



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

Katherine T.E. Taitano
 Trustee

James R.F. Duenas
 Trustee

David M. O'Brien
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Friday, December 20, 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 1:30 p.m. Friday, December 20, 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
 Gerard A. Cruz, Treasurer
 James R.F. Duenas, Trustee
 David M. O'Brien, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

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

Public Present:

Christian Cristobal, Senator Ben Pangelinan's Office

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 22, 2013 Regular Meeting

On motion of Treasurer Gerard Cruz, seconded by Trustee James Duenas, and without objection, the Minutes of November 22, 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)* – Director Paula Blas 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.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* - Director Blas stated that BLBG's Litigation Status Report dated December 16, 2013 on the following lawsuits is provided for the Board's information. Director Blas stated that these cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

- Lehman Brothers
- Genzyme Corporation
- MF Global
- Invacare Corporation

3. *Legislative Bills/Public Laws*

- **Public Law 32-086 – Relative to the Investment Sections of the Defined Benefits (DB) Plans of the Government of Guam Retirement Fund** – Director Blas stated that Public Law 32-086 (Bill No. 170-32) as amended was enacted into law on November 27, 2013. A review of the law as amended was provided by Maggie Ralbovsky of Wilshire Associates, and Joanne Grimes, the Retirement Fund's Legal Counsel. A recommendation by Ms. Ralbovsky and Legal Counsel is to request for the removal of the floor amendments. The proposed amendments and rationale for these amendments has been forwarded to Senator Ben Pangelinan on December 13, 2013. This item and Bill No. 245-32 were discussed earlier with Senator Pangelinan during the Defined Contributions (DC) meeting.

4. *Director and Officers (D&O) Liability Insurance* – Director Blas stated that an Invitation for Bid (IFB) will be issued at the end of December 2013 to provide an increase of coverage. The inclusion of the recommended changes in the amount of coverage will be addressed at that time. Director Blas stated that the D&O Insurance should be in place by next month.

Financial Report

1. *Contributions* - Director Blas stated that as of December 17, 2013, all agencies are current with their Fiscal Year 2014 employee and employer contributions.

2. ***Financial Statements*** - Director Blas stated that the books for the month ending September 2013 were closed on December 3, 2013 and the books for the fiscal year ending September 30, 2013 were closed on December 4, 2013.
3. ***Fiscal Year 2013 Audit*** - Director Blas stated that the audit for Fiscal Year ending September 30, 2013 is scheduled to commence next week. Final audit reports are scheduled to be issued no later than February 28, 2014.
4. ***Fiscal Year 2014 Retirees' Supplemental Benefits*** - Director Blas stated that supplemental benefits for retirees and survivors for the month of December 2013 will be paid next week.
5. ***Fiscal Year 2014 Medicare Reimbursements*** - Director Blas stated that the Retirement Fund received the December 2013 allotment from the General Fund and reimbursements were processed accordingly.

VI. LEGAL COUNSEL'S REPORT

No report was made at this time.

VII. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Gerard Cruz 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 and Fiscal Year ended September 30, 2013. Treasurer Cruz stated that the Retirement Fund's combined net assets are \$1.9 Billion. Treasurer Cruz stated that we are still within our drawdown authority.

VIII. STANDING COMMITTEE REPORTS

A. Members and Benefits Committee

Secretary Antolina Leon Guerrero presented the Committee's December 2013 report to the Board of Trustees. Vice Chairman Wilfred Leon Guerrero inquired about the disability case that was tabled. Secretary Leon Guerrero stated that the applicant's appointment is in December and the case should be presented in the January 2014 meeting.

Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 13, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of December 11, 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 December 13, 2013. The Committee reviewed and approved the Investment Committee Minutes of November 21, 2013.

Vice Chairman Leon Guerrero stated that the following was approved for Board action:

1. Bill 170-32 Enacted as Public Law 32-086 – Vice Chairman Leon Guerrero stated that the Investment Committee reviewed and discussed Legal Counsel’s December 11, 2013 letter and draft legislation relative to the “Proposed Repeal of the Floor Amendments to Bill 170-32 Enacted as Public Law 32-086. The Floor Amendments pertained to the inclusion of the following:

- a. “In any rolling 12 month period” in sections 8144, 8145, and 8149, and
- b. “And is in good standing with the Financial Industry Regulatory Authority (FINRA) and Security and Exchange Commission (SEC) on a continuous and ongoing basis” in section 8145.

Vice Chairman Leon Guerrero stated that the Investment Committee recommends approval of the draft legislation to repeal the Floor Amendments discussed above since:

- a. Item a above can be interpreted to mean a rolling 12 month period prior to, but not at the time of, contracting.
- b. Item b above requires the Retirement Fund to obtain from FINRA and the SEC determination of good standing on a continuous and ongoing basis. It also assumes that FINRA and SEC will issue good standing determinations.

Chairman San Agustin inquired about the proposed change to the Fund’s asset allocation. Director Blas stated that it’s pending the passage of the bill. Vice Chairman Leon Guerrero asked what the basis to challenge the law is. Secretary Leon Guerrero stated that, based on the discussion with Senator Pangelinan, it did not sound that there would be any issues. Director Blas stated that a lot of the senators are willing to revisit the bill. Trustee David O’Brien asked how long it will take if it is challenged in court. Director Blas stated that the process is long. Vice Chairman Leon Guerrero stated that he is concerned about personal liability.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is tentatively scheduled for February 26, and 27, 2014.

Treasurer Gerard Cruz, seconded by Trustee James Duenas, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

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 David O'Brien, and without objection, the meeting was adjourned at 2:03 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 20, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 31, 2014.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas