Present:

Norman Taruc, Guam Daily Post

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. February 10, 2023 Regular Meeting

Vice Chair Antolina Leon Guerrero, seconded by Treasurer Artemio Hernandez, moved to approve the Minutes of the February 10, 2023 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 February 28, 2023 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. Director Paula Blas stated that there are 39 active claims as of February 28, 2023.

2. *Mercer Investment Consultant Agreement* - Director Blas stated that the agreement with Mercer, the Retirement Fund's Investment Consultant, is expiring on March 31, 2023. In light of moving towards a new Request for Proposal (RFP) in search of a Third Party Administrator (TPA) and the Defined Benefit 1.75 (DB 1.75) ongoing this year, Management is requesting for approval to extend the agreement for an additional two years to expire March 31, 2025. Vice Chair Antolina Leon Guerrero asked whether Mercer's agreement allow for an extension. Director Blas replied, "Yes."

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve to extend Mercer Investment Consulting, Inc.'s agreement for an additional two years to expire March 31, 2025. Without objection, the motion passed.

Financial Report

1. *Contributions* - Director Blas stated that as of March 7, 2023, all agencies are current with their Fiscal Year 2023 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended February 28, 2023 are scheduled to close on March 24, 2023.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – February 2023

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower, provided the TPA Report for the month ended February 28, 2023 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 \$457,443,151.24. There was a decrease of \$10,233,695.10 or -2.19% from the previous month. The market effect was -2.38%. The 457 Plan

had total assets of \$125,475,008.32. There was a decrease of \$2,397,910.18 or -1.88% from the previous month. The market effect was -2.78%.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,218,814.48. There was a decrease in contributions of \$167,482.13 or -4.95% from the previous month. The 457 Plan had total contributions of \$1,162,417.87. There was an increase in contributions of \$30,011.77 or 2.65% from the previous month.

Mr. Hauerbach stated that the 401(a) Plan had disbursements totaling \$1,908,187.48. The 457 Plan had disbursements totaling \$470,070.65.

Mr. Hauerbach stated that the 401(a) Plan has a total of 7,329 participants receiving employer contributions and 7,304 actively contributing participants. The 457 Plan has 5,634 actively contributing participants. The 401(a) Plan has 97 first-time contributors and the 457 Plan has 45 first-time contributors. Mr. Hauerbach stated that there were 4 retirees in the month of February; of the 4 retirees, 3 elected full distribution, and 1 elected a partial distribution. Mr. Hauerbach pointed out that there were 435 walk-ins and 384 other participant engagements for a total of 819 engagements in the month of February.

Mr. Hauerbach provided the following updates:

- T. Rowe Price Growth Fund Performance – Empower has been looking at participants who are age 50 and above who may have T. Rowe Price Growth Fund as their sole investment option to educate them about the fund and on opportunities for them.
- Investment Adviser - the process is underway for Mr. Hauerbach to register as an Investment Adviser on Guam.
- Deferral Rate Tracking on 457 Plan - the current deferral rate is 4.1%. The rate a year and a half ago was at 3.68%.
- Participant Services Call Center Results - there were 688 calls year to date. Member rating for calls was 4.61.
- Web Page Usage Statistics - there were 152 new users on the 401(a) and 135 on the 457 Plan. The 401(a) has a total of 1,951 users and a total of 1,621 on the 457 Plan. Participants are turning to the online services and taking advantage of what is offered. Primarily, participants are looking at their account balances, making beneficiary updates on the 457 Plan and deferral changes.
- Life Time Income Score – Empower is looking at participants' targeted retirement income goal. It's been challenging for Empower to use for a variety of reasons. Empower does not have accurate salary data for 100% of the participants.
- Social Security Integration Component – right now it's defaulted to be based on the participants' known salary that Empower has on the system. For a lot of participants, Social Security is not going to be a part of the retirement, for some it is. Empower has the option of defaulting that to zero. If participants are eligible for Social Security, they will be able to come in and make the change.

- Average Balances: Ages 50-55 averages - some the average balances are falling back to the 2020 levels. Because of the deferral rate increases in the 457 Plan, there's a 20% decrease on the 401(a) and a 6% reduction on the 457 Plan. Trustee Thomas San Agustin asked whether Empower is reaching out to participants who are not properly allocated. Mr. Hauerbach stated that Empower is focusing on ages 50 and above and participants that are closer to retirement. Empower's goal is to reach out to all participants.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Artemio Hernandez reported that the Quarterly Performance Review for the Quarter Ended December 31, 2022 was held on March 9, 2023.

DC Plan Quarterly Performance

Treasurer Hernandez stated that Cameron Systemans of Mercer Investment Consulting, Inc. discussed the current economic environment and outlook for the next year, and provided an overview of the DC Plan's Investment Performance for the Quarter Ended December 31, 2022. Mr. Systemans stated that he discussed the market for the 4th Quarter. All the investment options on the Plan are in line with the market expectations. Mr. Systemans stated that there is no action item recommended.

Next Quarterly Performance Review – Treasurer Hernandez informed the Board that the next Quarterly Performance Review is scheduled for June 15, 2023.

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

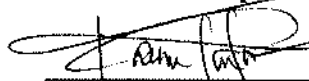
X. ANNOUNCEMENTS

None

XI. ADJOURNMENT

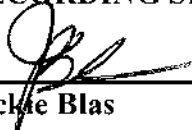
There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Treasurer Artemio Hernandez, and without objection, the meeting was adjourned at 1:02 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 10, 2023 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on April 21, 2023.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas