



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

(Vacant)
 Members' & Benefits Committee,
 Chairman

Katherine T.E. Taitano
 Trustee

James R.F. Duenas
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Friday, July 26, 2013, 12:30 p.m.
 Retirement Fund Conference Room

MINUTES

DEFINED BENEFITS

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Benefits Plan was called to order at 1:10 p.m. Friday, July 26, 2013, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
 Wilfred P. Leon Guerrero, Vice Chairman
 Antolina S. Leon Guerrero, Secretary
 James R.F. Duenas, Trustee

Board of Trustees Absent:

Gerard A. Cruz, Treasurer (*Excused*)
 Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

Diana Bernardo, Controller
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Alice Taijeron, Great-West Retirement Services

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. June 28, 2013 Regular Meeting

On motion of Vice Chairman Wilfred Leon Guerrero, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of June 28, 2013 Regular Meeting were approved, subject to technical corrections. Motion unanimously passed.

III. CORRESPONDENCE

None

IV. INFORMATIONAL ITEMS

None

V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Candelaria Rios, et al. vs. Joseph Ada, et al. (Special Proceeding Case No. SP206-93)* –

Controller Diana Bernardo stated that 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. Controller Bernardo stated that COLA payments are still being made. There are 150 COLA awards with partial payment made and 300 where no payments have been made at all.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* – Controller Bernardo stated that BLBG's Litigation Status Report dated July 19, 2013 on the following lawsuits is provided for the Board's information. Controller Bernardo stated that these cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

- **Lehman Brothers**
- **Genzyme Corporation**
- **AXA Rosenberg**
- **MF Global**

3. *Request for Proposal (RFP) - Legal Services: Portfolio Monitoring and Securities Litigation* – Controller Bernardo stated that in the best interest of the Retirement Fund, RFP No. GGRF-001-12 was cancelled. Controller Bernardo stated that the information submitted for the RFP is outdated. The Retirement Fund will reissue the RFP. Vice Chairman Wilfred Leon Guerrero stated that Trustee James Duenas will chair the Selection Panel.

4. *Board of Trustees Election* – Controller Bernardo stated that Vincent Jon Duenas was the only candidate to submit a packet. On July 1, 2013, the Retirement Fund received official notice from the Guam Election Commission that Mr. Duenas did not meet the requirements of the petition qualifications for the Office. Therefore, there will be no Interim Board Election to fill this vacancy. Controller Bernardo stated that the Board of Trustees, through a majority vote, shall select an "Interim Member" to serve. The Interim Member must meet all the required qualifications for the Active Member Office:

- Active employee of the Government of Guam;
- Employed with the Government of Guam for at least five (5) years; and
- A contributing member of the Defined Benefit (DB) or Defined Contribution (DC) Plan.

Controller Bernardo stated that the Trustees are requested to submit their nomination for the Active Member Office by Friday, August 2, 2013. Controller Bernardo stated that Director Paula Blas will determine the eligibility of the nominees and confirm their willingness to serve as a Trustee. The Board should be prepared to make a selection at the August 30, 2013 Board meeting. Controller Bernardo stated that the term for this Office will expire July 2, 2014. Secretary Antolina Leon Guerrero asked whether the Board could nominate Mr. Duenas. Alice Tajeron of Great-West Retirement Services (Great-West) stated that Mr. Duenas does meet the qualifications for the Active Member Office. Yes, the Board can still nominate Mr. Duenas.

5. Proposed Legislation – Controller Bernardo stated that the Retirement Fund’s proposed legislation to amend the Defined Benefit (DB) Plan Investment statute has been transmitted to Senator Ben Pangelinan’s Office. The Bill is scheduled to be introduced in August and a public hearing on the Bill is scheduled for August 30, 2013 at 3:00 p.m. at the Legislative Public Hearing Room.

Trustee Duenas inquired about the Hybrid Plan. Chairman San Agustin stated that he thinks Senator Pangelinan will sink it in with the budget. Vice Chairman Leon Guerrero stated that he is concerned with the Hybrid Plan with regards to the unfunded liability.

Financial Report

1. Contributions – Controller Bernardo stated that as of July 23, 2013, all agencies are current with their Fiscal Year 2013 employee and employer contributions.

2. Financial Statements – Controller Bernardo stated that the books for the month ending June 2013 were closed on July 18, 2013.

3. Fiscal Year 2013 Retirees’ Supplemental Benefits – Controller Bernardo stated that supplemental benefits for retirees and survivors for the month of July 2013 will be paid at the end of the month.

4. Fiscal Year 2013 Medicare Reimbursements – Controller Bernardo stated that the Retirement Fund received the July 2013 allotment from the General Fund and Medicare reimbursements were processed accordingly. Controller Bernardo stated that the Fiscal Year 2013 appropriation is insufficient to cover the remainder of the Fiscal Year. Without the supplemental funding of approximately \$265,000, there will be no Medicare Reimbursements for the months of August and September, 2013. Rosalie Bordallo, General Accounting Supervisor, stated that someone needs to communicate with the Legislature regarding the shortfall.

VI. LEGAL COUNSEL’S REPORT

No report was made at this time.

VII. TREASURER’S REPORT OF FINANCIAL STATUS

Controller Bernardo stated that the Treasurer’s Report is provided at this meeting. It covers the Retirement Fund’s Statement of Plan Assets (unaudited) and Prior Year Receivables for both the DB Plan and the DC Plan for the month ended June 30, 2013. Controller Bernardo stated that the

Retirement Fund's total assets are \$1.8 Billion (\$1.50 Billion for the DB Plan and \$323 Million for the DC Plan).

Controller Bernardo stated that the cash flow is still within its authorization. Chairman San Agustin asked how much. Controller Bernardo stated that the total drawdown for the year is estimated to be \$23.2 Million.

VIII. STANDING COMMITTEE REPORTS

A. Members and Benefits Committee

Secretary Leon Guerrero presented her Committee's July 2013 report to the Board of Trustees.

Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 16, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of July 10, 2013 and subsequent meetings thereafter. Without objection, the motion unanimously passed.

B. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on July 25, 2013. The Committee reviewed and approved the Investment Committee Minutes of March 8, 2013, April 25, 2013, May 30, 2013, and June 14, 2013. Vice Chairman Leon Guerrero reported that the size of the Retirement Fund's portfolio, as of July 23, 2013, was \$1.5 Billion.

Request for Proposal (RFP) for Transition Services – Vice Chairman Leon Guerrero stated that the Investment Committee recommends issuance of an RFP for Transition Services. Vice Chairman Leon Guerrero stated that the Investment Committee would like to put a system in place to facilitate the transfer of assets when managers are terminated.

Vice Chairman Wilfred Leon Guerrero, seconded by Trustee James Duenas, move to approve the Investment Committee's recommendation for the issue of a Request for Proposal for Transition Services. Without objection, the motion unanimously passed.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is tentatively scheduled for August 28, and 29, 2013. Vice Chairman Leon Guerrero stated that Maggie Ralbovsky of Wilshire Associates will also be here at the same time for the public hearing regarding the investment statute scheduled for August 30, 2013 at 3:00 p.m.

Trustee James Duenas, seconded by Secretary Antolina Leon Guerrero, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

IX. OLD BUSINESS

None

X. NEW BUSINESS

- A. Resolution No. 2013-001 – Relative to Recognizing and Commending George A. Santos for his Contributions as an Elected Active Member Trustee of the Government of Guam Retirement Fund**

Controller Bernardo stated that Resolution No. 2013-001 is relative to recognizing and commending George Santos for his contributions as an Elected Active Member Trustee of the Retirement Fund Board.

Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, moved to approve Board Resolution No. 2013-001 relative to recognizing and commending George A. Santos for his contributions as an Elected Active Member Trustee of the Government of Guam Retirement Fund. Without objection, the motion unanimously passed.

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

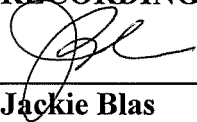
There being no further business before the Board for the Defined Benefits Plan, on motion of Secretary Antolina Leon Guerrero, seconded by Trustee James Duenas, and without objection, the meeting was adjourned at 1:37 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 26, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 30, 2013.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas