



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

Anthony C. Blaz
 Trustee

David M. O'Brien
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Friday, December 19, 2014, 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 2:00 p.m. Friday, December 19, 2014, 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
 David M. O'Brien, Trustee
 Anthony C. Blaz, Trustee

Board of Trustees Absent:

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

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary
 Alice Taijeron, Director, Client Relations & Plan Counseling, Great-West Financial

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 21, 2014 Regular Meeting

Secretary Antolina Leon Guerrero inquired about the statement regarding the investment performance on Page 5 of the November 21, 2014 minutes – “For the Quarter Ended September 30, 2014, the Retirement Fund’s portfolio outperformed its benchmark index by 5 basis points, ranking at the 89th percentile of Wilshire’s peer group universe for the quarter. The Retirement Fund’s return was -2.00% and the benchmark return was -1.95%.” Director Paula Blas stated that it should read “the Retirement Fund’s portfolio underperformed its benchmark index by 5 basis points ...” Chairman San Agustin so noted the correction made.

Secretary Antolina Leon Guerrero, seconded by Trustee David O’Brien, moved to approve the Minutes of the November 21, 2014 Regular Meeting, as corrected, subject to further technical corrections. Without objection, the 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 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 11, 2014 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.

- **MF Global**
- **Invacare Corporation**

Director Blas stated that she received a Notice of Deposition on the MF Global case. Treasurer Gerard Cruz will represent the Retirement Fund at the deposition. Trustee David O’Brien suggested that BLBG’s report should be more straight-forward i.e. to include the progress of the case, and an estimate of the probability of the outcome of the case.

Vice Chairman Wilfred Leon Guerrero inquired about the search for another lawyer that never materialized. Vice Chairman Leon Guerrero stated that there is no definitive action from BLBG and he indicated that he would like to issue a Request for Proposal (RFP). Director Blas stated that she will reissue the RFP.

Financial Report

1. ***Contributions*** - Director Blas stated that as of December 16, 2014, all agencies are current with their Fiscal Year 2015 employee and employer contributions.
2. ***Financial Statements*** - Director Blas stated that the books for the month ending October 31, 2014 were closed on December 5, 2014. The books for the month ending November 30, 2014 will be closed next week.
3. ***Fiscal Year 2015 Retirees' Supplemental Benefits*** - Director Blas stated that supplemental benefits for retirees and survivors for the month of December 2014 will be paid before the end of the month.
4. ***Fiscal Year 2015 Medicare Reimbursements*** - Director Blas stated that the Retirement Fund received the December 2014 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

Director Blas stated that the Treasurer's Report is provided at this meeting. It covers the Retirement Fund's Statement of Plan Net Position and Statement of Changes in Plan Net Position (unaudited) and Prior Year Receivables for both the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended October 31, 2014.

Director Blas stated that the drawdown schedule of \$3.5 Million per month as needed is still within its existing authority. Director Blas pointed out that there was no principal drawdown made in October 2014. Director Blas stated that the total combined assets as of October 31, 2014 were \$2.1 Billion.

Chairman San Agustin asked Controller Diana Bernardo to explain the problem between the Retirement Fund and the Bank of Guam with regards to the Electronic Fund Transfers (EFTs). Controller Bernardo stated that the problem is with rejects of EFTs. Rejects for all accounts are currently returned to the Retiree Payroll account. However, only retiree payroll rejects should be returned to the Retiree Payroll account, all other rejects should be returned to their respective accounts. Director Blas stated that all rejects go directly into the Retirement Fund's primary account, which is the Retiree Payroll account. Controller Bernardo stated that this affects/delays the process of reconciling bank accounts. Controller Bernardo pointed out that the Retirement Fund did not have this problem with First Hawaiian Bank.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on December 15, 2014. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 20, 2014, and the September 24, and 25, 2014 Due Diligence Meeting Minutes.

Vice Chairman Leon Guerrero informed the Board that there is a pending issue regarding the Securities Lending Program, and he has asked Maggie Ralbovsky of Wilshire Associates to make an evaluation. Controller Bernardo stated that the Investment Committee has recommended Option 1 with a counter offer of a 70/30 split, which she emailed to Northern Trust. Controller Bernardo stated that Northern Trust's response will be entertained at the next Investment Committee meeting. Chairman San Agustin so noted the Investment Committee's counter offer.

Trustee O'Brien inquired about the asset allocation. Director Blas stated that it will be addressed when Maggie Ralbovsky gets here in February 2015.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is tentatively scheduled for February 25, and 26, 2015.

Trustee Anthony Blaz, seconded by Trustee David O'Brien, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

B. Members and Benefits Committee

Secretary Leon Guerrero presented the Committee's December 2014 report to the Board of Trustees.

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 10, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of December 10, 2014 and subsequent meetings thereafter. Without objection, the motion unanimously passed.

IX. OLD BUSINESS

None

X. NEW BUSINESS

A. Performance Evaluation

Chairman San Agustin stated that by statute, Director Blas' salary cannot be more than the Governor's salary. Chairman San Agustin further stated that Director Blas' salary has been frozen since 2008.

Trustee Anthony Blaz, seconded by Trustee David O'Brien, moved to approve that the Board of Trustees go into Executive Session. Without objection, the motion unanimously passed.

EXECUTIVE SESSION: 2:45 P.M.

RECONVENED: 3:04 P.M.

At this time Chairman San Agustin announced that the Board of Trustees has returned to its regular meeting.

Vice Chairman Wilfred Leon Guerrero, seconded by Secretary Antolina Leon Guerrero, moved to accept Treasurer Gerard Cruz's recommendation of a base salary adjustment to \$120,000.00, based on the discussion held during the Executive Session, effective immediately and retroactive to January 15, 2014, the effective date of Public Law 32-208. 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 David O'Brien, and without objection, the meeting was adjourned at 3:05 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 19, 2014 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 30, 2015.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas