



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

Vacant
Trustee

Vacant
Trustee

BOARD OF TRUSTEES

Regular Meeting

Thursday, September 25, 2025, 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 12:55 p.m. Thursday, September 25, 2025, 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

Third Party Administrator Present:

Grace Atalig, Retirement Plan Counselor, Empower

Investment Consultant Present:

Stephen Pola, Mercer Investment Consulting

Legal Counsel Present:

Vincent Camacho, Camacho Calvo Law Group LLC

Public Present:

Jonah Benavente, Guam Daily Post

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. August 29, 2025 Regular Meeting

Treasurer Artemio Hernandez, seconded by Secretary Thomas San Agustin, moved to approve the Minutes of the August 29, 2025 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, 2025 on the status of applications and individuals on Group Long Term Disability (LTD) is provided for the Board's information. There are 46 active claims as of August 31, 2025.

Financial Report

1. *Contributions* - Director Paula Blas stated that as of September 23, 2025, all agencies are current with their Fiscal Year 2025 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended August 2025 are scheduled to close on September 30, 2025.

V. THIRD PARTY ADMINISTRATOR'S REPORT

A. Contribution Report – August 2025

Director Blas stated that Grace Atalig, Retirement Plan Counselor, Empower, provided the TPA Report for the month ended August 31, 2025 on the DC Retirement System 401(a) Plan and the 457 Deferred Compensation Plan.

Ms. Atalig stated that the 401(a) Plan had total assets of \$501,228,249.83. There was an increase of \$14,536,928.56 or 2.99% from the previous month. The market gain was 2.45%. The 457 Plan had total assets of \$203,360,316.30. There was an increase of \$5,881,598.70 or 2.98% from the previous month. The market gain was 2.49%.

Ms. Atalig stated that the 401(a) Plan had total contributions of \$3,976,791.45. There was an increase in contributions of \$977,012.18 or 32.57% from the previous month. The 457 Plan had total contributions of \$2,235,359.66. There was an increase in contributions of \$799,596.59 or 55.69% from the previous month. Ms. Atalig stated that the 401(a) Plan had disbursements totaling \$1,739,944.75. The 457 Plan had disbursements totaling \$1,426,355.15.

Ms. Atalig stated that the 401(a) Plan has a total of 6,057 participants receiving employer contributions and 6,063 participants actively contributing. Ms. Atalig stated that there were four retirements in the month of August.

Ms. Atalig pointed out that there was a total of 554 walk-ins with 82 of them being new hires and 16 of them enrolled into the 457 Plan. Ms. Atalig stated in addition to the walk-ins there were 318 participant engagements for the month of August. Ms. Atalig provided a schedule of Education Seminars for the month of October, November and December for the Boards review. Ms. Atalig stated

Department of Administration conducts a survey at the end of the seminar which rates the seminar at 18 out of 20 which is excellent.

Ms. Atalig provided the following updates:

- Educational meetings will take place at Department of Administration every 2nd and 4th Tuesday of the month.
- Webinars will continue for the last quarter of 2025 covering Pre-Retirement, Employee Orientation, Deferred Compensation 457 Plan Overview, and Saving Early In Your Career.

VI. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Artemio Hernandez reported that the Quarterly Performance Review for the Quarter Ended June 30, 2025 was held on September 25, 2025.

DC Plan Quarterly Performance

Treasurer Artemio Hernandez stated that Stephen Pola of Mercer Investment Consulting, Inc. discussed the current economic environment and provided an overview of the DC Plan's Investment Performance for the quarter ended June 30, 2025. Mercer discussed the following recommendations for consideration:

Recommendations

1. GGRF will continue to place Principal Global Real Estate on watch due to underperformance.
2. Mercer conducted a passive index mandate and provided the manager options for the strategy. After discussion, the investment committee opted for a bundled arrangement – one manager will manage all 4 passive asset classes for a lower net-of-fee vehicle, and recommends the following selections based on Mercer's recommendations:
 - a. To add the State Street Passive U.S. Core bond Fund to the Plans as a new investment option.
 - b. To add the State Street Mercer Russell Small/Mid Cap Index Fund to the Plans as a new investment option.
 - c. To add the State Street Global All Cap Equity ex U.S. Index Fund to the Plans as a new investment option.
 - d. To terminate Vanguard Institution Index Fund and replace with the State Street S&P 500 Index Fund. Existing assets in the Vanguard Institutional Index to be mapped to the State Street S&P 500 Index Fund.
3. Mercer conducted a small/mid cap search to replace AB Discovery Value Fund and William Blair Small-Mid Cap Growth investment options. It was noted that the pool of multi-manager solutions is limited. After discussion, the investment committee recommended to terminate AB Discovery Value fund and William Blair Small-Mid Cap Growth funds and select the Mercer U.S. Small/Mid Cap equity Fund as opposed to a single manager which will result in lower fees and style diversification.

4. As recommended by Mercer, GGRF considers consolidating investment International Options into the current Core Option. The consolidation will streamline the investment line-up, ease participant decision-making, and remove potential market overlap. After discussion, the investment committee recommends to terminate Grandeur Peak International Fund and RBC Emerging markets fund and map assets to the Mercer International Stock which will result in lower fees.

Treasurer Artemio Hernandez, seconded by Secretary Thomas San Agustin, moved to approve State Street for U.S. Fixed Income, U.S. Small/Mid Cap and International Equity investment options with the lowest bundle fee structure. Without objection, the motion passed.

Trustee Hernandez noted that, prior to the next motion regarding this bundled package, the proposal will also include the U.S. Large Cap Equity Option.

Treasurer Artemio Hernandez, seconded by Secretary Thomas San Agustin, moved to approve the termination of Vanguard Institutional Index Fund and transfer the assets to the U.S. Large Cap Equity Sate Street Fund. Without objection, the motion passed.

Treasurer Hernandez noted that there will be a basis point reduction with approximately \$117 million currently invested in the Vanguard Institutional Fund to be transferred to the State Street Fund, resulting in a fee reduction of 2.5 basis points. Based on Mercer's analysis, the two funds are similar in nature, and the change is not expected to have any effect on members.

Treasurer Hernandez further reported that, upon reviewing the active investment options, several funds remain on watch, including AB Discovery Value Z, and William Blair Small/Mid Cap Growth, which continue to trigger monitoring. Given that AB Discovery has been on watch for some time, and in line with the Board's due diligence practices, the intent is to terminate and consolidate these underperforming funds into another fund with stronger performance potential.

In reviewing Mercer's materials, several options were presented through an investment manager search—four in total, consisting of three single-manager options and one multi-manager option. The multi-manager structure, similar to what has been implemented for the international active manager strategy through Mercer International Stock, provides broader diversification at a lower cost. Among the options reviewed, the Mercer U.S. Small/Mid Cap Equity Fund—a multi-manager fund—was identified as the most cost-effective, with a management fee of 45 basis points, which is substantially lower than the current active managers under review.

Treasurer Artemio Hernandez, seconded by Secretary Thomas San Agustin, moved to terminate the AB Discovery Value Z and William Blair Small/Mid Cap Growth active managers and transfer those assets over to the Mercer U.S. Small/Mid Cap Equity Fund. Without objection, the motion passed.

Treasurer Hernandez stated that there had been a request for the consultants to consider other multi-manager options. However, it was challenging to identify suitable alternatives given the higher fees of other managers and the limited availability of investment managers with high conviction and strong ratings. It was therefore decided to proceed with the manager offering a lower fee and an approach comparable to the existing international active manager option.

Chair Leon Guerrero noted that the Mercer U.S. Small/Mid Cap Equity Fund has demonstrated stronger returns compared to other managers.

Treasurer Hernandez further reported that there are a few non-core options, including Grandeur Peak, which has been on watch for some time, and the RBC Emerging Markets Fund—both considered international active and non-core options for members. It was noted that discussions have taken place regarding the termination of these two funds and mapping the assets to the active core option, Mercer International Stock. However, due to the required member notification process, the action has been delayed. The combined assets in these two managers represent less than one percent of total plan assets; therefore, the overall impact is expected to be minimal.

Treasurer Artemio Hernandez, seconded by Secretary Thomas San Agustin, moved to terminate Grandeur Peak International Fund and RBC Emerging Markets Fund and map the assets to the Mercer International Stock. Without objection, the motion passed.

Treasurer Hernandez stated that the fee for the Grandeur Peak International Fund is 92 basis points, while the RBC Emerging Markets Fund is 88 basis points. Transitioning to the Mercer International Stock Fund would reduce the fee to 57 basis points. Mr. Pola of Mercer explained that by moving these asset classes, participants would continue to maintain diversified international exposure through the Mercer International Stock Fund.

Treasurer Hernandez further noted that Principal Global Real Estate remains on the watch list and recommended that it continue to be monitored.

Informational Items

I. Next Quarterly Performance Review – Treasurer Hernandez informed the Board that the next Quarterly Performance Review is scheduled for December 18, 2025.

B. Members and Benefits Committee

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 Vice Chair George Santos, seconded by Treasurer Artemio Hernandez and without objection, the meeting was adjourned at 1:18 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 25, 2025 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 24, 2025.



THOMAS SAN AGUSTIN, Board Secretary

RECORDING SECRETARY:



Andrea Atalig