



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
Wednesday, September 25, 2013
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee Meeting was called to order at 12:38 p.m. Wednesday, September 25, 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
Joe T. San Agustin, Ex Officio

Staff Present:

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

II. ACTION ITEMS

- 1. August 29, 2013 Regular Investment Committee Meeting Minutes**
- 2. May 29, and 30, 2013 Due Diligence Meeting for the Quarter Ended March 31, 2013 Minutes**
- 3. 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 August 29, 2013 Regular Investment Committee Meeting, subject to technical corrections, and to table the minutes of the May 29-30, 2013 and August 28-29, 2013 Due Diligence Meetings. Without objection, the motion was passed.

III. OPEN ITEMS

None

IV. NEW BUSINESS

None

V. INFORMATIONAL ITEMS

1. Asset Allocation Summaries

A copy of the asset allocation summary statements was provided to the Committee for review and informational purposes. Controller Diana Bernardo stated that the total portfolio as of September 20, 2013 is \$1.51 Billion. Controller Bernardo stated that the target allocation does not reflect the changes accepted at the last Board Meeting, but the changes will be made available at the Board Meeting this Friday. As far as Market vs. Cost, Capital International is still below cost at (\$15,389,250) and Garcia Hamilton slightly below cost at (\$1,615,903). Controller Bernardo stated that the Retirement Fund has \$4 Million in cash, which may be used for the next pay period. Committee Vice Chairman Gerard Cruz asked whether all transitions have been completed. Director Paula Blas replied, "Yes."

Committee Chairman Leon Guerrero asked whether there is any speculation on what Maggie Ralbovsky of Wilshire Associates is going to propose on the changes on the asset allocation. Director Blas stated that Ms. Ralbovsky has been talking about Risk Parity and High Yield Debt. Committee Vice Chairman Cruz stated that Ms. Ralbovsky would probably also pitch Global Fixed Income. Most of our fixed income is invested in U.S. companies and U.S. treasuries. Committee Vice Chairman Cruz stated that Ms. Ralbovsky is going to propose that we invest in international bonds. Committee Chairman Leon Guerrero stated that there is a possibility of enhancing the returns.

Director Blas stated that the bill will be heard and voted on in the October Legislative Session, which is expected to be within three weeks. Committee Vice Chairman Cruz asked whether there are any issues on the bill. Director Blas stated that it is not a controversial bill.

2. Income Summary

A summary of interest and dividend income was provided to the Committee for review and informational purposes. Controller Bernardo stated that the interest and dividends for August 2013 is \$2.3 Million. The year-to-date interest and dividends is \$33 Million. Committee Chairman Leon Guerrero stated that if things don't change drastically, we are looking at a 10% return. Rosalia Bordallo, General Accounting Supervisor, stated that it is 12%. Committee Chairman Leon Guerrero stated that we need \$208 Million for payroll for the next fiscal year. We can expect \$35 Million to come from interest and dividend income and \$100 Million in contributions from the current payroll. We will need roughly \$73 Million to meet payroll. Director Blas stated that contributions should be higher than \$100 Million.

3. Securities Lending

A summary of securities lending earnings was provided to the Committee for review and informational purposes. Committee Vice Chairman Cruz stated that the securities lending earnings is \$600,000.

VI. OPEN DISCUSSION

None

VII. CORRESPONDENCE

None

VIII. ANNOUNCEMENTS

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

Committee Chairman Leon Guerrero informed the Committee that the next due diligence meeting is tentatively scheduled for November 20, and 21, 2013.

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 1:23 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