



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY • SECURITY • REWARDS

Eddie Baza Calvo
Governor

Ray Tenorio
Lieutenant Governor

Paula M. Blas
Director

INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN
Friday, June 19, 2015
Retirement Fund Conference Room

MINUTES

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

I. CALL TO ORDER

The Retirement Fund Investment Committee Meeting was called to order at 12:27 p.m. Friday, June 19, 2015, 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
Anthony C. Blaz, Member

Staff Present:

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

II. ACTION ITEMS

- 1. May 28, 2015 Regular Investment Committee Meeting Minutes**
- 2. May 27, and 28, 2015 Due Diligence Meeting for the Quarter Ended March 31, 2015 Minutes**

Committee Vice Chairman Gerard Cruz, seconded by Committee Member Anthony Blaz, moved to approve the Minutes of the May 28, 2015 Regular Investment Committee Meeting, subject to technical corrections; and to table the Minutes of the May 27, and 28, 2015 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 12, 2015, the Retirement Fund's total market value is \$1.69 Billion.

Controller Bernardo stated that relative to the rebalancing of accounts and funding of new managers, the Retirement Fund will still be using BlackRock as transition manager, but BlackRock will use ETFs only for Fixed Income. Controller Bernardo asked whether, in the future should there be a need for a transition manager, will the Retirement Fund still be able to use BlackRock. Director Paula Blas stated that there is a new Letter of Agreement (LOA) for every transition. Controller Bernardo commented that she is concerned that Wilshire Associates tends to favor BlackRock, which could be an issue. Director Blas stated that the Retirement Fund has both BlackRock and Northern Trust as transition managers. BlackRock was selected because of their experience with multi-asset class transitions. Director Blas informed the Board that the LOA is ready for signature.

Controller Bernardo and Director Blas made the Investment Committee aware of their concerns regarding the transition process. The Investment Committee so noted their concerns.

Committee Chairman Leon Guerrero asked about the new managers. Controller Bernardo stated that BlackRock will find out from the managers what assets they want and BlackRock will purchase those assets and transfer it to them.

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 as of May 2015 is \$2.3 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 the month of May 2015 is \$74,000.

4. 5-Year Plan

Committee Chairman Leon Guerrero asked whether a plan is in place for a periodic review of vendors. Director Blas stated that the 5-Year Plan was passed by the Investment Committee. Committee Chairman Leon Guerrero stated that we need something in place. Rosalia Bordallo, General Accounting Supervisor, stated that the Investment Policy Statement (IPS) already includes the review of managers. Committee Chairman Leon Guerrero stated that the Board should have a position on this. Director Blas stated that if the 5-Year Plan is for the Board, it should include review of all the contracts for Managers, Custodian of Banks, Legal Counsel, Actuary, Medical Consultant, Physicians etc. Controller Bernardo asked if BlackRock should be reviewed. Director Blas stated that BlackRock is not an active manager. The Investment Committee indicated that there is no need for BlackRock to come out for review.

Committee Chairman Leon Guerrero stated that a Request for Interest (RFI)/Request for Proposal (RFP) should be issued. Director Blas indicated that she will issue an RFI/RFP.

VI. OPEN DISCUSSION

None

VII. CORRESPONDENCE

None

VIII. ANNOUNCEMENTS


1. Next Due Diligence Meeting: August 26, and 27, 2015

Committee Chairman Leon Guerrero informed the Committee that the next due diligence meeting is tentatively scheduled for August 26, and 27, 2015.

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 Anthony Blaz, to adjourn the meeting at 1:09 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