



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, August 20, 2021, 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 12:35 p.m. Friday, August 20, 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
 Artemio R.A. Hernandez, Treasurer
 Thomas H. San Agustin, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Secretary (*Excused*)
 David N. Sanford, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. July 16, 2021 Regular Meeting

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Minutes of the July 16, 2021 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 12, 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**

Director Blas stated that on the Apollo case, the second settlement distribution is taking place this month. On the EQT case, the litigation will remain ongoing and discovery will continue. Discovery is not expected to be completed until May 2022.

3. *Request for Proposal (RFP) No. GGRF-001-21: Investment Management Services Specifically for Global Listed Infrastructure Securities - Selection Panel Recommendation*

Director Paula Blas stated that the Selection Panel consists of Treasurer Artemio Hernandez as the Chair, and Trustees Thomas San Agustin and David Sanford. The Panel completed their review and evaluation of the proposals. Vice Chair Antolina Leon Guerrero inquired about the number of proposals submitted. Director Blas stated that there were 11 proposals.

Director Blas stated that based on the evaluation factors and weights assigned to each factor, the Panel ranked KBI Global Investors (North America) Ltd. to be the best-qualified firm to provide the required services as called for in RFP No. GGRF-001-21. Director Blas stated that the Selection Panel's recommendation is to select KBI Global Investors (North America) Ltd. to provide Investment Management Services Specifically for Global Listed Infrastructure Securities.

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Selection Panel's recommendation to select KBI Global Investors (North America) Ltd. to provide Investment Management Services Specifically for Global Listed Infrastructure Securities in response to RFP No. GGRF-001-21. Without objection, the motion passed.

Vice Chair Leon Guerrero inquired about the next process. Director Blas stated that she will now move forward with negotiating the fees with KBI Global Investors and notifying the other offerors. Chairman Leon Guerrero asked whether KBI is a Non-US manager. Director Blas stated that it has a portion of US and International.

Financial Report

1. Contributions - Director Blas stated that as of August 17, 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 July 31, 2021 are scheduled to close on August 26, 2021.

3. Fiscal Year 2021 Retirees' Supplemental Benefits - Director Blas stated that supplemental benefits for retirees and survivors for the month of August 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 August 2021 allotment from the General Fund and reimbursements were processed accordingly. Director Blas stated that the Retirement Fund may run into a funding issue depending on whether the Department of Administration (DOA) will provide additional funding for the month of September. The Retirement Fund will be short \$100,000. Vice Chair Leon Guerrero inquired about the process once funds run short. Director Blas stated that payment is made for the current month then if there's additional funds, payment will be made for the prior months. Director Blas stated that she is working with DOA to request for additional funds.

V. LEGAL COUNSEL'S REPORT

No report was made at this time.

VI. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Hernandez stated that he would like to recommend to extend the current drawdown authorization of up \$6 Million through December 2021.

Treasurer Artemio Hernandez, seconded by Trustee George Santos, moved to approve the recommendation to extend the current monthly drawdown authority of up to \$6 Million through December 2021. Without objection, the motion passed.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2021 was held on August 18 and 19, 2021. The Investment Committee Meeting was also held on August 19, 2021. The Committee reviewed and approved the Investment Committee Meeting Minutes of July 9, 2021. Treasurer Hernandez stated that as of August 13, 2021, the size of the Retirement Fund's portfolio is \$2,313,150,647. Controller Diana Bernardo pointed out that it's \$2.30 Billion as of August 18, 2021.

1. 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.

2. Defined Benefit Investment Policy Statement (IPS) and Investment Statute Discussion

Treasurer Hernandez stated that Ms. Ralbovsky provided a review of the Retirement Fund's Investment Policy Statement and an overview of recommended amendments to the Defined Benefit Investment statutory provisions citing the current statutory cap limitations on asset classes and the affect it has on the Retirement Fund's ability to achieve the expected investment return of 7%. The Investment Committee will continue discussions on investment strategies in November 2021. Treasurer Hernandez stated that Ms. Ralbovsky identified that the current DB Investment Statute mirrors more of a Department of Administration Investment Policy Statement rather than a Retirement Fund statute. Ms. Ralbovsky has expressed some difficulty with Fixed Income not generating enough return.

3. Annual Reviews

Treasurer Hernandez stated that annual reviews were conducted for the following Equity Managers:

- Dimensional Fund Advisors
- Intech (Janus Henderson Investors)
- Boston Partners (Robeco)
- Lazard Asset Management
- Acadian Asset Management
- Wellington Management

Treasurer Hernandez stated that based on Ms. Ralbovsky's recommendation, Lazard Asset Management will be kept on watch. Chairman Leon Guerrero asked how long will Lazard be kept on watch. Director Blas stated that Lazard will be revisited in November 2021.

4. Items Discussed with Wilshire Included the Following:

Treasurer Hernandez stated that Ms. Ralbovsky provided an overview of the Investment Performance and noted that for the Quarter Ended June 30, 2021, the Retirement Fund portfolio outperformed its benchmark index, ranking at the 45th percentile of Wilshire's peer group universe for the quarter. The Retirement Fund Return was 5.55% and the Benchmark Return was 5.76%.

Next Quarterly Performance Meeting – Treasurer Hernandez stated that the next Quarterly Performance Meeting is scheduled for November 17 and 18, 2021. Director Blas stated that the review of the Global REITs and Risk Parity managers will be conducted at that time. Vice Chair Leon Guerrero inquired about Northern Trust's review. Director Blas stated that she will include Northern Trust in the November 2021 Due Diligence.

B. Members and Benefits Committee

Vice Chair Leon Guerrero presented the Committee's August 2021 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 13, based on the Committee's review and findings during their meeting of August 11, 2021. Without objection, the motion passed.

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 Treasurer Artemio Hernandez, and without objection, the meeting was adjourned at 12:55 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 20, 2021 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 17, 2021.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas