



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, November 20, 2020, 12:00 Noon
 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 12:33 p.m. Friday, November 20, 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
 Artemio R.A. Hernandez, Treasurer
 David N. Sanford, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Secretary (*Excused*)
 Thomas H. San Agustin, Trustee (*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. October 30, 2020 Regular Meeting

Trustee George Santos, seconded by Treasurer Artemio Hernandez, moved to approve the Minutes of the October 30, 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 November 11, 2020 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**

Director Paula Blas stated that on the Apollo case, the first distribution of the settlement proceeds started in the beginning of November 2020; and on the EQT case, the Court has not set a hearing date on the Defendants' Motion to Dismiss.

Financial Report

1. *Contributions* - Director Blas stated that as of November 16, 2020, 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 September 30, 2020 are scheduled to close today.

3. *Fiscal Year 2021 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of November 2020 will be paid by the end of the month.

4. *Fiscal Year 2021 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the November 2020 allotment from the General Fund on November 18, 2020 and reimbursements were processed accordingly.

Director Blas mentioned that this is the first time the allotments for the Retirees' Supplemental Benefits and Medicare Reimbursements, together with the Governors, Lieutenant Governors and Judges pensions were remitted late.

5. **Fiscal Year 2020 Audit** - Director Blas stated that the audit for Fiscal Year Ending September 30, 2020 started today.

6. **Bill No. 380-35 (LS) "AN ACT TO APPROPRIATE FUNDS TO THE GOVERNMENT OF GUAM RETIREMENT FUND TO CONDUCT A STUDY RELATIVE TO ENHANCED BENEFITS FOR PEACE OFFICERS IN THE DEFINED BENEFIT 1.75 RETIREMENT SYSTEM"** - Director Blas stated that \$75,000 will be appropriated to the Retirement Fund for the purpose of conducting a study relative to enhanced benefits for uniformed personnel. Director Blas stated that there was a public hearing on the bill and she submitted some concerns regarding clarification on the bill. Bill 380 has not been reported out and the bill is still in Committee.

7. **Bill No. 418-35 (COR) "AN ACT TO AMEND §8104(p) OF ARTICLE 1, CHAPTER 8, TITLE 4, GUAM CODE ANNOTATED, RELATIVE TO INCLUDING DEPARTMENT OF CORRECTIONS PAROLE OFFICERS AS UNIFORMED PERSONNEL FOR RETIREMENT PURPOSES"** - Director Blas stated that Bill 418 will add another classification of Parole Officers from the Department of Corrections under the definition of Uniform Personnel. The number of personnel that fall in that category for Parole Officers is less than ten (10). Chairman Leon Guerrero asked who will conduct the study if the bills are passed. Director Blas stated that she asked Milliman to conduct the study. Trustee George Santos pointed out that if the bills are not reported out by next month, the bills may be reintroduced when the 36th Legislature comes in. Treasurer Artemio Hernandez stated that if Bill 418 is passed, he suggests that the implementation date does not conflict with when the contribution rate is calculated so that the Retirement Fund will have some time to incorporate it into the contribution rate so they could pay for it. Director Blas stated that it's not going to be an impact in terms of the contribution rate. Director Blas stated that other uniformed classes are already all part of that data that's given to the actuary to be included. Vice Chair Antolina Leon Guerrero asked how is it included. Director Blas stated that it's coded on who is a uniformed employee, based on their title. Treasurer Hernandez inquired about Title 17, Guam Code Annotated. Director Blas stated that one of the amendments of the bill was to go with the Retirement Fund's definition.

V. LEGAL COUNSEL'S REPORT

No report was made at this time.

VI. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Hernandez stated that the Retirement Fund is operating within its current drawdown authority of up to \$6 Million monthly which continues through December 31, 2020. Treasurer Hernandez inquired about the funds set aside with Northern Trust. Director Blas stated that there is still a balance in that account.

Director Blas stated that the auditors are here today. The Office of Public Accountability (OPA) had asked the Retirement Fund to maintain a February 2021 release of the audit. Treasurer Hernandez stated that there was an audit related to the 457 Deferred Compensation Plan that was released a couple of days ago. Director Blas stated that the 457 Plan is on a calendar year and will be released in February. Vice Chair Leon Guerrero stated that if the 457 Plan is on a calendar year, the calendar year

is not over. Director Blas stated that the audit released was the first one for the 457 Plan and it's for Fiscal Year 2019.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2020 was held on November 18 and 19, 2020. The Investment Committee Meeting was also held on November 19, 2020. The Committee reviewed and approved the Investment Committee Meeting Minutes of October 29, 2020. Treasurer Hernandez stated that as of November 13, 2020, the market value of the total fund is \$1,999,855,258. Chairman Leon Guerrero provided an update that as of November 18, 2020, the market value is over \$2 Billion.

Treasurer Hernandez stated that Maggie Ralbovsky of Wilshire Associates discussed the economic outlook and the Investment Manager Performances for the Quarter Ended September 30, 2020. Ms. Ralbovsky provided an overview of the DB Plan's Investment Performance and noted that for the Quarter Ended September 30, 2020, the Retirement Fund's portfolio outperformed its benchmark index, ranking at the 27th percentile of Wilshire's peer group universe for the quarter. The Retirement Fund Return was 5.02% and the Benchmark Return was 5.28%.

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

- Dimensional Fund Advisors
- Invesco
- PanAgora

Treasurer Hernandez stated that the reports went well. Ms. Ralbovsky stated that there's no recommendations or actions to be made on the managers.

Recommendation for Board Action:

a. Request to Consent - Wilshire Associates, Inc.

Treasurer Hernandez stated Wilshire Associates, Inc. and Wilshire Global Advisors, Inc. have entered into a purchase agreement with Monica Holdco (US) Inc. (Buyer), and affiliate of Motive Partners and CC Capital which a controlling stake in Wilshire will be sold to Buyer.

Treasurer Hernandez stated that the Retirement Fund's current agreement with Wilshire Associates, Inc. provides for assignment without the Retirement Fund's consent so long as it is the type of assignment described in the Investment Advisers Act of 1940. The Notice provided by Wilshire indicates that the assignment is as described under the Investment Advisers Act of 1940.

Treasurer Hernandez stated that the Investment Committee's recommendation is to consent to the assignment of the advisory agreement with Wilshire Associates, Inc.

Ms. Ralbovsky stated that Wilshire's founder and CEO, Dennis Tito, turned 80 year old in August and he'll be retiring. Wilshire was provided this offer by a group of Private Equity Investors. The

investors will buy 100% of Wilshire and offer rollout opportunities to the other key employees to buy a portion of Wilshire. This is basically a restructure of it's capital structure. Ms. Ralbovsky stated that Monica Holdco will facilitate the restructuring then after the transaction it's still going to be Wilshire Associates and the majority of holding from Mr. Tito will be transferred to a group of off-island investors.

Ms. Ralbovsky stated that the consent is mainly an acknowledgement. Chairman Leon Guerrero asked what happens if the Board opposes the request to consent. Ms. Ralbovsky stated that services with Wilshire will continue with the Retirement Fund as defined in the existing contract. Director Blas stated that the Retirement Fund's Legal Counsel recommended to consent to the assignment.

Treasurer Artemio Hernandez, seconded by Trustee George Santos, moved to accept the Investment Committee's recommendation to Consent to the Assignment of the Advisory Agreement with Wilshire Associates, Inc. Without objection, the motion passed.

Next Quarterly Performance Meeting – Treasurer Hernandez stated that the next Quarterly Performance Meeting is tentatively scheduled for February 24 and 25, 2021.

B. Members and Benefits Committee

Vice Chair Leon Guerrero presented the Committee's November 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 14, based on the Committee's review and findings during their meeting of November 12, 2020. Without objection, the motion passed.

DISABILITY CASE NO. 20-002

Vice Chair Leon Guerrero stated that the applicant is a 59 year old Trades Helper with the Department of Education with approximately 25 years of service. The date of application for disability is August 18, 2020. The reason for application is Neovascular Glaucoma on the Left Eye, Impending Neovascular Glaucoma on the Right Eye, and history of Ischemic Optic Neuropathy on the Right Eye. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. E. Fred Schroeder on October 8, 2020 and Dr. Vincent Duenas on October 30, 2020. Dr. Schroeder gave a rating of 91% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Schroeder noted that the applicant also suffers from advanced renal disease, diabetes, hypertension and congestive heart failure. Dr. Duenas gave a rating of 84% whole-person impairment and also indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Duenas noted that the applicant suffers from diabetic neuropathy and hypertension.

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.

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve a full disability pension for Disability Case No. 20-002, based on the findings of the two (2) Independent Medical Examiners (IMEs), and the review of records. Votes as follows: Yes Votes - Trustee George Santos, Treasurer Artemio Hernandez, Trustee David Sanford, Vice Chair Antolina Leon Guerrero, and Chairman Wilfred Leon Guerrero. With five (5) "Yes" votes, the motion passed. Secretary Katherine Taitano and Trustee Thomas San Agustin 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 1:09 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of November 20, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 18, 2020.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas