



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

**INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN**
Thursday, November 21, 2013
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee Meeting was called to order at 12:12 p.m. Thursday, November 21, 2013, 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
James R.F. Duenas, Member

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. ACTION ITEMS

1. **October 30, 2013 Regular Investment Committee Meeting Minutes**
2. **August 28, and 29, 2013 Due Diligence Meeting for the Quarter Ended June 30, 2013 Minutes**

A motion was made by Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas, to approve the minutes of October 30, 2013 Regular Investment Committee Meeting, subject to technical corrections; and to table the minutes of the August 28, and 29, 2013 Due Diligence Meeting. Without objection, the motion was passed.

III. OPEN ITEMS

None

IV. NEW BUSINESS

None

V. INFORMATIONAL ITEMS

1. **Due Diligence Meeting – November 20, and 21, 2013**

Committee Chairman Leon Guerrero stated that during the Quarterly Performance Meeting on November 20, and 21, 2013, the following items were discussed:

Bill 170-32 – Changes to DB Plan Investment Statutes – Maggie Ralbovsky of Wilshire Associates compared the Retirement Fund's current asset allocation to three (3) target portfolio allocations, and recommended, upon the passage of Bill 170-32 into law, to implement Portfolio A over a 5-Step process. Ms. Ralbovsky stated that we cannot get to Portfolio A in one step, so she is proposing a 5 Step process. Committee Vice Chairman Gerard Cruz stated that the Committee is okay with the portfolio targets as presented by Ms. Ralbovsky in her report "Investment Update Asset Allocation" dated November 21, 2013. The Committee could condition the approval on the passage of the law.

Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas, moved to approve Portfolio Target A, as presented by Wilshire Associates, subject to the passage of Bill 170. Without objection, the motion unanimously passed.

Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas, moved to amend the Investment Policy Statement to reflect the approval of Portfolio Target A, and the creation of the execution plan to implement, and to include the risk assessments. Without objection, the motion unanimously passed.

Watch List - Committee Chairman Leon Guerrero stated that Wilshire's recommendation is to continue to keep Eaton Vance and Franklin Templeton on the Watch List.

Annual Reviews - Committee Chairman Leon Guerrero stated that annual reviews were conducted with Robeco and Intech. No issues emerged from the meeting.

2. Asset Allocation Summaries

A copy of the asset allocation summary statements was provided to the Committee for review and informational purposes. Since the allocation to fixed income is below the minimum target of 25%, Committee Chairman Leon Guerrero asked Mrs. Ralbovsky if the Committee will be looking at the asset allocation when the law passes. Mrs. Ralbovsky replied, "Yes." Committee Vice Chairman Cruz recommended widening the range another five percentage points in either direction. Director Paula Blas stated that once the bill is passed, we are going to have to revisit it.

3. Income Summary

A summary of interest and dividend income was provided to the Committee for review and informational purposes.

4. Securities Lending

A summary of securities lending earnings was provided to the Committee for review and informational purposes.

Controller Diana Bernardo asked whether the Committee would like to make a change on securities lending as proposed by Northern Trust during their annual due diligence meeting on November 21, 2013. Committee Vice Chairman Cruz stated that it is worth discussing. Mrs. Ralbovsky stated that this was discussed at previous meetings and her view is that there is not a lot of risk going full scale to securities lending. Mrs. Ralbovsky stated that the risks are very minor. In 2008, Northern's prime market lending pool sustained a 2-3 cents loss, so they locked everyone up. Committee Vice Chairman Cruz stated that, on securities lending, whether we stay or move, is not going to have an impact. Controller Bernardo asked whether to remain status quo because of the possible change in allocation. Committee Vice Chairman Cruz stated that he is recommending staying on course for now.

Committee Chairman Leon Guerrero stated that Northern Trust wants a copy of the Retirement Fund's Investment Policy Statement. Controller Bernardo stated that Northern Trust also provide a discussion of compliance monitoring services also offered by Northern Trust. Controller Bernardo stated that she will provide Northern Trust with the Investment Policy Statement regarding compliance monitoring for Northern Trust to provide a quote.

VI. OPEN DISCUSSION

None

VII. CORRESPONDENCE

None

VIII. ANNOUNCEMENTS

1. Next Due Diligence Meeting: February 26, and 27, 2014

Committee Chairman Leon Guerrero informed the Committee that the next due diligence meeting is scheduled for February 26, and 27, 2014.

IX. ADJOURNMENT


There being no further business before the Investment Committee, a motion was made by Committee Vice Chairman Gerard Cruz, seconded by Committee Member James Duenas, to adjourn the meeting at 12:28 p.m. Without objection, the motion was passed.

Respectfully submitted,



JACKIE M. BLAS
Recording Secretary

AFFIRMED:



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