



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, July 29, 2022, 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 12:32 p.m. Friday, July 29, 2022, 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 *(Via Zoom)*  
 David N. Sanford, Trustee *(Via Zoom)*  
 George A. Santos, Trustee

**Board of Trustees Absent:**

Katherine T.E. Taitano, Secretary *(Excused)*  
 Thomas H. San Agustin, Trustee *(Excused)*

**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 Systemans, Mercer Investment Consulting, Inc. *(Via Zoom)*

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. June 17, 2022 Regular Meeting**

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Minutes of the June 17, 2022 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

## **III. CORRESPONDENCE**

None

## **IV. DIRECTOR'S REPORT - EXECUTIVE SUMMARY**

**I. Standard Insurance** - An updated summary report as of June 30, 2022 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 June 30, 2022.

### **Financial Report**

**1. Contributions** - Director Blas stated that as of July 26, 2022, all agencies are current with their Fiscal Year 2022 employee and employer contributions.

**2. Financial Statements** - Director Blas stated that the books for the month ended June 30, 2022 were closed on July 28, 2022.

## **V. THIRD PARTY ADMINISTRATOR'S REPORT**

### **A. Contribution Report – June 2022**

Director Blas stated that Bjorn Hauerbach, Director, Client Relations & Participant Engagement, Empower Retirement, provided the TPA Report for the month ended June 30, 2022 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 \$425,894,338.39. There was a decrease of \$30,545,250.31 or -6.69% from the previous month. The market effect was 6.03%. The 457 Plan had total assets of \$114,446,423.69. There was a decrease of \$7,564,393.63 or -6.20% from the previous month. Mr. Hauerbach stated that the decrease was almost all attributable to the market.

Mr. Hauerbach stated that the 401(a) Plan had total contributions of \$3,039,729.68. There was a decrease in contributions of \$167,959.03 or -5.24% from the previous month. The 457 Plan had total contributions of \$1,263,774.62. There was a decrease in contributions of \$209,839.00 or -14.24% from the previous month.

Mr. Hauerbach stated that the 401(a) Plan had disbursements totaling \$2,354,267.60. The 457 Plan had disbursements totaling \$984,900.05.

Mr. Hauerbach stated that the 401(a) Plan has a total of 7,164 participants receiving employer contributions. The 457 Plan has 5,829 actively contributing participants. The 401(a) Plan has 76 first-time contributors and the 457 Plan has 34 first-time contributors. Mr. Hauerbach stated that there were 9 retirees in the month of June; of the 9 retirees, 5 elected a full withdrawal, 1 elected a partial withdrawal, 1 elected a series of periodic payments, and 2 elected no distribution. Mr. Hauerbach pointed out that there were 474 walk-ins and 703 other participant engagements for a total of 1,177 engagements in the month of June.

Mr. Hauerbach provided the following updates:

- Online Webinar Schedule - 3rd quarter schedule is posted on the website.
- Liberation Day Campaign - flyers were emailed and Empower is hoping to see some increase in traffic on the website as a result of that email.
- 457 Plan Average Deferral Rate - Empower looked at the average deferral rate over the last 12 months to see if there were any impacts based on some of Empower's marketing and communications campaign. Mr. Hauerbach stated that there was a big increase in the deferral rate when Empower announced the on-line enhancements where participants could change their deferral rate or update their beneficiary on-line. The average deferral rate in the 457 Plan was 3.68 in June 2021 and in June 2022 it's 3.94, an increase of 7.07%. Vice Chair Antolina Leon Guerrero asked whether it's mandatory for new employees in the DC Plan to enroll in the 457 Plan. Director Blas replied, "No." Director Blas stated that there is an automatic deferral rate of 3%. Mr. Hauerbach stated that participants could opt out by electing zero.

## **VI. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Treasurer Artemio Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2022 was held on July 28, 2022. The Investment Committee Meeting was also held on July 28, 2022. The Committee reviewed and approved the Investment Committee Meeting Minutes of June 16, 2022 and the Minutes of the June 16, 2022 Due Diligence Meeting for the Quarter Ended March 31, 2022.

### **DC Plan Quarterly Performance**

Treasurer Hernandez stated that Cameron Systemans of Mercer Investment Consulting, Inc. provided an overview of the DC Plan's Investment Performance for the Quarter Ended June 30, 2022. Treasurer Hernandez stated that it was a pretty challenging month for all of the different categories of investments and with regards to the inflationary pressures, Mr. Systemans did mention that, for both Fixed Income and Equities, it was a very challenging month. The only asset categories that didn't have negative returns was commodities. Mr. Systemans stated that it was a very challenging period for pretty much all of the asset classes and stocks did struggle with the inflation as well as higher interest rates from the Federal Reserves. Treasurer Hernandez stated that the first few weeks of this 3rd quarter of the calendar year seems a little bit more promising.

## **Recommendation for Board Action**

### **1. Third Party Administrator Agreement**

Treasurer Hernandez stated that the Retirement Fund will be issuing a Request for Proposal (RFP) for Plan Administration Services for the 401(a) Defined Contribution Plan and the 457 Deferred Compensation Plan. The current Third-Party Administrator's agreement will be expiring on August 20, 2022. Treasurer Hernandez stated that in light of the extent of time to procure the required services, it will be necessary to extend the current agreement with Empower Retirement for at least six (6) months up to February 20, 2023 to prevent any disruption in services currently being provided to Government of Guam employees and retirees.

Treasurer Hernandez stated that the Investment Committee is recommending to extend the agreement with Empower Retirement up to February 20, 2023. Chairman Leon Guerrero suggested to extend the TPA's contract instead of issuing an RFP. Director Blas stated that Empower's contract was renewed twice. It is only prudent to issue an RFP.

**Treasurer Artemio Hernandez, seconded by Vice Chair Antolina Leon Guerrero, moved to accept the Investment Committee's recommendation to extend the agreement for the Third Party Administrator, Empower Retirement, for six months up to February 20, 2023. Without objection, the motion passed.**

*Next Quarterly Performance Meeting* – Treasurer Hernandez informed the Board that the next Quarterly Performance Meeting is scheduled for December 15, 2022.

### **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

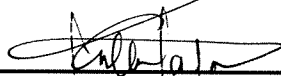
### **X. ANNOUNCEMENTS**

None

**XI. ADJOURNMENT**

There being no further business before the Board for the Defined Contribution Plan, on motion of Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, and without objection, the meeting was adjourned at 12:50 p.m. Motion passed.

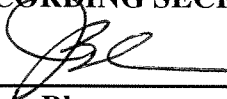
I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 29, 2022 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 2, 2022.



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**KATHERINE T.E. TAITANO, Board Secretary**

**RECORDING SECRETARY:**



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**Jackie Blas**