



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, November 20, 2015, 12:00 Noon
 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 12:16 p.m. Friday, November 20, 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
 Anthony C. Blaz, Trustee
 David M. O'Brien, Trustee

Board of Trustees Absent:

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

Staff Present:

Paula Blas, Director
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. October 30, 2015 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the Minutes of the October 30, 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 November 15, 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**

Director Paula Blas stated that there is a settlement on Invacare. Chairman San Agustin inquired about the total loss. Director Blas stated that it is \$2 Million.

Financial Report

1. ***Contributions*** - Director Blas stated that as of November 17, 2015, all agencies are current with their Fiscal Year 2016 employee and employer contributions.

2. ***Financial Statements*** - Director Blas stated that the books for the month ending September 30, 2015 were closed this morning.

3. ***Fiscal Year 2016 Retirees' Supplemental Benefits*** - Director Blas stated that supplemental benefits for retirees and survivors for the month of November 2015 will be paid at the end of the month.

4. ***Fiscal Year 2016 Medicare Reimbursements*** - Director Blas stated that the Retirement Fund received the November 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 October 31, 2015. Treasurer Cruz stated that the books for September 2015 were closed this morning.

Treasurer Cruz stated that the drawdown schedule is still within its existing authority of \$3.5 Million. Director Blas stated that she would like to request authorization for an additional principal drawdown of \$1 Million in December due to the uncertainty of the contributions from the Guam Memorial Hospital Authority.

Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to approve the recommended principal drawdown of up to \$4.5 Million for the month of December 2015 and to maintain the principal drawdown of \$3.5 Million for Fiscal Year 2016. Without objection, the motion unanimously passed.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2015 was held on November 18, and 19, 2015. The Investment Committee Meeting was also held on November 19, 2015. The Committee reviewed and approved the Investment Committee Meeting Minutes of September 11, 2015, and the August 26, and 27, 2015 Due Diligence Meeting Minutes for the Quarter Ended June 30, 2015.

Vice Chairman Leon Guerrero stated that Maggie Ralbovsky of Wilshire Associates provided an overview of the Investment Performance noting that for the Quarter Ended September 30, 2015, the Retirement Fund portfolio outperformed its benchmark index ranking at the 52nd percentile of Wilshire's peer group universe for the quarter. The Retirement Fund's Return was -4.73% and the Benchmark Return was -5.25%. For the Fiscal Year Ended September 30, 2015, the Retirement Fund portfolio outperformed its benchmark index ranking at the 26th percentile of Wilshire's peer group universe for the fiscal year. The Retirement Fund's Return was 0.83% and the Benchmark Return was -0.22%.

Ms. Ralbovsky stated that she discussed the Investment Managers' performance and the rebalancing of the Investment Portfolio. Ms. Ralbovsky also stated that annual reviews were conducted with Robeco, Intech, and Northern Trust. There were no issues identified. Trustee David O'Brien inquired about easing into the rebalancing with risk parity. Ms. Ralbovsky stated that an investment policy does exist and that risk parity is a diversification strategy. It uses leverage to balance the risk. Diversification in the long run is beneficial. Vice Chairman Leon Guerrero stated that he anticipates that the contract with risk parity managers will be signed in January 2016. Ms. Ralbovsky stated that there is no funding yet and recommends that the Board wait for the market to come back in January 2016.

Ms. Ralbovsky stated that Wilshire recommends the following:

1. Remove Eaton Vance From Watch

Ms. Ralbovsky stated that Wilshire's recommendation is to remove Eaton Vance from the Watch List. Ms. Ralbovsky stated that Eaton Vance was on watch due to underperformance. The situation has been remedied and they have outperformed their benchmark.

Vice Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to accept Wilshire's recommendation to remove Eaton Vance from the Watch List. Without objection, the motion unanimously passed.

2. Keep Capital International on Watch

Ms. Ralbovsky stated that Wilshire's recommendation is to keep Capital Guardian on the Watch List.

Vice Chairman Wilfred Leon Guerrero, seconded by Trustee Anthony Blaz, moved to accept Wilshire's recommendation to keep Capital International on the Watch List. Without objection, the motion unanimously passed.

3. Rebalancing Worksheet

Ms. Ralbovsky stated that Wilshire's recommendation is to approve the asset allocation and recommended transfers on the Retirement Fund rebalancing worksheet in the September 30, 2015 Investment Performance Update. Amounts transferred will be determined when the Retirement Fund is ready to fund the Risk Parity allocation.

Vice Chairman Wilfred Leon Guerrero, seconded by Trustee Anthony Blaz, moved to accept Wilshire's recommendation to approve the asset allocation and recommended transfers on the Retirement Fund rebalancing worksheet in the September 30, 2015 Investment Performance Update. Without objection, the motion unanimously passed.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for February 24, and 25, 2016.

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 November 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 18, including the attached Annuity Worksheets and relevant documents, based on the Committee's review and findings during their meeting of November 17, 2015. Without objection, the motion unanimously passed.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

December 2015 Board Meeting - Director Blas asked the Board of Trustees whether they would agree to have the Board Meeting on Wednesday, December 16, 2015. The Board indicated that it's okay to have the meeting on December 16.

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

There being no further business before the Board for the Defined Benefits Plan, on motion of Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 12:50 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of November 20, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 16, 2015.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas