



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

BOARD OF TRUSTEES
Regular Meeting

Friday, February 10, 2023, 12:30 P.M.
 Retirement Fund Conference Room

MINUTES

DEFINED BENEFIT

Thomas H. San Agustin
 Trustee

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 12:52 p.m. Friday, February 10, 2023, in the Retirement Fund Conference Room. Acting Chair Antolina S. Leon Guerrero officiated.

David N. Sanford
 Trustee

George A. Santos
 Trustee

Board of Trustees Present:

Antolina S. Leon Guerrero, Acting Chair
 Artemio R.A. Hernandez, Treasurer
 Thomas H. San Agustin, Trustee
 David N. Sanford, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Chairman (*Excused*)
 Katherine T.E. Taitano, Secretary (*Excused*)

Staff Present:

Paula Blas, Director
 Jackie Blas, Recording Secretary

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. January 20, 2023 Regular Meeting

Treasurer Artemio Hernandez, seconded by Trustee George Santos, moved to approve the Minutes of the January 20, 2023 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 February 3, 2023 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**
3. *Bill 27-37: "An Act to Add a New Subsection (m) to Section 8501, Article 5, Chapter 8, Title 4, Guam Code Annotated; and, to Amend §8503(c) of Article 5, Chapter 8, Title 4, Guam Code Annotated, Relative to the Retirement of Public Safety and Law Enforcement Officers Who Are Members of the Defined Benefit 1.75 Retirement System"* – Director Paula Blas stated that Bill 27-37 will amend Section 8503(c) of Article 5, Chapter 8, Title 4, GCA, to make it clear which positions are included under the definition of Public Safety and Law Enforcement Officers. Director Blas stated that Public Law 36-130 excluded fire fighters from the Guam Airport Authority and it included all personnel from the Attorney General's Office.

Financial Report

1. *Contributions* - Director Blas stated that as of February 8, 2023, all agencies are current with their Fiscal Year 2023 employee and employer contributions. Director Blas stated that contributions were received from Guam Memorial Hospital Authority (GMHA) this morning.
2. *Financial Statements* - Director Blas stated that the books for the month ended December 31, 2022 are scheduled to close today and the books for the month ended January 31, 2023 are scheduled to close on February 28, 2023.
3. *Fiscal Year 2023 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of February 2023 will be paid at the end of the month.

4. **Fiscal Year 2023 Medicare Reimbursements** - Director Blas stated that reimbursements will be processed sometime next week.

V. LEGAL COUNSEL'S REPORT

None

VI. TREASURER'S REPORT OF FINANCIAL STATUS

A. Fiscal Year 2022 Audit

Treasurer Artemio Hernandez stated that a draft copy of the Retirement Fund's Financial Statements, Independent Auditor's Report and Management's Discussion and Analysis (MD&A) for the period ending September 30, 2022 are provided for the Board's review. A copy of the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards is also provided.

Treasurer Hernandez stated that, based on review of the draft report, it's a clean unmodified opinion by the Retirement Fund's Independent Auditors, Burger & Comer. Treasurer Hernandez pointed out that, since 1996 and prior to this year, the Retirement Fund only had three (3) years where there were negative returns.

Treasurer Hernandez asked whether there will be any material changes to the audit. Director Blas replied, "No." Director Blas informed the Board that the audit will be issued by February 20, 2023.

Cash Flow Statement - Treasurer Hernandez stated that the Retirement Fund is operating within its current drawdown authority of up to \$7 Million monthly which continues through March 2023. A copy of the Cash Flow Statement is provided for the Board's review.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended December 31, 2022 was held on February 9, 2023. Treasurer Hernandez stated that as of February 6, 2023, the size of the Retirement Fund's portfolio was \$1,930,686,034, and as an update as of February 8, 2023, the portfolio was \$1.96 Billion.

Treasurer Hernandez stated that during the Due Diligence meeting, Maggie Ralbovsky of Wilshire Associates discussed the economic outlook and the market environment for the quarter ended December 31, 2022. Ms. Ralbovsky stated that there are no allocation changes.

Treasurer Hernandez stated that Ms. Ralbovsky provided an overview of the Investment Performance and noted that for the Quarter Ended December 31, 2022, the Retirement Fund's portfolio outperformed its benchmark index, ranking at the 7th percentile of Wilshire's total fund peer group universe for the quarter. The Retirement Fund Return was 7.55% and the Benchmark Return was 7.34%.

Ms. Ralbovsky stated that annual review was conducted with KBI Global Investors. KBI had a very strong 4th quarter for 2022 after a very challenging environment earlier in the year. Ms. Ralbovsky stated that KBI's report was satisfactory.

Intech – Ms. Ralbovsky stated that Intech will be kept on watch until November 2023.

Next Quarterly Performance Meeting – Treasurer Hernandez stated that the next Quarterly Performance Meeting is scheduled for May 17 and 18, 2023. Annual reviews will be conducted for the following Fixed Income and High Yield Managers:

- Garcia Hamilton
- Income Research & Management
- Hotchkis Wiley
- Nomura Asset Management
- Aegon USA

B. Members and Benefits Committee

Trustee George Santos presented the Committee's February 2023 report to the Board of Trustees.

Trustee George Santos, seconded by Treasurer Artemio Hernandez, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 11 of the February 2023 report. Without objection, the motion passed.

1. Disability Case No. 22-002

Director Blas stated that Disability Case No. 22-022 remains tabled pending the reassessment report from Dr. Ki Young Chung and Dr. Megan Witt.

2. Disability Case No. 22-004

Acting Chair Leon Guerrero stated that the applicant is a 47 year old Teacher with the Department of Education with 19+ years of service. The date of application for disability is July 15, 2022. The reason for application is Stroke, can't talk, walk, and stand. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. Vincent Duenas on September 30, 2022 and Dr. Doris Lim on December 19, 2022. Dr. Duenas gave a rating of 98% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Lim gave a rating of 71% whole-person impairment and also indicated that the impairment is permanent and precludes the applicant from gainful work.

At this time Acting Chair 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. Acting Chair Leon Guerrero indicated that no one came forward.

Treasurer Artemio Hernandez, seconded by Trustee George Santos, moved to approve a full disability pension for Disability Case No. 22-004, based on the findings of the two (2) Independent Medical Examiners (IMEs) and the review of records. Votes as follows: Yes Votes – Trustee Thomas San Agustin, Trustee David Sanford, Treasurer Artemio Hernandez, Trustee George Santos, and Acting Chair Antolina Leon Guerrero. With five (5) “Yes” votes, the motion unanimously passed. Chairman Wilfred Leon Guerrero and Secretary Katherine Taitano were absent.

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 George Santos, seconded by Trustee David Sanford, and without objection, the meeting was adjourned at 1:14 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of February 10, 2023 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on March 10, 2023.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas