



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 17, 2021, 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 10:05 a.m. Friday, September 17, 2021, 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
- Jackie Blas, Recording Secretary

Legal Counsel Present:

- Joanne Grimes, Carlsmith Ball LLP
- Vincent Camacho, Camacho Calvo Law Group LLC

Public Present:

- George Castro, Certified Court Reporter

II. EXECUTIVE SESSION

A. Litigation Relating to Civil Case No. 1:21-CV-0022

Legal Counsel Vincent Camacho stated that as one of the Legal Counsels for the Board of Trustees of the Government of Guam Retirement Fund, he is recommending that the Board of Trustees go into Executive Session to discuss legal issues related to Civil Case No. 1:21-CV-0022. Legal Counsel Camacho stated that based on the Open Government Law, the transcript of the Executive Session will remain sealed for six (6) months; and that no voting will take place during the Executive Session.

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to accept the Retirement Fund's Legal Counsel's recommendation that the Board of Trustees move into Executive Session. Without objection, the motion passed.

Chairman Leon Guerrero stated that the Board is now in Executive Session and that he would like to recuse himself due to a potential conflict. Chairman Leon Guerrero stated that Vice Chair Antolina Leon Guerrero will now chair the meeting.

George Castro, Certified Court Reporter, is present to take a verbatim transcription of the Executive Session.

EXECUTIVE SESSION: 10:07 A.M.

RECONVENED: 10:52 A.M.

At this time Chairman Leon Guerrero announced that the Board of Trustees has returned to its regular meeting. Legal Counsel Camacho certified that the only matters discussed during the Executive Session were related to the Retirement Fund's participation in a litigation. Legal Counsel Camacho stated that he will be signing a declaration to that effect. Said declaration will be made a part of the record.

III. REVIEW AND APPROVAL OF BOARD MINUTES

A. August 20, 2021 Regular Meeting

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Minutes of the August 20, 2021 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

IV. CORRESPONDENCE

None

V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

I. *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 September 9, 2021 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 September 14, 2021, all agencies are current with their Fiscal Year 2021 employee and employer contributions.

2. ***Financial Statements*** - Director Blas stated that the books for the month ended August 31, 2021 are scheduled to close on September 27, 2021.

3. ***Fiscal Year 2021 Retirees' Supplemental Benefits*** - Director Blas stated that supplemental benefits for retirees and survivors for the month of September 2021 will be paid by the end of the month.

4. ***Fiscal Year 2021 Medicare Reimbursements*** - Director Blas stated that the Retirement Fund received the September 2021 allotment from the General Fund and reimbursements were processed accordingly.

Director Blas mentioned that the FY2022 Budget was signed into law and all the appropriations for the Supplemental Benefits, Medicare, COLA, Medical, Dental, and Life Insurance Premiums for Retirees, and the Governor, Lieutenant Governor and Judges Pension were passed. The Legislature also passed the Contribution Rate of 28.32% for FY2022.

VI. LEGAL COUNSEL'S REPORT

No report was made at this time.

VII. TREASURER'S REPORT OF FINANCIAL STATUS

A. Fiscal Year 2022 Proposed Budget

Treasurer Artemio Hernandez stated that the FY2022 Proposed Budget is provided for the Board's review. Director Blas stated that the overall increase of 1.7% is attributed to the increase in personnel benefits, the increase in the actuarial services, the Retirement Fund retirees' COLA, and Medical, Dental and Life Insurance premiums. The increase in the personnel benefits is also from the increase of the contribution rate. Director Blas stated that overall, it's a carry over from prior years budget.

Director Blas mentioned that in the FY2022 Executive Budget, the \$75,000 that was appropriated to the Retirement Fund to conduct an analysis relative to enhanced benefits for uniform personnel is not going to be part of this budget.

Chairman Leon Guerrero inquired about the budget for staff development. Director Blas stated that it's \$48,000. Chairman Leon Guerrero asked how many staff are participating. Director Blas stated that training has been very limited due to the pandemic. Management is looking at taking on-line training. Chairman Leon Guerrero asked if any of the staff are pursuing degrees. Director Blas stated that no

one is currently enrolled in that program. Director Blas stated that virtual classes are starting to pick up again so we expect to see more staff undergo training. Vice Chair Leon Guerrero asked whether the expectation is that we will see more Retirement Fund staff attend virtual classes. Director Blas replied, "Yes." Chairman Leon Guerrero stated that he would like to encourage the Director to push for staff development.

Chairman Leon Guerrero asked where is help most needed. Director Blas stated that the Members and Benefits section. Four (4) staff retired and an additional 4 staff left Retirement Fund to go to other departments. Management is in the process of filling the vacant positions in the Members and Benefits section.

Treasurer Hernandez stated that in reviewing the budget, he had inquiries and would like to highlight some of those items:

- Asset Acquisition Budget to include upgrade of the existing AS400 equipment and improvements to the Retirement Fund building
- Increasing services to it's members
- COVID expenses - daily disinfecting of the building should continue
- Management is in the process of filling the vacant positions in the Members and Benefits section

Treasurer Hernandez stated that the budget has a conservative and modest increase and it's a reasonable budget. Chairman Leon Guerrero inquired about the \$500,000 for building. Treasurer Hernandez stated that it's for improvements to the existing building. Treasurer Hernandez inquired about the age of the building. Director Blas stated that it was built in the late 1960. Director Blas stated that the exterior of the building needs a facelift. The entrance and exit doors needs to be replaced. There is also an issue with pigeons. Canopies were erected due to the health insurance open enrollment.

Trustee Thomas San Agustin asked whether there is sufficient space for the open enrollment. Director Blas stated that the first two weeks were busy. This week is kind of slow and Management is concerned that the number of enrollment is not at the level of the current enrollment. Director Blas mentioned that the Retirement Fund will be opened for enrollment on Saturday, September 18th and September 25th from 8:00 a.m. to 3:00 p.m.

Vice Chair Leon Guerrero asked whether expenses are less than 3%. Director Blas replied, "Yes." Trustee San Agustin inquired about the two other committees in the organizational chart. Director Blas stated that the Audit Committee and Government Liaison were created by the Board of Trustees. Director Blas stated that no one has been appointed or assigned to those committees.

Treasurer Artemio Hernandez, seconded by Trustee Thomas San Agustin, moved to approve the Fiscal Year 2022 Budget, as presented. Votes as follows: Yes Votes - Vice Chair Antolina Leon Guerrero, Trustee George Santos, Trustee Thomas San Agustin, Treasurer Artemio Hernandez, Secretary Katherine Taitano, Trustee David Sanford, and Chairman Wilfred Leon Guerrero. With seven (7) "Yes" votes, the motion unanimously passed.

Treasurer Hernandez stated that the Retirement Fund is operating within its current drawdown authority of up to \$6 Million monthly which continues through December 2021. Chairman Leon Guerrero asked how much is payroll for retirees. Director Blas stated that it is \$20 Million a month.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Investment Committee Meeting was held on September 16, 2021. The Committee reviewed and approved the Investment Committee Meeting Minutes of July 9, 2021 and the August 18 and 19, 2021 Due Diligence Meetings for the Quarter Ended June 30, 2021. Treasurer Hernandez stated that as of September 10, 2021, the size of the Retirement Fund's portfolio is \$2,322,515,769 and as an update as of September 15, 2021 it's \$2.326 Billion.

Treasurer Hernandez stated that the Request for Proposal (RFP) for the Global Infrastructure is still pending finalization.

Next Quarterly Performance Meeting – Treasurer Hernandez stated that the next Quarterly Performance Meeting is scheduled for November 17 and 18, 2021.

B. Members and Benefits Committee

Secretary Katherine Taitano presented the Committee's September 2021 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 10, based on the Committee's review and findings during their meeting of September 10, 2021. Without objection, the motion passed.

IX. OLD BUSINESS

None

X. NEW BUSINESS

A. Retiree Advocate Report – Fiscal Year 2022 Health Insurance Negotiations

Director Blas stated that the Retiree Advocate's report for Fiscal Year 2022 Health Insurance Negotiations is provided for the Board's review. Director Blas stated that the carriers that were awarded the FY2022 Group Health Insurance are SelectCare and TakeCare. Director Blas stated that there is a statute that mandates that a retiree/survivor that is Medicare-eligible and has Parts A and B, that the only plan they can enroll under is the Retiree Supplement Plan (RSP). Chairman Leon Guerrero inquired about the Retiree Advocate's recommendation. Director Blas stated that Michael Carlson, the Retiree Advocate, is recommending for a statutory change to exempt the RSP from being a voluntary participation mandated by 4 GCA §4301(b) and making it mandatory for Medicare-eligible retirees/survivors who are enrolling in Classes I, II, III and IV, that they actually enroll in the RSP. Treasurer Hernandez asked whether that would be their only option. Director Blas replied, "Yes." Treasurer Hernandez asked how many retirees/survivors are in RSP and are Medicare-eligible. Director Blas stated that there are about 900. Director Blas stated that a retiree/survivor does not have to

participate in the government's Group Health Plan to get the Medicare reimbursement. A retiree could be carried as a dependant or have insurance elsewhere.

Director Blas stated that Mr. Carlson is recommending to have the Board's blessing to seek sponsors to introduce legislation for a statutory change. Chairman Leon Guerrero inquired about savings. Vice Chair Leon Guerrero stated that Mr. Carlson indicated in his report that it is estimated to save the government \$700 per month, per retiree/survivor. Vice Chair Leon Guerrero stated that it's a savings of \$7.5 Million a year to the government. Treasurer Hernandez stated that it should be made clear that those retirees/survivors that don't want to be in the Group Health Plan and are Medicare-eligible, then they don't have to be on the plan at all. Treasurer Hernandez stated that it should be only for those who choose to be in the RSP.

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to accept the Retiree Advocate's Fiscal Year 2022 Health Insurance Negotiations Report and to accept the Retiree Advocate's recommendation to explore legislative support for a statutory change that would exempt the Retirement Supplemental Plan (RSP) from the voluntary participation mandated by 4 GCA §4301(b) and mandate it for all Medicare-eligible retirees and survivors enrolling in Classes I, II, III and IV. Without objection, the motion passed.

Treasurer Artemio Hernandez, seconded by Trustee George Santos, moved to amend the motion to accept the recommendation of the Retiree Advocate and to request to have him provide a draft legislation to the Board of Trustees before seeking sponsors. Without objection, the motion passed.

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

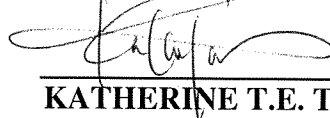
XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT


There being no further business before the Board for the Defined Benefit Plan, on motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 11:28 a.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 17, 2021 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 15, 2021.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas