



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
STABILITY • SECURITY • REWARDS

Eddie Baza Calvo  
Governor

Ray Tenorio  
Lieutenant Governor

Paula M. Blas  
Director

Trustees:

Joe T. San Agustin  
Chairman

Wilfred P. Leon Guerrero, Ed.D.  
Vice-Chairman  
Investment Committee, Chairman

Antolina S. Leon Guerrero  
Secretary

Gerard A. Cruz  
Treasurer  
Audit & Operations Committee,  
Chairman

George A. Santos  
Members' & Benefits Committee,  
Chairman

Katherine T.E. Taitano  
Trustee

Wilfred G. Aflague  
Trustee

**INVESTMENT COMMITTEE MEETING  
DEFINED BENEFIT PLAN**

Friday, June 10, 2011, 12:00pm  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee meeting was called to order at 12:00pm on Friday, June 10, 2011, in the Retirement Fund Conference Room. Investment Committee Chairman Leon Guerrero officiated.

**Board of Trustees Present:**

Wilfred P. Leon Guerrero, Chairman  
Wilfred Aflague, Member  
Gerard A. Cruz, Member  
Joe T. San Agustin, Ex-Officio

**Staff Present:**

Paula M. Blas, Director  
Rosalia Bordallo, General Accounting Supervisor  
Stephanie Herrera, Recording Secretary

**II. ACTION ITEMS**

**1. Approval of Minutes – May 27, 2011 – Regular Meeting**

A motion was made by Committee Member Cruz, seconded by Committee Member Aflague to approve the minutes of May 27, 2011, subject to correction. Without objection, the motion was passed.

### III. OPEN ITEMS

#### 1. Investment Committee 5 Year Plan

Director Blas stated that right now the Fund needs to get the new Investment Consultant who was hired, Wilshire on board. She informed the Committee that as of now the contract has not been signed. She stated that Wilshire can't get their certificate of authority to transact business because they haven't completed their documents with the Department of Revenue and Tax. Wilshire stated that it is taking longer for them to obtain the documents that they need from the State of California because of a shortage of staff. Initially Wilshire was given 8 weeks to complete their documents, but the time has been extended. Director Blas stated that she will look into another route, work with Wilshire and Department of Revenue and Taxation to help them obtain the documents that they need to get their certificate of authority.

#### **Item 8.** Perform Asset Allocation Study

To be done by the new Investment Consultant.

#### **Item 9.** Revisit Investment Related Contracts Over 5 Years Old

Done quarterly and annually with the Due Diligence and Performance Meetings.

#### **Item 10.** Perform Feasibility Study for a New Building

- b. Director Blas stated that the Architect & Engineering is still on hold with the Department of Public Works due to lack of personnel, but she spoke with their Deputy and he assured her he will look into the matter.

#### **Item 11.** Staff Development

- a. General Accounting Supervisor Bordallo is to attend Wharton in Philadelphia in September.
- b. Ongoing.
- c. Director Blas stated that with the Hay Study, Civil Service did change the pay grade as requested; however it was decided that the qualifications of the position are not tailored to what the Committee is actually looking for. Instead of going through Civil Service, Director Blas is to create an unclassified position with a deadline of October 2011 and focus on filling that position.
- d. Director Blas stated that no one had enrolled in the program for the UOG Spring/Summer Semester and she will check back again for the Fall Semester.

**Item 12. Seek Autonomous Agency Status**

Committee Chairman Leon Guerrero recommended changing this item to "Personnel Autonomy" so that the Fund may be able to hire certain professional personnel positions outside of the Civil Service Commission. Recommendation was agreed upon by the Committee to pursue Legislation for personnel autonomy.

Other: Committee Chairman Leon Guerrero stated that Legal Counsel mentioned in their discussion last week that the Guam Memorial Hospital can start their own retirement plan. Committee Chairman Leon Guerrero requested for Director Blas to consult with Legal Counsel and verify if Guam Memorial Hospital can actually get their own retirement plan and if so, can the Retirement Fund exclude them from membership.

**IV. NEW BUSINESS**

None.

**V. INFORMATIONAL ITEMS**

**1. Asset Allocation Summaries**

Asset allocation summary statements were provided to the Committee for review and informational purposes.

**2. Income Summary**

An income summary report was provided to the Committee for review and informational purposes.

**VI. OPEN DISCUSSION**

**1. Securities Lending**

Committee Chairman Leon Guerrero stated that one of the things he wanted the Investment Consultant to work on is the Securities Lending program adding that it should be treated as an investment activity and not an administrative account with the Custodian bank and he recommended having the new investment consultant do a write up of a Securities Lending Policy for the Fund. General Accounting Supervisor Bordallo added that the Securities Lending program has had some major draw backs that have made people leery, but with the current program in place for the Fund with the prior Consultant, the Fund has tightened up the restrictions on it and it is not anything like the old programs where they would be able to invest in whatever they wanted; the Fund made it clear that it's an ultra conservative package that they are expecting from them. She stated that the Fund does receive a report on how much they are receiving and Committee Chairman Leon Guerrero stated that the

report is something that the Committee needs to be reviewing and that the Fund should treat it like a money manager and have due diligence on it. Committee Member Cruz recommended starting with creating an Investment Policy Statement that deals with the Securities Lending program and within the Investment Policy Statement the Committee could spell out the parameters, the collateral requirements, the type of collateral and provide that to the Custodian bank. He added that the Fund could have them come out and do a due diligence on an annual basis and the Committee could review their performance on a quarterly basis to determine whether the income the Fund is receiving is what is expected. Recommendation was agreed upon by the Committee.

**VII. CORRESPONDENCE**

None.

**VIII. ANNOUNCEMENTS**

Meetings Scheduled:

- a. July 27 to 29, 2011 – Due Diligence For Qtr Ended 3/31/11 and Annual Review of Fixed Income Managers
- b. August 24 to 26, 2011 – Due Diligence For Qtr Ended 6/30/11 and Annual Review of Domestic Small Cap Equity Managers, Northern Trust and Bank of Guam Banking Services

**IX. ADJOURNMENT**

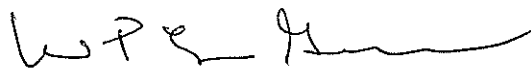
**There being no further business before the Investment Committee, a motion was made by Committee Member Aflague, seconded by Committee Member Cruz to adjourn the meeting at 1:35pm.**

**Respectfully submitted,**



**STEPHANIE A. HERRERA**  
**Recording Secretary**

**AFFIRMED:**



**Wilfred P. Leon Guerrero, Chairman**