



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**  
 Friday, April 24, 2020, 10:30 A.M.  
 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 11:35 a.m. Friday, April 24, 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

**Board of Trustees Absent:**

George A. Santos, Trustee (*Excused*)

**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. March 19, 2020 Regular Meeting

Vice Chair Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to table the Minutes of the March 19, 2020 Regular Meeting. 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 April 17, 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 April 22, 2020, all agencies are current with their Fiscal Year 2020 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended January 31, 2020 are scheduled to close on April 30, 2020.

3. *Fiscal Year 2020 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of April 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 April 2020 allotment from the General Fund and reimbursements were processed accordingly.

## V. LEGAL COUNSEL'S REPORT

*Trustee (Appointed Resident) Disqualification* - Director Blas stated that she received the Retirement Fund's Legal Counsel's opinion relative to whether an appointed Trustee's retirement from the Government of Guam disqualifies the Trustee from serving on the Retirement Fund Board of Trustees. Director Blas stated that Legal Counsel indicated that Vice Chair Antolina Leon Guerrero's retirement from the Government of Guam does not change her status as a resident of Guam or her employment in the private sector, therefore, she may continue serving in her current capacity. Director Blas stated that at the end of Vice Chair Leon Guerrero's term, a replacement will be appointed, confirmed and sworn-in. Director Blas stated that with respect to Treasurer Gerard Cruz, the Retirement Fund is waiting for the Governor's appointee, David N. Sanford, to take the Oath of Office.

***Proposed Loan to the Government of Guam*** - Director Blas stated that she received Legal Counsel's opinion relative to the risks associated with the proposal that the Retirement Fund lend funds to the Government of Guam. Director Blas stated that Legal Counsel indicated that it is not feasible for the Retirement Fund to enter into an agreement. Vice Chair Leon Guerrero stated that it is against the Retirement Fund's fiduciary standards. Chairman Leon Guerrero inquired about Congressman Michael San Nicolas' proposal. Director Blas stated that Congressman San Nicolas proposed that the Retirement Fund, through the Guam Economic Development Authority (GEDA), use its capital pool to front the payment of economic relief. Treasurer Cruz stated that the Congressman is saying that a loan is the same as a bond. Treasurer Cruz stated that it is similar but not the same. Vice Chair Leon Guerrero pointed out that the Retirement Fund is not a lending institution and that it will put the Fund and its members at risk.

## **VI. TREASURER'S REPORT OF FINANCIAL STATUS**

Treasurer Cruz stated that the Retirement Fund is operating within its current drawdown authority of up to \$5.5 Million monthly which continues through September 2020.

## **VII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Treasurer Cruz stated that Maggie Ralbovsky, Wilshire Associates, will be making recommendations. Ms. Ralbovsky stated that she is uncomfortable with the current allocation to Global REITs and the International Small Cap. Ms. Ralbovsky pointed out that Global REITs is a sub-sector of Global Equity. Ms. Ralbovsky stated that Wilshire's recommendation is to reduce Dimensional Fund Advisors (DFA) Global REITs by roughly 50% and to reallocate \$40 Million to Lazard Global Equity.

Ms. Ralbovsky stated that Wilshire also recommends to reduce the DFA International Small Cap by roughly 50% and to reallocate \$25 Million to Aegon; or to Nomura Research.

Chairman Leon Guerrero inquired about "ABS." Ms. Ralbovsky stated that it is Asset-Backed Securities. Trustee Artemio Hernandez asked whether there is a specific asset allocation that this falls under. Ms. Ralbovsky stated that the Retirement Fund's Portfolio Positioning is on Page 6 of Wilshire's report. Controller Diana Bernardo asked whether the Retirement Fund will be telling the managers what to invest in. Ms. Ralbovsky stated that the Retirement Fund will need to revise its guidelines to allow the High Yield Manager this opportunity.

**Treasurer Gerard Cruz, seconded by Trustee Artemio Hernandez, moved to accept Wilshire Associates' recommendation to reallocate \$25 Million from Dimensional Fund Advisors International Small Cap and to reallocate the \$25 Million to Aegon for purposes of investing in a Term Asset-Backed Securities Loan Facility (TALF), subject to a legal review; and in the event that the Retirement Fund is not able to do that, the \$25 Million will then be reallocated to Nomura Research. Without objection, the motion passed.**

**Treasurer Gerard Cruz, seconded by Trustee Artemio Hernandez, moved to accept Wilshire Associates' recommendation to reduce Dimensional Fund Advisors Global REITs by \$40 Million and to reallocate to Lazard Global Equity. Without objection, the motion passed.**

*Next Quarterly Performance Meeting* – Treasurer Cruz informed the Board that the next Quarterly Performance Meeting is scheduled for May 27 and 28, 2020.

Treasurer Cruz stated, for the record, that as of April 22, 2020, the size of the Retirement Fund's portfolio is \$1,770,883,533.

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

*Joseph Guthrie* - Director Blas stated that Joseph Guthrie retired under §8130 - Refund Provision. This provision allows anyone at age 60 with a minimum of five (5) years of service and less than twenty five (25) years of service, the option to either take a refund of their contributions or receive an annuity. Director Blas stated that if a retiree opts to take an annuity, it would be without survivor benefits. Mr. Guthrie is claiming that he should be entitled to survivor benefits. Chairman Leon Guerrero stated that Mr. Guthrie is saying he is with the Defined Benefit (DB) Plan. Director Blas stated that Mr. Guthrie is with the DB Plan. Chairman Leon Guerrero stated that he did not realize that you have an option with the DB Plan to go by an annuity. Director Blas stated that he is currently receiving an annuity under §8130. Director Blas stated that anyone that hasn't met the minimum number of years of service or age to retire under a regular retirement can actually retire under §8130 (Refund Provision) with an annuity and with a stipulation that if the member decided to receive an annuity then the member will do so without survivor benefits.

Director Blas stated that in Mr. Guthrie's case, he had about 18 years of service. Chairman Leon Guerrero inquired as to the reason why Mr. Guthrie is being denied the survivor benefits. Director Blas stated that Mr. Guthrie did not meet the requirements for a regular service or age retirement, which would entitle his survivor to survivor benefits. Each of the retirement provisions have different eligibility requirements for benefits. Director Blas stated that the Retirement Fund's current statute does not allow for Mr. Guthrie to receive survivor benefits under §8130.

Trustee Hernandez asked whether Mr. Guthrie is arguing that he wasn't notified. Director Blas stated that, that's what Mr. Guthrie is claiming, but when he retired, the Retirement Fund sent him two (2) retirement annuity letters informing him that his annuity is without survivor benefits.

**Treasurer Gerard Cruz, seconded by Secretary Katherine Taitano, moved to approve the Decision on Petition for Declaratory Ruling in the matter of Joseph A. Guthrie, Retiree and Takako B. Guthrie, Retiree's Spouse vs. Government of Guam Retirement Fund. Without objection, the motion passed.**

## **VIII. OLD BUSINESS**

None

## **IX. NEW BUSINESS**

None

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

None

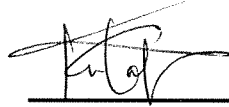
**XI. ANNOUNCEMENTS**

None

**XII. ADJOURNMENT**

**There being no further business before the Board for the Defined Benefit Plan, on motion of Trustee Artemio Hernandez, seconded by Trustee Thomas San Agustin, and without objection, the meeting was adjourned at 12:31 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 24, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 26, 2020.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**