



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, August 25, 2023, 12:30 P.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 12:50 p.m. Friday, August 25, 2023, in the Retirement Fund Conference Room. Vice 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  
 George A. Santos, Trustee

**Board of Trustees Absent:**

Wilfred P. Leon Guerrero, Chairman (*Excused*)  
 Katherine T.E. Taitano, Secretary (*Excused*)

**Staff Present:**

Paula Blas, Director  
 Ariane Bocago, Recording Secretary

**Investment Consultant Present:**

Maggie Ralbovsky, Wilshire Associates

*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

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. July 28, 2023 Regular Meeting**

**Trustee Thomas San Agustin, seconded by Trustee George Santos, moved to approve the Minutes of the July 28, 2023 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 will publish a list of deceased COLA Awardees with their COLA award balances every six months for one year beginning in January 2024.

Director Blas reported that there are approximately 400 retirees who have unpaid COLA balances. The majority of these retirees are deceased. To ensure that Government of Guam continue to honor the COLA certificates, the FY-2024 Executive Budget contains language which reaffirms the government's pledge in the original COLA Certificate law, Public Law 29-18.

**2. *Bernstein Litowitz Berger and Grossmann (BLBG)*** - BLBG's Litigation Status Report dated August 11, 2023 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**

**3. *DB1.75 Plan Option***

Director Paula Blas stated that that the DB1.75 educational seminars via Zoom started since June 2023. At least one (1) educational seminar for the Defined Benefit 1.75 ("DB1.75") and the Defined Contribution Plan ("DC Plan") were provided at all departments/agencies as of August 24, 2023. In addition to the Zoom educational seminars, the educational video presentation is also available on the GGRF website and will remain on the website until 12/31/23. As of 8.22.23 there have been approximately 3,537 Estimated Retirement Income Comparison ("ERIC") forms sent to the departments/agencies, 1,103 employees have attended one of the seminars, 908 ERIC forms were received, and there have been 3.7K online views of the DB1.75 presentation.

Treasurer Hernandez asked what is the turnaround time for the ERIC letters and how are employees receiving them. Director Blas stated that it takes about 45 days to complete the ERIC letters and these letters are mailed to the employee. Trustee Hernandez asked when is the last day for an employee to decide. Director Blas stated that the deadline is Friday, December 29, 2023 and the election will be effective January 1, 2024.

Vice Chair Leon Guerrero asked if the window for DB members to transfer to the DC Plan is still allowed. Director Blas stated that there is an annual window between March and May of each year for

DB (old plan) members to transfer to the DC plan. There are very few employees eligible to transfer since the employee would have to have less than 20 years of creditable service in order to make the election to transfer.

### **Financial Report**

- 1. Contributions** - Director Paula Blas stated that as of August 22, 2023, all agencies are current with their Fiscal Year 2023 employee and employer contributions.
- 2. Financial Statements** - Director Blas stated that the books for the month ended July 31, 2023 is scheduled to close on August 29, 2023.
- 3. Fiscal Year 2023 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of August 2023 will be paid by the end of the month.
- 4. Fiscal Year 2023 Medicare Reimbursements** - Director Blas stated that the Retirement Fund received the August 2023 allotment from the General Fund and reimbursements were processed accordingly.

### **V. LEGAL COUNSEL'S REPORT**

None

### **VI. TREASURER'S REPORT OF FINANCIAL STATUS**

#### **A. Fiscal Year 2024 Proposed Budget**

Treasurer Hernandez stated that the FY-2024 Proposed Budget is provided for the Board's review. The total budget request for FY-2024 is \$8,502,469 (personnel benefits \$4,176,269; operating budget \$3,226,200 and asset budget \$1,100,000). There is an overall increase of \$524,240 or 6.6 % from the FY2023 Budget (7,978,229) which is largely due to the General Pay Plan 22% increase in employee salaries and benefits. There is an \$80,000 requested reduction under capital budget for office equipment and furniture & fixture and \$50,000 for contractual services. Treasurer Hernandez mentioned that there are some items left unspent this year that is expected to be spent in Fiscal year 2024. Director Blas stated that due to the DB 1.75, management decided to postpone the construction and building renovations for safety reasons. Recruitment efforts to fill vacancies will continue.

**Treasurer Artemio Hernandez, seconded by Trustee David Sanford, moved to approve the Fiscal Year 2024 Budget, as presented. Without objection, the motion unanimously passed.**

Director Paula Blas stated that she would like to recommend to extend the current drawdown authorization of up to \$7 Million through December 2023. A copy of the Cash Flow Statement is provided for the Board's review.

**Treasurer Artemio Hernandez, seconded by David Sanford, moved to approve the recommendation to extend the current monthly drawdown authority of up to \$7 Million through December 2023.**

## VII. STANDING COMMITTEE REPORTS

### A. Investment Committee

Treasurer Hernandez reported that the Quarterly Performance Review for the Quarter Ended June 30, 2023 was held on August 23 and 24, 2023. Treasurer Hernandez stated that as of August 17, 2023, the size of the Retirement Fund's portfolio was \$1,945,510,220.

#### Informational Items

- a. *Asset Allocation Summaries*
- b. *Income summary*
- c. *Securities Lending*
- d. *5 Year Plan*

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.

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

- DFA (Small Cap)
- Boston Partners
- Intech (Janus Henderson Investors)
- Schroder Investment Management North America
- Lazard Asset Management
- Acadian Asset Management
- Wellington Management

Ms. Ralbovsky stated that all seven managers outperformed the benchmark for the quarter. There are no changes of managers recommended at this time.

Treasurer Hernandez stated that Ms. Ralbovsky also provided an overview of the DB Plan's Investment Performance and noted that for the Quarter Ended June 30, 2023, the Retirement Fund Portfolio underperformed its benchmark index, ranking at the 55th percentile of Wilshire's total fund peer group universe for the quarter. Ms. Ralbovsky stated that the Retirement Fund Return for the quarter was 2.72% and the Benchmark Return was 3.31%.

Next Quarterly Performance Meeting – Treasurer Hernandez stated that the next Quarterly Performance Meeting is scheduled for November 15 -16, 2023.

### B. Members and Benefits Committee

Trustee George Santos presented the Committee's August 2023 report to the Board of Trustees.

**Trustee George Santos, seconded by Trustee Thomas San Agustin, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 11,**

based on the Committee's review and findings of the August 2023 report. Without objection, the motion 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 George Santos, seconded by Treasurer Artemio Hernandez and without objection, the meeting was adjourned at 1:16 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 25, 2023 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 22, 2023.



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KATHERINE T.E. TAITANO, Board Secretary

**RECORDING SECRETARY:**



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Ariane Bocago