



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, September 2, 2022, 12:30 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 12:50 p.m. Friday, September 2, 2022, 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 (*Via Zoom*)  
 Artemio R.A. Hernandez, Treasurer  
 Thomas H. San Agustin, Trustee  
 David N. Sanford, Trustee (*Via Zoom*)  
 George A. Santos, Trustee

**Staff Present:**

Paula Blas, Director  
 Jackie Blas, Recording Secretary

**Investment Consultant Present:**

Maggie Ralbovsky, Wilshire Associates

**Public Present:**

Applicant, Disability Case No. 20-005

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. July 29, 2022 Regular Meeting

Vice Chair Antolina Leon Guerrero, seconded by Treasurer Artemio Hernandez, moved to approve the Minutes of the July 29, 2022 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 26, 2022 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 August 30, 2022, all agencies are current with their Fiscal Year 2022 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended July 31, 2022 were closed on August 26, 2022. The books for the month ended August 31, 2022 are scheduled to close at the end of the month.

3. *Fiscal Year 2022 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of August 2022 were paid at the end of August.

4. *Fiscal Year 2022 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the August 2022 allotment from the General Fund and reimbursements were processed accordingly.

Vice Chair Antolina Leon Guerrero inquired about the transmittal of payment of the Supplemental and Medicare Reimbursement to retirees. Director Blas stated that it is transmitted the same way their pension is transmitted. Vice Chair Leon Guerrero asked whether payment is bi-monthly. Director Blas stated that the Supplemental and Medicare Reimbursement are paid monthly.

Treasurer Artemio Hernandez inquired about an update on the Executive Budget. Director Blas stated that she was given everything that she requested for in the budget. Treasurer Hernandez asked whether COLA was increased. Director Blas stated that COLA for FY2023 is \$2,200.00 for retirees and survivors.

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

### **A. Fiscal Year 2023 Proposed Budget**

Treasurer Hernandez stated that the FY2023 Proposed Budget is provided for the Board's review. The total budget request for FY2023 is \$7,978,229 (operating budget \$6,798,229 and asset budget \$1,180,000). There is an increase of 3.4% from the FY2022 Budget (\$7,714,794). Chairman Leon Guerrero inquired about the 4 employees that resigned and 6 that were hired in 2022. Director Blas stated that the 4 employees who resigned were either relocating off-island or moving to an autonomous agency. Director Blas stated that the 6 new employees were for the Accounting and Benefits section.

Vice Chair Leon Guerrero inquired about the percentage of the audit fee. Director Blas stated that it's a flat fee. Chairman Leon Guerrero mentioned that the law is going to be changed so that the audit will be funded independently. Director Blas stated that it's for the Office of Public Accountability (OPA). Treasurer Hernandez stated that the language of the bill states that autonomous agencies pay the contract amount directly to the OPA then the OPA will release it to the auditor. Secretary Katherine Taitano asked whether that means that the agencies will be contracting with the independent auditor. Treasurer Hernandez stated that they are waiting to see how this process works out. Director Blas stated that it's suppose to be an independent audit and the OPA is suppose to oversee that audit. Treasurer Hernandez stated that they're going to have to be some administrative solution to it when the budget bill gets signed. Director Blas stated that we'll wait for the final version of the bill.

Chairman Leon Guerrero inquired about the increase in the budget of \$233,435. Treasurer Hernandez stated that it's an increase in contractual services.

Vice Chair Leon Guerrero inquired about the Deputy Director position. Director Blas stated that the Deputy Director is an appointed position. Chairman Leon Guerrero asked why continue to have that position if it's not going to be filled. Director Blas stated that the Deputy Director position is part of the budget but the money is not used unless the position is filled.

Treasurer Hernandez stated that there are no issues with Management's request in the proposed budget.

**Treasurer Artemio Hernandez, seconded by Trustee Thomas San Agustin, moved to approve the Fiscal Year 2023 Budget, as presented. Votes as follows: Yes Votes - Vice Chair Antolina Leon Guerrero, Trustee George Santos, Secretary Katherine Taitano, Trustee David Sanford, Trustee Thomas San Agustin, Treasurer Artemio Hernandez, and Chairman Wilfred Leon Guerrero. With seven (7) "Yes" votes, the motion unanimously passed.**

Treasurer Hernandez stated that he would like to recommend to extend the current drawdown authorization of up \$7 Million through December 2022. A copy of the Cash Flow Statement is provided for the Board's review.

**Treasurer Artemio Hernandez, seconded by Trustee Thomas San Agustin, moved to approve the recommendation to extend the current monthly drawdown authority of up to \$7 Million through December 2022. Without objection, the motion passed.**

## **VI. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Treasurer Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2022 was held on August 31 and September 1, 2022. The Investment Committee Meeting was also held on September 1, 2022. The Committee reviewed and approved the Investment Committee Meeting Minutes of July 28, 2022. Treasurer Hernandez stated that as of August 26, 2022, the size of the Retirement Fund's portfolio was \$1,975,080,207, and as an update as of September 1, 2022, the portfolio was \$1.94 Billion.

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

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

- Dimensional Fund Advisors
- Boston Partners
- Intech/Janus Henderson Investors
- Lazard Asset Management
- Acadian Asset Management
- Wellington Asset Management

Ms. Ralbovsky stated that 5 of the 6 managers provided satisfactory reports. Ms. Ralbovsky stated that Intech's report was not clear and she decided to request for Intech to provide another report at the next Due Diligence Meeting.

Ms. Ralbovsky stated that, historically, the major asset classes invested in are stocks or bonds. Historical reservation has been that when stocks go down, bonds should go up or vice versa. This past six months, bonds and equity both dropped double digit at the same time. Treasurer Hernandez stated that the Committee has been talking about the investment statute updates, which draft is included in the Board Meeting packets. Treasurer Hernandez stated that Director Blas will be meeting with the Legislature to see if we could make some of the adjustments so that we'll be able to adjust our allocation. Chairman Leon Guerrero stated that he would like for Ms. Ralbovsky to attend the Public Hearing. Director Blas stated that Ms. Ralbovsky is willing to attend the Public Hearing.

Treasurer Hernandez stated that Ms. Ralbovsky also provided an overview of the DB Plan's Investment Performance and noted that for the Quarter Ended June 30, 2022, the Retirement Fund Portfolio underperformed its benchmark index, ranking at the 42nd percentile of Wilshire's Total Fund peer group universe for the quarter. The Retirement Fund Return was -12.11% and the Benchmark Return was -12.60%.

## **Recommendations for Board Action:**

***Request for Proposal (RFP) No. GGRF-001-22: Selection Panel Recommendation*** - Treasurer Hernandez stated that the Retirement Fund issued RFP No. GGRF-001-22 in search of Investment Management Services specifically for the Developed Non-US Equity EAFE asset class with an asset allocation of \$95 Million. The Selection Panel completed their evaluations.

Treasurer Hernandez stated that the Investment Committee recommends to accept the Selection Panel's recommendation submitted in their memo dated August 15, 2022.

**Treasurer Artemio Hernandez, seconded by Trustee Thomas San Agustin, moved to approve the Investment Committee's recommendation to accept the Selection Panel's recommendation submitted in their memo dated August 15, 2022. Without objection, the motion passed.**

***Next Quarterly Performance Meeting*** – Treasurer Hernandez stated that the next Quarterly Performance Meeting is scheduled for November 8 and 9, 2022.

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

Secretary Taitano presented the Committee's August 2022 report to the Board of Trustees.

**Secretary Katherine Taitano, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 15, based on the Committee's review and findings during their meeting of August 26, 2022. Without objection, the motion passed.**

#### **1. Disability Case No. 20-005**

Secretary Taitano stated that the applicant is a 54 year old Police Officer III with the Guam Police Department with 13+ years of service. The date of application for disability is November 19, 2020. The reason for application is Adjustment Disorder with Major Depression. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. Vincent Duenas on January 4, 2021 and Dr. E. Fred Schroeder on January 28, 2021. Dr. Duenas gave a rating of 10% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Schroeder gave a rating of 67% whole-person impairment and also indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Rita Sharma also examined the applicant on July 30, 2022 and provided a rating of 20%.

Trustee David Sanford asked whether there's a required percentage used. Vice Chair Leon Guerrero stated that the Board uses 75% as a benchmark. Vice Chair Leon Guerrero stated that despite the variation in ratings based on the AMA Guidelines, all three (3) physicians are consistent in their report that there is an impairment and it's permanent in nature and that the impairment would preclude the applicant from gainful work.

Vice Chair Leon Guerrero stated that the AMA Guidelines are difficult in this case to address some of the applicant's condition such as Major Depression, Anxiety and Post Traumatic Disorder. In this particular case, we're looking at a lot of things that may not necessarily meet a physical impairment, but an impairment none the less. Director Blas stated that the Board would consider everything as a whole as opposed to each physician's rating.

Treasurer Hernandez inquired about the definition of total and permanent disability. Director Blas read out loud the definition of total and permanent disability: **“One which results from some impairment of body or mind which can be expected to result in death, or can be expected to last for a continuous period of not less than twelve (12) months. The impairment shall be one that substantially precludes a person from performing with reasonable regularity the substantial and material parts of any gainful work or occupation that he/she would be competent to perform if it were not for that impairment and if founded upon condition which render it reasonably certain that it will continue indefinitely.”**

Secretary Taitano pointed out that one physician provided a rating and percentages of impairment or conditions that were not included by the other two physicians. Treasurer Hernandez inquired about the 3rd physician. Secretary Taitano stated that the 3rd physician is a psychologist. Chairman Leon Guerrero asked whether the applicant could be examined by another physician. Director Blas stated that the statute requires 2 physicians and then it's up to the Board to allow additional physicians. Director Blas stated that it was Dr. Duenas who recommended to refer the applicant to a 3rd physician.

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 the applicant did not want to address the Board.

**Vice Chair Antolina Leon Guerrero, seconded by Treasurer Artemio Hernandez, moved to approve a full disability pension for Disability Case No. 20-005, based on the findings of the two (2) Independent Medical Examiners (IMEs), and the review of records. Votes as follows: Yes Votes - Secretary Katherine Taitano, Trustee George Santos, Vice Chair Antolina Leon Guerrero, Treasurer Artemio Hernandez, Trustee Thomas San Agustin, Trustee David Sanford, and Chairman Wilfred Leon Guerrero. With seven (7) “Yes” votes, the motion unanimously passed.**

## **2. Disability Case No. 21-005**

Secretary Taitano stated that the applicant is a 59 year old Accountant III with the Guam Power Authority with 19+ years of service. The date of application for disability is May 27, 2021. The reason for application is Acute Myelogenous Leukemia and Bone Marrow Transplant Patient. The applicant was examined by two California physicians: Dr. Donald Balacuit on March 14, 2022 and Dr. Maria Villacreses on August 8, 2022. Dr. Balacuit gave a rating of 25% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Villacreses gave a rating of 15% whole-person impairment and indicated that the impairment is permanent but the impairment does not preclude the applicant from gainful work.

Vice Chair Leon Guerrero stated that both physicians indicated that the impairment is permanent, but one physician indicated that the impairment does not preclude the applicant from gainful work. Secretary Taitano stated that the applicant has underlying conditions which are affecting the effectiveness of the things that have to be done to support the transplant. Treasurer Hernandez asked whether the applicant has the ability to perform her duties. Secretary Taitano stated that the law states: "any gainful work or occupation."

Treasurer Hernandez pointed out that Dr. Villacreses indicated 15% on Page 5 and 24% on Page 14 of her report. Secretary Taitano stated that the list on Page 15 seems more in line with what is shown on Page 5.

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.

**Secretary Katherine Taitano, seconded by Vice Chair Antolina Leon Guerrero, moved to disapprove Disability Case No. 21-005, based on the findings of the two (2) physicians, and the review of records. Votes as follows: Yes Votes - Vice Chair Antolina Leon Guerrero, Trustee George Santos, Secretary Katherine Taitano, Trustee David Sanford, Trustee Thomas San Agustin, Treasurer Artemio Hernandez, and Chairman Wilfred Leon Guerrero. With seven (7) "Yes" votes, the motion unanimously passed.**

**VII. OLD BUSINESS**

None

**VIII. NEW BUSINESS**

None

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

None


**X. ANNOUNCEMENTS**

None

**XI. ADJOURNMENT**

**There being no further business before the Board for the Defined Benefit Plan, on motion of Trustee George Santos, seconded by Secretary Katherine Taitano, and without objection, the meeting was adjourned at 2:10 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 2, 2022 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 14, 2022.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**