



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Eddie Baza Calvo
 Governor

Ray Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

BOARD OF TRUSTEES
Regular Meeting
 Friday, May 29, 2015, 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 2:05 p.m. Friday, May 29, 2015, 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
- Gerard A. Cruz, Treasurer
- David M. O'Brien, Trustee
- Anthony C. Blaz, Trustee

Board of Trustees Absent:

- Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

- Paula Blas, Director
- Diana Bernardo, Controller
- Rosalia Bordallo, General Accounting Supervisor
- Jackie Blas, Recording Secretary

Investment Consultant Present:

- Maggie Ralbovsky, Wilshire Associates

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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. April 24, 2015 Regular Meeting

Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, moved to approve the Minutes of the April 24, 2015 Regular Meeting, subject to 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)* - 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)* - BLBG's Litigation Status Report dated May 18, 2015 on the following lawsuits is provided for the Board's information. These cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

- MF Global
- Invacare Corporation

3. *Request for Proposals (RFP)* - Director Paula Blas stated that the Retirement Fund issued an RFP for Investment Management Services specifically for Risk Parity. The RFP closed on May 21, 2015. Eight (8) firms submitted proposals. Director Blas stated that the list of offerors who meet the RFP requirements and minimum qualifications will have their proposals forwarded to Wilshire for their review and analysis. Director Blas stated that the Selection Panel will consist of Joe San Agustin, Wilfred Leon Guerrero, and Gerard Cruz. The Panel will meet sometime in July 2015 and will come up with a shortlist. Director Blas stated that Trustee David O'Brien would like to participate in the discussions only.

Financial Report

1. *Contributions* - Director Blas stated that as of May 26, 2015, 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 April 30, 2015 were closed on May 27, 2015.

3. **Fiscal Year 2015 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of May 2015 were paid.

4. **Fiscal Year 2015 Medicare Reimbursements** - Director Blas stated that the Retirement Fund received the May 2015 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

Treasurer Gerard Cruz stated that the Treasurer's Report is provided at this meeting. It covers the Retirement Fund's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position (unaudited) and Prior Year Receivables for both the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended April 30, 2015.

Treasurer Cruz stated that the drawdown schedule is still within its existing authority.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended March 31, 2015 was held on May 27, and 28, 2015. The Investment Committee Meeting was also held on May 28, 2015. The Committee reviewed and approved the Investment Committee Meeting Minutes of April 23, 2015, and the February 25, and 26, 2015 Due Diligence Meeting Minutes for the Quarter Ended December 31, 2014. Vice Chairman Leon Guerrero stated that annual reviews were conducted with Income Research Management and Garcia Hamilton. Chairman San Agustin inquired about their performance. Maggie Ralbovsky of Wilshire Associates stated that their performance was satisfactory.

Ms. Ralbovsky provided an overview of the DB Plan's Investment Performance. Ms. Ralbovsky noted that for the Quarter Ended March 31, 2015, the Retirement Fund's portfolio outperformed its benchmark index, ranking in the 6th percentile of Wilshire's peer group universe for the quarter. The Retirement Fund's return was 3.15% and the benchmark return was 2.64%.

1. Rebalancing the Investment Portfolio

Vice Chairman Leon Guerrero stated that Ms. Ralbovsky discussed the Investment Manager performance and the rebalancing of the Investment Portfolio. Ms. Ralbovsky provided an updated Rebalancing Worksheet as of April 30, 2015 for the transition and rebalancing by BlackRock. Ms. Ralbovsky stated that Director Blas and Controller Diana Bernardo will participate in directing the crossover then BlackRock will take over. Ms. Ralbovsky stated that she hopes that the process will not drag into the low liquidity period which will be during the July 4th holiday. Ms. Ralbovsky recommended wrapping up trading a week before the end of June.

Vice Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to accept Wilshire's recommendation for Rebalancing the Investment Portfolio based on the attached Updated Rebalancing Worksheet. Without objection, the motion unanimously passed.

2. Termination of U.S. REITs Managers: Cornerstone and Security Capital

Ms. Ralbovsky stated that Wilshire's recommendation is to terminate Cornerstone and Security Capital. As part of the new asset allocation, U.S. REITS will be replaced with Global REITS. Ms. Ralbovsky pointed out that their contract requires a thirty (30) day notification. Ms. Ralbovsky indicated that Director Blas had stated that this will be confirmed with Legal Counsel Joanne Grimes and if she confirms that we have to hold the account for 30 days, then transaction will need to be done in mid July.

Vice Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to accept Wilshire's recommendation to terminate Cornerstone and Security Capital. Without objection, the motion unanimously passed.

3. Funding of:

- a. BlackRock MSCI ACWI X US Index**
- b. High Yield Managers: Hotchkis Wiley, Nomura Research, and Aegon USA**
- c. Global REITs Managers: Cornerstone and Dimensional Fund Advisers**

Ms. Ralbovsky stated that Wilshire's recommendation is to fund BlackRock MSCI ACWI X US Index, High Yield Managers – Hotchkis Wiley, Nomura Research, Aegon USA, and Global REITs Managers – Cornerstone and Dimensional Fund Advisers.

Vice Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to accept Wilshire's recommendation to fund BlackRock MSCI ACWI X US Index, Hotchkis Wiley, Nomura Research, Aegon USA, Cornerstone, and Dimensional Funds Advisers. Without objection, the motion unanimously passed.

4. Keeping Eaton Vance and Capital International on Watch

Ms. Ralbovsky stated that Wilshire's recommendation is to keep Eaton Vance and Capital International on Watch.

Vice Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to accept Wilshire's recommendation to keep Eaton Vance and Capital International on Watch. Without objection, the motion unanimously passed.

Vice Chairman Leon Guerrero indicated that as of May 21, 2015, the Retirement Fund's portfolio is \$1.7 Billion.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for August 26, and 27, 2015.

Treasurer Gerard Cruz, seconded by Trustee Anthony Blaz, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

B. Members and Benefits Committee

Secretary Antolina Leon Guerrero presented the Committee's May 2015 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 14, including the attached Annuity Worksheets and relevant documents, based on the Committee's review and findings during their meeting of May 20, 2015. Without objection, the motion unanimously passed.

IX. TRAVEL REPORT

A. Vice Chairman Wilfred Leon Guerrero and Trustee David O'Brien: Wilshire Consulting 2015 Client Conference – April 19-21, 2015, Huntington Beach, California

Chairman San Agustin stated that Vice Chairman Leon Guerrero and Trustee O'Brien's travel report on the Wilshire Consulting Conference they attended on April 19-21, 2015 in Huntington Beach, California, are submitted for the Board's information.

X. OLD BUSINESS

None

XI. NEW BUSINESS

None

XII. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XIII. ANNOUNCEMENTS

None

XIV. ADJOURNMENT

There being no further business before the Board for the Defined Benefits Plan, on motion of Treasurer Gerard Cruz, seconded by Trustee David O'Brien, and without objection, the meeting was adjourned at 2:37 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 29, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 26, 2015.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas