



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, June 20, 2014
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee Meeting was called to order at 12:30 p.m. Friday, June 20, 2014, 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
David M. O'Brien, Trustee

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller

II. ACTION ITEMS

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

A motion was made by Committee Member James Duenas, seconded by Committee Vice Chairman Gerard Cruz, to approve the minutes of May 29, 2014 Regular Investment Committee Meeting, subject to technical corrections; and to table the minutes of the May 28, and 29, 2014 Due Diligence Meeting. Without objection, the motion unanimously 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 as of June 16, 2014, the Retirement Fund's portfolio is \$1.6 Billion. Committee Vice Chairman Gerard Cruz inquired about the status of the Request for Proposals (RFPs). Director Paula Blas stated that the RFPs will close on July 10, 2014. So far there are 40 downloads for the Global REITs Manager, 60 downloads for the High Yield Bond Manager, and 13 downloads for the Transition Manager. Committee Vice Chairman Cruz asked whether a Selection Panel is in place. Director Blas stated that once the analysis is completed, then the top five (5) managers will be invited and the Selection Panel could then start discussions with them during the week of the August 2014 due diligence meeting. Director Blas stated that the current REITs Managers' annual review is scheduled for August 27, and 28, 2014. Committee Vice Chairman Cruz informed the Committee that he will be off-island from August 18 through September 5, 2014. Committee Chairman Leon Guerrero asked whether the discussions on the RFPs could be held on August 15, 2014. Director Blas stated that she is trying to schedule the discussions during the time that Maggie Ralbovsky of Wilshire Associates will be here for the due diligence which is on August 27, and 28, 2014. Controller Bernardo suggested moving the due diligence meeting to the week after September 5, 2014 as Ms. Ralbovsky may need more time to go over the RFPs. Director Blas stated that it could be something we could do. Committee Chairman Leon Guerrero recommended checking whether we could move the due diligence meeting to September so that Committee Vice Chairman Cruz will be able to attend the meeting.

- 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 year-to-date total is \$23 Million. Committee Vice Chairman Cruz inquired about Franklin Templeton. Director Blas stated that Franklin remains on watch.

3. Securities Lending

A summary of securities lending earnings was provided to the Committee for review and informational purposes. Controller Bernardo stated that the income to date for the year is \$205,194 versus \$189,709 for last year. Committee Vice Chairman Cruz asked whether Northern Trust is still being sued. Committee Chairman Leon Guerrero stated that there was a settlement. Committee Chairman Leon Guerrero mentioned that the last time Northern Trust was here, they provided data that the Retirement Fund did not ask for. Committee Chairman Leon Guerrero stated that he just wondered if this might be an added cost to the Fund. Trustee David O'Brien stated that they did hand out reports during the due diligence meeting. Director Blas stated that she will review the reports provided by Northern Trust and take it from there.

VI. OPEN DISCUSSION

None

VII. CORRESPONDENCE

1. Security Capital – June 17, 2014 Letter

Controller Bernardo stated that Security Capital initially sent an email to Director Blas requesting for a conference call but we asked them to put their concern in writing. Director Blas stated that Security Capital is basically trying to make a case for the fact that this current search isn't something they can participate in. Committee Vice Chairman Cruz stated that if Security Capital wants a response, we could send this to Ms. Ralbovsky and see what she finds. Director Blas stated that we will find out from Ms. Ralbovsky if we are earmarking a small percentage to U.S. but, based on the asset allocation provided by Ms. Ralbovsky, there was no U.S. Committee Vice Chairman Cruz stated that there was no concentration on U.S. Committee Chairman Leon Guerrero asked whether Ms. Ralbovsky will help write a response to Security Capital. Director Blas replied, "Yes, as to why we are moving in this direction." Controller Bernardo stated that going forward on future RFPs, we should have transition managers in place first. Committee Chairman Leon Guerrero stated that he thought that we already have an RFP for transition managers. Director Blas stated that we do have an RFP out which will close on July 10, 2014. Trustee O'Brien stated that the first question for Ms. Ralbovsky is whether there are any risks associated with Security Capital knowing that we are moving out of U.S. REITs. And, the second question is if she will help draft a response that addresses why we are moving in this direction.

VIII. ANNOUNCEMENTS

1. Next Due Diligence Meeting

Committee Chairman Leon Guerrero informed the Committee that the next due diligence meeting which is tentatively scheduled for August 27, and 28, 2014 is being moved to sometime in September which will be confirmed by Management.

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 12:55 p.m. Without objection, the motion unanimously passed.

Respectfully submitted,



JACKIE M. BLAS
Recording Secretary

AFFIRMED:



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