



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

David N. Sanford
Trustee

Vacant
Trustee

BOARD OF TRUSTEES

Regular Meeting

Friday, May 23, 2025, 1:00 P.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 1:21 p.m. Friday, May 23, 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

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates (*Via Zoom*)

Actuarial Consultant Present:

Nick Collier, Milliman, Inc.

Public Present:

Joe Ebisa, With Intelligence (*Via Zoom*)

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. April 25, 2025 Regular Meeting

Treasurer Artemio Hernandez, seconded by Trustee David Sanford, moved to approve the Minutes of the April 25, 2025 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. The Retirement Fund published a list of deceased COLA Awardees on February 2, 2024, a second publication on August 2, 2024 in the Guam Daily Post, and on the GGRF website.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* - BLBG's Litigation Status Report dated May 16, 2025 on the following lawsuit is provided for the Board's information. This case is highly confidential and BLBG asked that the case not be discussed in a public forum.

- **EQT Corporation**

Financial Report

1. *Contributions* - Director Paula Blas stated that as of May 20, 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 April 2025 are scheduled to close on May 30, 2025.

3. *Fiscal Year 2025 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of May 2025 will be paid by the end of the month.

4. *Fiscal Year 2025 Medicare Reimbursements* - Director Blas stated that upon receipt of the May 2025 allotment from the General Fund, reimbursements will be processed accordingly.

5. *Fiscal Year 2025 Financial Audit* - Director Blas stated that the GGRF financial Audit for year ending September 30, 2024 is ongoing and a draft has been submitted to the OPA. A copy of the draft has been provided for the Boards review. GGRF will issue the final audit after the release of the OPEB (Other Post Employment Benefits) audited report.

V. LEGAL COUNSEL'S REPORT

None

VI. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Artemio Hernandez stated that the Retirement Fund is operating within its current drawdown authority of up to \$7 million monthly which continues through June 2025. A copy of the Cash Flow Statement is provided for the Board's review.

VII. STANDING COMMITTEE REPORTS

Treasurer Hernandez reported that there was no Investment Committee Meeting this month. Treasurer Hernandez stated that as of May 16, 2025, the size of the Retirement Fund's portfolio was \$2,391,440,284.

Informational Items

1. *Asset Allocation Summaries*
2. *Income summary*
3. *Securities Lending*
4. *5 Year Plan*

Due Diligence Meeting – Treasurer Hernandez stated that during the Due Diligence meetings, Maggie Rabovsky of Wilshire Associates discussed the economic outlook and the Investment Manager Performances.

Annual Reviews - Ms. Rabovsky stated that annual reviews were conducted for the following Managers:

- | | |
|--------------------|---------------------|
| a. IRM | d. Aegon |
| b. Gracia Hamilton | e. Hotchkis & Wiley |
| c. Nomura | |

Ms. Rabovsky provided an overview of the DB Plan's Investment Performance. She noted that for the quarter ended March 31, 2025, the GGRF portfolio outperformed the quarterly benchmark index by 0.45%. Overall, the Total Fund return ranked at the 20th percentile of Wilshire's total fund public peer group universe for the quarter.

- | | |
|------------------------|--------|
| • GGRF Qtr. Return | 0.56% |
| • Benchmark Return | 0.11% |
| • GGRF FY Total Return | -1.87% |

Next Quarterly Performance Review - Treasurer Hernandez stated that the next Quarterly Performance Review is scheduled for August 27-28, 2025.

B. Members and Benefits Committee

Vice Chair Santos presented the Committee's May 2025 report to the Board of Trustees.

Vice Chair George Santos, seconded by Treasurer Artemio Hernandez, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 16, based on the Committee's review and findings of the May 2025 report. Without objection, the motion passed.

IX. OLD BUSINESS

X. NEW BUSINESS

1. Actuarial Valuation as of September 30, 2024 – The actuarial valuation was performed by Milliman, Inc. In Milliman's valuation they:

- Summarized the membership data.
- Calculate the actuarial accrued liability and normal cost.
- Determine the contribution requirements.
- Project the fund balance and security ratio forward 40 years.

Nick Collier from Milliman provided the following highlights of the valuation as of September 30, 2024.

- The required contribution under GCA Section 8137 is 33.85% of payroll. Of this amount, 29.57% is for the unfunded actuarial accrued liability of the defined benefits plan (Old DB and DB 1.75 Plan), 1.17% is for the normal cost of the DB plans, and 3.11% is for the contributions and expenses for the defined contribution (DC) plan.

The primary reasons for the increase in the contribution rate from 30.77% for the prior year was the recognition of investment gain and loss over the 3-year asset smoothing period, salary increases that were greater than expected, and the inclusion of valuing the changes from Public Law 36-130. Higher than expected payroll increase had a partially offsetting impact. Payroll higher than expected lowers the contribution rate as a percent of payroll, but the related salary increases increase expected benefits resulting in a higher unfunded liability.

- Public Law 28-150 provided that the current employer contribution rate would increase over a 5-year period starting in the 2006-07 fiscal year until it reached the actuarial contribution rate, which is the rate specified in the Fund's actuarial valuation report. The employer contribution rate for the 2024-25 fiscal year is 30.77%.
- The defined benefit (Old Plan) payroll for the 2023-24 fiscal year was \$72.4 million compared with \$76.6 million for the 2022-23 fiscal year. The defined benefit (DB 1.75) payroll for the 2023-24 fiscal year was \$260.7 million compared with \$171.7 million for the 2022-23 fiscal year, reflecting the additional payroll for defined contribution members who transferred to the DB 1.75 plan.
- The total defined benefit and defined contribution payroll for the 2023-24 fiscal year, was \$633.8 million compared with \$596.5 million for the 2022-23 fiscal year, an increase of 6.25%.
- Based on the audited financial statements, we calculated an investment return on the total market value of assets of 23.9% for the fiscal year ending September 30, 2024. The average annual return on the market value of assets for the last 5 fiscal years has been 7.1%. The investment return on the actuarial value of assets, which recognizes investment gains and losses over a 3-year period, was 4.3% for the fiscal year ending September 30, 2024.

- The unfunded actuarial accrued liability increased from \$1.213 billion as of September 30, 2023, to \$1.362 billion as of September 30, 2024. The payment required to amortize the unfunded actuarial accrued liability under GCA Section 8137 has increased from \$156.4 million to \$192.1 million. The payment as a percentage of payroll has increased from 25.58% to 29.6%.
- As the remaining period to pay off the unfunded actuarial accrued liability declines, year-to-year changes in the contribution rate will become increasingly sensitive in the future to investment gains and losses and other experience. As noted in the 2015-2020 experience study, and on page 7 of the report, we recommend a change in the amortization method be considered for future valuations to help mitigate this potential contribution rate volatility.
- On December 27, 2022, Public Law No. 36-130 was signed in to law. The impact of P.L 36-130 has been included for the first time in this actuarial valuation as of September 30, 2024.

Treasurer Artemio Hernandez, Second by Secretary Thomas San Agustin, move to approve the Actuarial Valuation as of September 30, 2024 as presented by Nick Collier of Millian, Inc. Without objection, the motion passed.

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

XII. ANNOUNCEMENTS

XIII. ADJOURNMENT

There being no further business before the Board for the Defined Benefit Plan, on motion of Vice Chair George Santos, seconded by Treasurer Artemio Hernandez, and without objection, the meeting was adjourned at 2:12 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 23, 2025 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 20, 2025.


THOMAS H. SAN AGUSTIN, Board Secretary

RECORDING SECRETARY:


Andrea Atalig