



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
 Governor

Joshua F. Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

BOARD OF TRUSTEES
Regular Meeting
 Friday, February 16, 2024, 12:30 P.M.
 Retirement Fund Conference Room

MINUTES

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

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, February 16, 2024, in the Retirement Fund Conference Room. Acting Chair Antolina S. Leon Guerrero officiated.

Board of Trustees Present:

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

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Chairman
 Katherine T.E. Taitano, Secretary
 George A. Santos, Trustee

Staff Present:

Paula Blas, Director
 Andrea Atalig, Recording Secretary

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. January 19, 2024 Regular Meeting

Treasurer Artemio Hernandez, seconded by Trustee Thomas San Agustin, moved to approve the Minutes of the January 19, 2024 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 with the department they retired from on February 2, 2024 in the Guam Daily Post and on the GGRF website. A second publication will be in June 2024.

Acting Chair Leon Guerrero inquired on where the funds are being held. Director Blas stated the funds are in an account with Guam Department of Administration. Acting Chair Leon Guerrero inquired if it would be possible to move the funds to a trust. Director Blas stated the funds are settlement proceeds and it is statutorily stated how the funds are to be distributed. The remaining balance is no longer accruing interest since 2010. Acting Chair inquired on the remaining balance. Director Blas stated the remaining balance is about \$4.1 million.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* - BLBG's Litigation Status Report dated February 9, 2024 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 February 13, 2024, all agencies are current with their Fiscal Year 2024 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended January 2024 are scheduled to close on February 29, 2024.

3. *Fiscal Year 2024 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of February 2024 will be paid by the end of the month.

4. *Fiscal Year 2024 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the February 2024 allotment from the General Fund and reimbursements were processed accordingly.

Treasurer Hernandez inquired on Medicare Reimbursement for active employees who are of age for Medicare. Director Blas stated if the individual is a retiree, would like to participate in the Government of Guam's Group Health Insurance and are enrolled in Medicare Parts A and B they will enroll under the Retiree Supplemental Plan (RSP). The RSP is provided to retirees who have Medicare Parts A & B. Active employees who are 65 and Medicare eligible are not eligible to participate in the RSP.

Acting Chair Leon Guerrero inquired on retirees who do not have Medicare. Director Blas stated that retirees who do not have Medicare may choose between the HSA2000 Plan or PPO1500 Plan. Treasurer Hernandez inquired on active employees who have Medicare. Director Blas stated active employees may have Medicare but the Government of Guam Group Health Insurance will be their primary insurance and Medicare will be secondary. These employees may choose between the HSA2000 Plan or PPO1500 Plan.

V. LEGAL COUNSEL'S REPORT

None

VI. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Hernandez stated that he would like to recommend to extend the current drawdown authorization of up to \$7 Million through June 30, 2024. 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 June 30, 2024. Without objection, the motion passed.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended December 31, 2023 was held on February 15, 2024. Treasurer Hernandez stated that as of February 12, 2024 the size of the Retirement Fund's portfolio was \$2,166,111,844.

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.

Ms. Rabovsky stated due to significant underperformance it is recommended to continue to place Panagora on Watch until the results of the second quarter performance can be reviewed.

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

- KBI Global Investors
- DFA (Global REITs)

Treasurer Hernandez stated Ms. Ralbovsky provided an overview of the DB Plan's Investment Performance. Ms. Ralbovsky stated the Total Fund's performance for the first quarter ended 12/31/2023 and ranks at the 20th percentile of Wilshire's total fund public peer group universe for the quarter. The performance was supported by an accommodative Federal Reserve as well as a strong fiscal deficit spending by the Federal Government. Ms. Ralbovsky stated she believes the liquidity in the market will continue to support the risk asset investment and continues to be cautious of the long-term outlook.

Next Quarterly Performance Review - Treasurer Hernandez stated that the next Quarterly Performance Review is scheduled for May 15, 2024.

B. Members and Benefits Committee

Acting Chair Leon Guerrero presented the Committee's February 2024 report to the Board of Trustees.

Treasurer Artemio Hernandez, seconded by Trustee Thomas San Agustin, 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 of the February 2024 report. Without objection, the motion passed.

DISABILITY CASE

1. Disability Case No. 22-006

Acting Chair Leon Guerrero stated in the January 19, 2024 Board Meeting Disability Case No. 22-006 was tabled due Dr. V. Duenas' report, "Patient Referral Related to the Visit" Dr. Walter Perez MD was cited as the patient referral and Dr. Walter Perez MD is deceased. GGRF Staff reached out to the Doctor's Clinic which they responded that it was the EHR System error and asked GGRF to disregard the reference.

Acting Chair Leon Guerrero stated the applicant is a 63-year-old Heavy Equipment Mechanic II for Guam Fire Department with 9+ years of service. The reason for the application is lower back pain, left shoulder pain, left knee pain, right hand pain, swelling, and hypertension. The applicant was examined by two Independent Medical Examiners (IME's): Dr. V. Duenas on September 1, 2023 and Dr. D. Lim on October 17, 2023. Dr. V. Duenas estimates the impairment of the whole person at 55%, indicates the impairment to be permanent and will preclude the applicant from work. Dr. D. Lim estimates the impairment of the whole person at 46%, indicates the impairment to be permanent and will preclude the applicant from work.

Acting Chair Leon Guerrero points out that in previous cases what has guided these decisions are legislation in the statute that requires that the disability 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 employment. Trustee Sanford inquired what the percentage of impairment was in previous cases. Acting Chair Leon Guerrero states, it is typically 75% impairment of the whole person but it is not required due to each case being different.

Treasurer Hernandez pointed out that the application does not state which plan the applicant is under and inquires with Director Blas whether the applicant who is age 63 is eligible to retire. Director Blas states under the DB 1.75 Plan the applicant is eligible at age 63 to retire with 9+ years of service. Acting Chair Leon Guerrero states Dr. V. Duenas' report on page 5 states that the applicant has chronic pain when walking but no assisted devices are required at this time and can consider sedentary work. Acting Chair Leon Guerrero inquired for those applicants who have been disapproved at one time would it preclude an applicant from reapplying should the conditions worsen.

Director Blas stated a disapproved applicant may reapply should the condition worsen, additional symptoms arise, or a physician recommends to reapply. Trustee Sanford inquired on Dr. D. Lim's report on page 15, Medical Assessment of Ability to Perform Work-Related Activities as the notes were not clear. Acting Chair Leon Guerrero states that the report says, Sitting – Limited, Lifting and Carrying – Limited to 20 lbs., Standing, Walking and Bending – Limited in right wrist, and pain and swelling on right wrist.

Trustee David Sanford, seconded by Trustee Thomas San Agustin, moved to disapprove Disability Case No. 22-006, based on the findings of the two (2) Independent Medical Examiners (IMEs), the review of records, the ratings of impairment at less than the total whole-person impairment, and as one of the recommendations by the doctor considering sedentary work. Votes as follows: Yes Votes - Trustee Thomas San Agustin, Treasurer Artemio Hernandez, Trustee David Sanford, and Acting Chair Antonina Leon Guerrero. With four (4) "Yes" votes, the motion unanimously passed.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

None

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

XI. ANNOUNCEMENTS

XII. ADJOURNMENT

There being no further business before the Board for the Defined Benefit Plan, on motion of Trustee David Sanford, seconded by Acting Chair Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:24 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of February 16, 2024 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on March 15, 2024.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Andrea Atalig