



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

Gerard A. Cruz  
 Treasurer  
 Chair, Investment Committee

Artemio R.A. Hernandez, Ph.D.  
 Trustee

Thomas H. San Agustin  
 Trustee

George A. Santos  
 Trustee

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Thursday, March 19, 2020, 12:00 Noon  
 Retirement Fund Conference Room

**MINUTES**

**DEFINED BENEFIT**

**I. ATTENDANCE, QUORUM, AND CALL TO ORDER**

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Benefit Plan was called to order at 12:13 p.m. Thursday, March 19, 2020, 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
- Katherine T.E. Taitano, Secretary
- Gerard A. Cruz, Treasurer
- Artemio R.A. Hernandez, Trustee
- Thomas H. San Agustin, Trustee
- George A. Santos, Trustee

**Staff Present:**

- Paula Blas, Director
- Diana Bernardo, Controller
- Jackie Blas, Recording Secretary

**Investment Consultant Present:**

Maggie Ralbovsky, Wilshire Associates (*Via Tele-Conference*)

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. February 28, 2020 Regular Meeting

Trustee George Santos, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the February 28, 2020 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

## III. CORRESPONDENCE

None

## IV. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Candelaria Rios, et al. vs. Joseph Ada, et al. (Special Proceeding Case No. SP206-93)* - The Retirement Fund maintains a list of deceased COLA Awardees who did not name a beneficiary, or whose beneficiary may be deceased. COLA award disbursements for these individuals will be made to their respective estates.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* - BLBG's Litigation Status Report dated March 16, 2020 on the following lawsuits is provided for the Board's information. These cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

- **Apollo Education Group**
- **EQT Corporation**

### Financial Report

1. *Contributions* - Director Paula Blas stated that as of March 18, 2020, all agencies are current with their Fiscal Year 2020 employee and employer contributions. Director Blas stated that according to the Department of Administration, employees of the Government of Guam will continue to be paid and contributions are expected to be submitted. Director Blas stated that she will work with the Department of Education regarding their contributions since they do not remit their contributions through direct deposit.

2. *Financial Statements* - Director Blas stated that the books for the month ended January 31, 2020 are scheduled to close on April 17, 2020.

3. *Fiscal Year 2020 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of March 2020 will be paid by the end of the month.

4. *Fiscal Year 2020 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the March 2020 allotment from the General Fund and reimbursements were processed accordingly.

## V. LEGAL COUNSEL'S REPORT

No report was made at this time.

## VI. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Gerard Cruz stated that the current monthly drawdown authorization of \$5.5 Million expires this month and would like to request to increase the current monthly drawdown authority up to \$8 Million through September 2020.

**Treasurer Gerard Cruz, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the request for a monthly drawdown increase of up to \$8 Million through September 2020. Without objection, the motion passed.**

After discussions with Maggie Ralbovsky of Wilshire Associates, Treasurer Cruz stated that he would like to withdraw his motion for a monthly drawdown authority of \$8 Million.

**Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to rescind the previous approval for a monthly drawdown authority of \$8 Million; and to extend the current drawdown authorization of \$5.5 Million through September 2020. Without objection, the motion passed.**

## VII. STANDING COMMITTEE REPORTS

### A. Investment Committee

Treasurer Cruz reported that the Investment Committee Meeting was held on March 13, 2020. The Committee reviewed and approved the Investment Committee Meeting Minutes of February 27, 2020. Treasurer Cruz stated that as of March 10, 2020, the size of the Retirement Fund's portfolio is \$1,960,148,691.

Treasurer Cruz stated that Ms. Ralbovsky is making the following recommendations regarding Liquidity and Risk Management:

- **Establish a Liquidity Buffer**

Ms. Ralbovsky stated that the market condition may deteriorate and the liquidity situation may get worse. Ms. Ralbovsky suggested, as a contingency plan for the next six months, to direct two managers to liquidate and have Northern Trust place it into a cash account. Treasurer Cruz stated that Ms. Ralbovsky's memo states that the Retirement Fund requires cash payments, mostly for benefit payments, of about \$90 Million per year, with roughly half of which comes from dividends and interest income, and around \$45 Million from liquidating the investments.

Ms. Ralbovsky stated that Wilshire recommends taking from the most liquid sources to reduce transaction costs: \$25 Million from Invesco Risk Parity Fund and \$25 Million from Garcia Hamilton's Fixed Income Portfolio.

**Treasurer Gerard Cruz, seconded by Trustee Artemio Hernandez, moved to accept Wilshire Associates' recommendation to liquidate \$25 Million from Invesco Risk Parity Fund and \$25 Million from Garcia Hamilton's Fixed Income Portfolio which will be placed into a cash account with Northern Trust to cover liquidity short falls. Without objection, the motion passed.**

- **Establish Crisis Hedge in Long Duration Treasuries**

Ms. Ralbovsky stated that the Retirement Fund's Portfolio will benefit from an allocation to Long Term Treasuries to hedge the risk of any further unexpected risks. Ms. Ralbovsky stated to effect such an allocation, Wilshire recommends revising the benchmark for Income Research Management.

**Treasurer Gerard Cruz, seconded by Trustee Artemio Hernandez, moved to accept Wilshire Associates' recommendation to revise the benchmark for Income Research Management as follows: 30% Bloomberg Barclay's Long Term Treasury Index plus 70% Bloomberg Barclay's Aggregate Index. Without objection, the motion passed.**

- **Revision of Guidelines for Lazard Global Equity Separate Account**

Ms. Ralbovsky stated that Lazard Asset Management requested to change the 10-percentage points limit to a 15-percentage points limit. Ms. Ralbovsky stated that this allows the manager more latitude to respond to risks introduced by market volatilities. Ms. Ralbovsky stated that the change will be reviewed in six months and Lazard could make a request again.

**Treasurer Gerard Cruz, seconded by Trustee Artemio Hernandez, moved to accept Wilshire Associates' recommendation to accept Lazard Asset Management's request to temporarily change the 10-Percentage Points Limit to a 15-Percentage Points Limit; and the change will be reviewed in six months. Without objection, the motion passed.**

*Next Quarterly Performance Meeting* – Treasurer Cruz stated that the next Quarterly Performance Meeting is scheduled for April 23, 2020.

## **B. Members and Benefits Committee**

Secretary Katherine Taitano presented the Committee's March 2020 report to the Board of Trustees.

**Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 1 through 10, based on the Committee's review and findings during their meeting of March 19, 2020. Without objection, the motion passed.**

### **DISABILITY CASE NO. 19-005**

Vice Chair Antolina Leon Guerrero stated that the applicant is a 59 year old School Aide with the Department of Education with approximately 7½ years of service. The date of application for disability is November 18, 2019. The reason for application is Renal Failure, Anemia, and Liver Cirrhosis. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. Vincent Duenas on February 7, 2020 and Dr. E. Fred Schroeder on February 21, 2020. Dr. Duenas gave a rating of 86% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Schroeder gave a rating of 92% whole-person impairment and also indicated that the impairment is permanent and precludes the applicant from gainful work. Vice Chair Leon Guerrero stated that Dr. Duenas noted that the applicant also suffers from Hypertension, Hepatitis C and Diabetic Neuropathy. Dr. Schroeder also noted Hypertension, Diabetes and Impaired Gait.

At this time Chairman Leon Guerrero asked whether the applicant is present, noting that if the applicant would like to address the Board, he/she would have to waive his/her right to the privacy of his/her medical records and he/she must state his/her name for the record. Chairman Leon Guerrero indicated that no one came forward.

**Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve a full disability pension for Disability Case No. 19-005, based on the findings of the two (2) Independent Medical Examiners (IMEs), and the review of records. Votes as follows: Yes Votes - Vice Chair Antolina Leon Guerrero, Trustee George Santos, Trustee Artemio Hernandez, Treasurer Gerard Cruz, Trustee Thomas San Agustin, Secretary Katherine Taitano, and Chairman Wilfred Leon Guerrero. With seven (7) "Yes" votes, the motion unanimously passed.**

**VIII. OLD BUSINESS**

None

**IX. NEW BUSINESS**

None

**X. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

Chairman Leon Guerrero stated that he is concerned of the Retirement Fund's portfolio. Chairman Leon Guerrero suggested to look into the law governing this Board in case of an emergency. Director Blas stated that the open government law requires a two-day and 5-day notice of the meeting. Chairman Leon Guerrero asked Management to check with the Retirement Fund's Legal Counsel for an opinion in case of any unexpected situations that may occur in the future.

**XI. ANNOUNCEMENTS**

None

**XII. ADJOURNMENT**

**There being no further business before the Board for the Defined Benefit Plan, Trustee George Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:35 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 19, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on May 29, 2020.**

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

**RECORDING SECRETARY:**

  
\_\_\_\_\_  
**Jackie Blas**