



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, October 30, 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 12:53 p.m. Friday, October 30, 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
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary

Public Present:

Michael Carlson, Retiree Advocate (*Via Zoom*)

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 25, 2020 Regular Meeting

Trustee George Santos, seconded by Treasurer Artemio Hernandez, moved to approve the Minutes of the September 25, 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 October 22, 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 will be conducted in October 2020; and on the EQT case, the Court has not set a hearing date on the Defendants' Motion to Dismiss.

Chairman Leon Guerrero inquired about the lead attorney for BLBG. Director Blas stated that it was Nicholas Blair, who has retired. The lead attorney is now Hannah Ross. Chairman Leon Guerrero stated that the reason why he asked is because it seems that these cases are slowly moving.

Financial Report

1. *Contributions* - Director Blas stated that as of October 26, 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 on November 18, 2020.

3. *Fiscal Year 2021 Retirees' Supplemental Benefits* - Director Blas stated that the supplemental benefits for retirees and survivors for the month of October 2020 will be paid today. Director Blas stated that the allotment for the supplemental benefits was remitted this morning.

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

5. *Fiscal Year 2021 Annual COLA* - Director Blas stated that the FY2021 annual COLA of \$2,000 per retiree or survivor were released on October 14, 2020.

6. **Fiscal Year 2020 Audit** - Director Blas stated that the audit for Fiscal Year Ending September 30, 2020 will commence sometime in November or December 2020.

V. LEGAL COUNSEL'S REPORT

No report was made at this time.

VI. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Artemio Hernandez stated that a copy of the Cash Flow Statement for Fiscal Years 2012 to 2021 is provided for review and informational purposes. 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.

Vice Chair Antolina Leon Guerrero asked whether the drawdown, as needed to meet retiree payroll, from the money set aside for the cash flow. Director Blas replied, "Yes."

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Hernandez reported that the Investment Committee Meeting was held on October 29, 2020. The Committee reviewed and approved the Investment Committee Meeting Minutes of September 23, 2020 and the Minutes of the August 26 and 27, 2020 Due Diligence Meetings for the Quarter Ended June 30, 2020. Treasurer Hernandez stated that as of October 26, 2020, the market value of the total fund is \$1,977,552,511.

Next Quarterly Performance Meeting – Treasurer Hernandez informed the Board that the next Quarterly Performance Meeting is scheduled for November 18 and 19, 2020.

B. Members and Benefits Committee

Vice Chair Leon Guerrero presented the Committee's October 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 18, based on the Committee's review and findings during their meeting of October 21, 2020. Without objection, the motion passed.

VIII. OLD BUSINESS

A. Retiree Advocate Report – Fiscal Year 2021 Health Insurance Negotiations

Chairman Leon Guerrero stated that Michael Carlson, the Retiree Advocate, is present at today's meeting via Zoom. Mr. Carlson stated that the Negotiation Team had recommendations to the Governor that were initially approved and one (1) that was not approved. Subsequently, the Governor reconsidered her action and approved the "Realign Active Costs." Mr. Carlson stated that the Governor chose to disapprove the gym benefit enhancements.

Mr. Carlson stated that the number of retirees in the Retiree Supplemental Plan (RSP) increased. There are now up to 1,600 retirees in the RSP, which is a \$700.00 savings per month, per retiree. It's about a \$14 Million savings which could be reallocated for other purposes. Mr. Carlson stated that the retirees with Medicare Parts A and B could be counseled to transition from the PPO 1500 or HSA 2000 to the RSP. Mr. Carlson stated that they are looking into the language of the group benefits under Title 4 to change the statute for retirees that if they make an election to stay with the GovGuam health insurance then they're mandated to go into the RSP, if they have Medicare Parts A and B. Mr. Carlson stated that there was a bill that passed and became law, that states that effective Fiscal Year 2022 coverage year, there will be three (3) vendors allowed to participate. Mr. Carlson stated that there is no gain for GovGuam at all on allowing 3 vendors to participate. Mr. Carlson stated that they'll be looking at providing the 36th Guam Legislature with the recommendation and data to change the law or have it taken out completely.

Vice Chair Leon Guerrero asked whether the realignment of costs evaluated annually. Mr. Carlson stated that it is on a pay period by pay period basis. Vice Chair Leon Guerrero inquired about the number of eligible retirees that are not enrolled in the RSP. Director Blas stated that there are about 3,700 retirees age 65 and older that are eligible for Medicare. Vice Chair Leon Guerrero asked whether there is a cost to the retirees enrolled in the RSP. Mr. Carlson stated that it is zero cost to the retirees, if eligible, plus a \$700.00 savings per month, per retiree. The RSP expanded coverage to include non-Medicare spouse and non-Medicare dependents. Chairman Leon Guerrero asked whether there are retirees that are eligible to participate in the Medicare Reimbursement Program and are not enrolled. Director Blas replied, "Yes." Vice Chair Leon Guerrero suggested to start an educational campaign for the retirees.

Treasurer Hernandez asked whether there is any difference in providers if the retiree goes from the PPO 1500 or HSA 2000 to the RSP. Mr. Carlson stated that there are some providers that do not take Medicare consignment, but the majority of providers do. Treasurer Hernandez asked whether the RSP cover the Philippine network. Mr. Carlson replied, "Yes." Chairman Leon Guerrero asked whether the Board would accept the recommendation to have the law changed. Vice Chair Leon Guerrero stated that she will support the effort to change the statute and also to change the law of allowing 3 vendors. Treasurer Hernandez stated that he'll also support the recommendation. Mr. Carlson stated that he'll be looking at providing the 36th Guam Legislature with the recommendation and data supporting the change.

Vice Chair Antolina Leon Guerrero, seconded by Treasurer Artemio Hernandez, moved to accept the Retiree Advocate's Fiscal Year 2021 Health Insurance Negotiations Report. Without objection, the motion passed.

IX. NEW BUSINESS

None

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

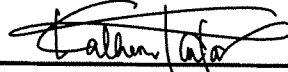
XI. ANNOUNCEMENTS

None

XII. ADJOURNMENT

There being no further business before the Board for the Defined Benefit Plan, Trustee George Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:35 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 30, 2020 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 20, 2020.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas