



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, August 28, 2020, 10:00 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 10:15 a.m. Friday, August 28, 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
- Artemio R.A. Hernandez, Treasurer
- Thomas H. San Agustin, Trustee
- David N. Sanford, 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 WebEx*)

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. July 31, 2020 Regular Meeting

Treasurer Artemio Hernandez, seconded by Trustee George Santos, moved to approve the Minutes of the July 31, 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 August 20, 2020 on the following lawsuits is provided for the Board's review. These cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

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

Director Paula Blas stated the Apollo case is now in the approval stage for distribution of the settlement. If the court approves, BLBG will start the distribution process. Chairman Leon Guerrero asked where the money will go. Director Blas stated that it's included under income that's used for operations.

Director Blas stated that on the EQT case, the defendants filed a Motion to Dismiss, which is currently with the courts.

Financial Report

1. *Contributions* - Director Blas stated that as of August 25, 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 July 31, 2020 are scheduled to close today.

3. *Fiscal Year 2020 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of August 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 August 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 Artemio Hernandez stated that for the month ending July 31, 2020, the Retirement Fund has a healthy cash balance. Controller Diana Bernardo stated that the Retirement Fund is operating within its current drawdown authority of up to \$5.5 Million monthly which continues through September 30, 2020. Controller Bernardo asked whether the Board would consider extending the current drawdown authority of up to \$5.5 Million through December 31, 2020. Chairman Leon Guerrero asked whether this will affect the budget. Director Blas replied, "No."

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve to extend the current drawdown authority of up to \$5.5 Million monthly from September 30, 2020 through December 31, 2020. Without objection, the motion passed.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2020 was held on August 26 and 27, 2020. The Investment Committee Meeting was also held on August 27, 2020. The Committee reviewed and approved the Investment Committee Meeting Minutes of July 30, 2020. Treasurer Hernandez stated that as of August 21, 2020, the size of the Retirement Fund's portfolio is \$1,981,987,382.

Treasurer Hernandez stated that Maggie Ralbovsky of Wilshire Associates discussed the economic outlook and the Investment Manager Performances for the quarter ended June 30, 2020.

Ms. Ralbovsky provided an overview of the Investment Performance and noted that for the Quarter Ended June 30, 2020, the Retirement Fund portfolio outperformed its benchmark index, ranking at the 37th percentile of Wilshire's peer group universe for the quarter. The Retirement Fund Return was 12.64% and the Benchmark Return was 12.43%.

Ms. Ralbovsky stated that annual reviews were conducted for the following managers:

- Dimensional Fund Advisors (DFA)
- Intech
- Boston Partners (Robeco)
- Lazard Asset Management
- Acadian Asset Management
- Wellington Management

Ms. Ralbovsky stated that the managers had satisfactory reports and there are no recommendations at this time. Ms. Ralbovsky indicated that the managers were under stress and could have done a better job. Ms. Ralbovsky pointed out that this is the first due diligence with Lazard, Acadian and Wellington.

Next Quarterly Performance Meeting – Ms. Ralbovsky stated that the next Quarterly Performance Meeting is scheduled for November 18 and 19, 2020. Annual reviews will be conducted for Risk Parity and Global REITs Managers.

B. Members and Benefits Committee

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

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 12; and Page 13 for the Application for Disabled Adult Survivor Benefits, based on the Committee's review and findings during their meeting of August 19, 2020. Without objection, the motion passed.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

A. Retiree Advocate Report – Fiscal Year 2021 Health Insurance Negotiations

Director Blas stated that the Retiree Advocate's report for Fiscal Year 2021 Health Insurance Negotiations is provided for the Board's review. Director Blas stated that the carrier that was awarded the FY2021 Group Health Insurance is Aetna. There will be some changes in the premiums. Director Blas stated that the Negotiation Team had asked the Governor to reconsider her action on the "Option to Realign Active Costs," based on FY 2020 claims that indicates that the active employees had a higher claim percentage than retirees. And, instead of allowing the active employees drive the premium, the Negotiation Team would like to have the retirees drive that premium. The law currently reads that the retirees can't pay more than what an active employee is paying.

Chairman Leon Guerrero stated that Mr. Carlson's recommendation is to continue to advocate for a statutory change that would exempt the Retiree Supplemental Plan (RSP) from the voluntary participation mandated by 4GCA §4301(b) and mandate it for all Medicare-eligible Retirees and Survivors enrolling in Classes I, II and III. In conclusion, Mr. Carlson indicated in his report that with the Board's concurrence, he can seek out potential sponsors of such a statutory change. Director Blas stated that the law currently reads that a Retiree or Survivor age 65 or older, Medicare eligible with Medicare Parts A and B, has to enroll in the RSP. The way the law read is if the Retiree or Survivor didn't enroll in the government insurance plan, the Retiree or Survivor could still received reimbursement for Medicare Premiums.

After a lengthy discussion with regards to health care cost savings to the Government of Guam versus retiree benefits and options, Chairman Leon Guerrero referred the Retiree Advocate's recommendation to the Members and Benefits (M&B) Committee for review. M&B Committee Chair Taitano stated that she will include this item on their meeting agenda.

Treasurer Artemio Hernandez, seconded by Trustee David Sanford, moved to accept the Retiree Advocate's Fiscal Year 2021 Health Insurance Negotiations Report; and to refer the Retiree Advocate's recommendation to the Members and Benefits Committee, as it relates to the Retiree Supplement Plan (RSP), for review. Without objection, the motion passed.

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

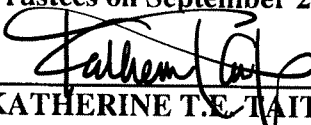
XI. ANNOUNCEMENTS

None

XII. ADJOURNMENT

There being no further business before the Board for the Defined Benefit Plan, Trustee George Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 11:00 a.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 28, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 25, 2020.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas