



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

**INVESTMENT COMMITTEE MEETING  
DEFINED BENEFIT PLAN**  
Friday December 28, 2012  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee meeting was called to order at 11:21 a.m. on Friday December 28, 2012, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred P. Leon Guerrero officiated.

**Board of Trustees Present:**

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

**Staff Present:**

Paula Blas, Director  
Diana Bernardo, Controller  
Rosalia Bordallo, General Accounting Supervisor  
Jackie Blas, Recording Secretary

## **II. ACTION ITEMS**

- 1. November 29, 2012 Regular Investment Committee Meeting Minutes**
- 2. August 29, and 30, 2012 Due Diligence Meeting for the Quarter Ended June 30, 2012 Minutes**
- 3. November 28, and 29, 2012 Due Diligence Meeting for the Quarter Ended September 30, 2012 Minutes**

A motion was made by Committee Chairman Wilfred Leon Guerrero, seconded by Committee Vice Chairman Gerard Cruz to table the minutes of the November 29, 2012 Regular Investment Committee Meeting, and the minutes of the August 29, and 30, 2012 and the November 28, and 29, 2012 Due Diligence Meetings. Without objection, the motion was passed.

## **III. OPEN ITEMS**

### **1. Investment Committee 5 Year Plan**

- Merit Bonus for Employees
- Investment Specialist Position
- Director's Salary

Committee Chairman Leon Guerrero stated that he would like to propose for a meritorious pay. Committee Chairman Leon Guerrero stated that the awarding of merit bonuses for the Retirement Fund should be under the Board's authority. Committee Chairman Leon Guerrero stated that he strongly urges Management to propose merit bonuses and to ask the Retirement Fund's Legal Counsel whether the Board has the discretion to award bonuses. Committee Vice Chairman Cruz stated that the Board should have some discretion. Director Paula Blas stated the Retirement Fund would need to have the law changed. Board Chairman Joe T. San Agustin asked whether there is any provision in the law that prohibits the Board from awarding bonuses. Director Blas stated that it is not in the law but, Legal Counsel has stated that if it is silent, then it is not allowable. Rosalia Bordallo, General Accounting Supervisor, stated that the Retirement Fund falls under the Department of Administration's Rules and Regulations. Committee Vice Chairman Cruz suggested having a study commission look at the salaries for comparable positions within the various Retirement systems. The Retirement Fund may need to issue a Request for Proposal (RFP) or have Milliman, Inc. or Mercer Investment Consulting, Inc. conduct the study. Director Blas stated that it is not within Milliman and Mercer's scope of work that they were hired for. Committee Chairman Leon Guerrero stated that the

Investment Committee recommends that an RFP be issued for a comprehensive study of employee compensation.

Committee Chairman Leon Guerrero asked whether the Investment Specialist Position will be filled. Director Blas stated that the merit system prevents the Retirement Fund from paying above the pay schedule.

Committee Chairman Leon Guerrero inquired about the Director's salary. Board Chairman San Agustin stated that the Director's salary is set up by law not to exceed the Governor's salary. Committee Chairman Leon Guerrero stated that the Retirement Fund needs to look into having the law changed.

## **2. Draft Bill to Amend Investment Statute**

Director Blas stated that Legal Counsel was asked to prepare a provision by provision matrix which should be ready by the next meeting. Committee Chairman Leon Guerrero noted that this item is still pending.

## **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. Committee Chairman Leon Guerrero inquired about the Retirement Fund's Portfolio. Controller Diana Bernardo stated that it is \$1.38 Billion as of December 24, 2012. Committee Chairman Leon Guerrero asked whether there is anything that needs to be done. Director Blas stated that there is no recommendation at this time.

### **2. Income Summary**

An income summary report was provided to the Committee for review and informational purposes. Director Blas stated that the total interest and dividend income for October and November 2012 is \$5.7 Million. Committee Chairman Leon Guerrero inquired about the percentage on returns. Committee Vice Chairman Cruz stated that it is 4.5% or 5% total returns on bonds.

### **3. Securities Lending**

A report on securities lending was provided to the Committee for review and informational purposes. Committee Vice Chairman Cruz stated that we are sticking with what we have.

**VI. OPEN DISCUSSION**

None.

**VII. CORRESPONDENCE**

None.

**VIII. ANNOUNCEMENTS**

**1. Next Due Diligence Meeting: February 20, and 21, 2013**

Committee Chairman Leon Guerrero stated that the next Due Diligence Meeting is scheduled for February 20, and 21, 2013. Committee Vice Chairman Cruz suggested having Maggie Ralbovsky of Wilshire Associates submit in advance the information to the Retirement Fund on items she will be discussing when she gets here. Director Blas stated that she will ask Ms. Ralbovsky to forward the reading materials of what she will be discussing in advance.

**IX. ADJOURNMENT**

**There being no further business before the Investment Committee, a motion was made by Committee Chairman Wilfred Leon Guerrero, seconded by Committee Vice Chairman Gerard Cruz to adjourn the meeting at 11:47 a.m.**

**Respectfully submitted,**



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**JACKIE M. BLAS**  
**Recording Secretary**

**AFFIRMED:**



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**WILFRED P. LEON GUERRERO, Ed.D.**  
**Investment Committee Chairman**