



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

**INVESTMENT COMMITTEE MEETING**  
**DEFINED BENEFIT PLAN**  
Friday, August 15, 2014  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee Meeting was called to order at 12:25 p.m. Friday, August 15, 2014, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred P. Leon Guerrero officiated.

**Board of Trustees Present:**

Wilfred P. Leon Guerrero, Chairman  
Anthony C. Blaz, Member  
David M. O'Brien, Trustee

**Staff Present:**

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

## **II. ACTION ITEMS**

- 1. July 24, 2014 Regular Investment Committee Meeting Minutes**
- 2. May 28, and 29, 2014 Due Diligence Meeting for the Quarter Ended March 31, 2014 Minutes**

**Committee Member Anthony Blaz, seconded by Committee Chairman Wilfred Leon Guerrero, moved to approve the Minutes of the July 24, 2014 Regular Investment Committee Meeting, subject to technical corrections; and to table the Minutes of the May 28, and 29, 2014 Due Diligence Meetings. Without objection, the motion unanimously passed.**

## **III. OPEN ITEMS**

None

## **IV. NEW BUSINESS**

- 1. Bernstein Litowitz Berger & Grossman (BLBG) August 3, 2014 Email  
Re: Omnicare, Inc.**

Director Paula Blas stated that BLBG is filing an Amicus Brief for all investors and they are requesting for the support from all the people that they represent in the securities litigation industry. Director Blas stated that this is similar to the IndyMac brief that BLBG did a couple of months ago. Committee Chairman Leon Guerrero inquired about costs. Director Blas stated that there is no cost. The Retirement Fund is not even a litigant in this case. Director Blas stated that in the past, by doing this, the Board found that there was no harm to the Retirement Fund to participate. Committee Chairman Leon Guerrero stated that the Investment Committee will recommend to the Board to support BLBG's effort to file the Amicus Brief.

## **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 as of August 12, 2014, the Retirement Fund's total market value is \$1.6 Billion, cost is at \$1.4 Billion, and the market over cost is \$201 Million. Controller Bernardo stated that the Domestic Large Cap Equity allocations are above the maximum target allocation of 36%. Fixed Income is below the minimum target allocation of 25%. Committee Chairman Leon Guerrero informed Committee Member Anthony Blaz that the Committee has been deliberately letting this asset allocation stand as is because the Committee anticipates on changing it during next month's due diligence with Wilshire Associates.

- 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 total interest and dividend income for July 2014 is \$2.5 Million and the total interest and dividend income year-to-date total is \$28.6 Million.

### **3. Securities Lending**

A summary of securities lending earnings was provided to the Committee for review and informational purposes. Controller Bernardo stated that the Securities Lending income for July 2014 is \$11,554 and the year-to-date total is \$236,737.

### **4. Litigation Settlements**

A summary of litigation proceeds from Fiscal Year 2006 to Fiscal Year 2014 was provided to the Committee for review and informational purposes. Controller Bernardo stated that there are no changes from the last report. Controller Bernardo stated that the Retirement Fund's total recovery from FY2006 to date is \$6.3 Million or 16.2%. Committee Chairman Leon Guerrero stated that he thought that Worldcom has been settled. Director Blas stated that it has been settled, but it's in the report to show what was recovered from the lawsuit. Committee Chairman Leon Guerrero stated that the lawsuit he would like to see settled is Lehman. Director Blas stated that Lehman was settled last year. Controller Bernardo stated that she thinks that recovery was \$138,659, but she will double check it.

### **5. 5-Year Plan**

Committee Chairman Leon Guerrero stated that the Investment Committee does not have anything in the policy stating that all vendors will be reviewed periodically and on a certain time. Director Blas stated that it is prudent to review them. Committee Chairman Leon Guerrero also stated that there should be a policy on staff and Trustee professional development. Committee Chairman Leon Guerrero stated that he is concerned of the Investment Adviser's contract being up for review. There should be something written in the policy that the vendors will be reviewed every five years. Director Blas stated that the managers are reviewed annually. Trustee David O'Brien stated that the Investment Adviser's contract should indicate that it will be reviewed every five years. Director Blas stated that an annual review is conducted on almost all the vendors. Committee Chairman Leon Guerrero stated that this 5-Year Plan is not based on a policy, it's just a plan. Committee Chairman Leon Guerrero stated that he would like to have the Board adopt the 5-Year Plan as a policy. Committee Chairman Leon Guerrero stated that Management will inform the Investment Committee on how to put this in the policy. Controller Bernardo stated that at the last Investment Committee Meeting, "Staff Development" was deleted from the 5-Year Plan. Controller Bernardo stated that she will put it back in. Trustee O'Brien asked whether the wording on No. 9 should be "Review or Issue Request for Proposals (RFPs)." Controller Bernardo stated that it has always been "Issue RFP." Trustee O'Brien asked what are we really saying that we want to do. Controller Bernardo stated that we could change the title on No. 9 to read: "Consider Issuing an RRF." The same change will also be made on No. 4 on the Defined Contribution (DC) 5-Year Plan.

## **VI. OPEN DISCUSSION**

None

**VII. CORRESPONDENCE**

None

**VIII. ANNOUNCEMENTS**

1. **Next Due Diligence Meeting: September 24, and 25, 2014**

Committee Chairman Leon Guerrero informed the Committee that the next due diligence meeting is scheduled for September 24, and 25, 2014.

**IX. ADJOURNMENT**

**There being no further business before the Investment Committee, a motion was made by Committee Member Anthony Blaz, seconded by Committee Chairman Wilfred Leon Guerrero, to adjourn the meeting at 12:50 p.m. Without objection, the motion unanimously passed.**

Respectfully submitted,



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**JACKIE M. BLAS**  
Recording Secretary

**AFFIRMED:**



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