



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

**David M. O'Brien**  
 Trustee

**Albert H. Santos**  
 Trustee

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Friday, January 27, 2017, 12:00 Noon  
 Retirement Fund Conference Room

**MINUTES**

**DEFINED BENEFIT**

**I. ATTENDANCE, QUORUM, AND CALL TO ORDER**

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Benefit Plan was called to order at 1:15 p.m. Friday, January 27, 2017, 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

**Board of Trustees Absent:**

Katherine T.E. Taitano, Trustee (*Excused*)  
 Albert H. Santos, Trustee (*Excused*)

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Jackie Blas, Recording Secretary  
 Alice Tajeron, Director, Client Relations & Plan Counseling, Empower Retirement

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. December 16, 2016 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the December 16, 2016 Regular Meeting, subject to technical corrections. Without objection, the motion 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 January 23, 2017 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.

- **Apollo Education Group, Inc.**
- **MF Global**

Director Paula Blas stated that the case on Apollo Education Group, Inc. is still outstanding. The settlement on the MF Global case was approved and it's pending distribution. Chairman San Agustin asked whether the litigation against MF Global and Apollo was with the managers. Treasurer Gerard Cruz stated that the litigation is not with the managers. Vice Chairman Wilfred Leon Guerrero inquired about the Retirement Fund's exposure. Director Blas stated that the Retirement Fund's exposure on Apollo Education is approximately \$558,000 and our exposure on MF Global is approximately \$2 Million. Vice Chairman Wilfred Leon Guerrero asked when recovery will be received. Director Blas stated that distribution might take six (6) months to one (1) year. Director Blas stated that she will check with BLBG on this.

3. ***Request for Proposals (RFPs):***

- a. **RFP No. 003-16: Investment Management Services Specifically for Master Limited Partnerships (MLPs)**

Director Blas stated that RFP No. 003-16 was tabled until February 2017 based on the recommendation to have Maggie Ralbovsky of Wilshire Associates review how the MLPs fit into our approved investment strategy.

### **Financial Report**

1. ***Contributions*** - Director Blas stated that as of January 24, 2017, all agencies are current with their Fiscal Year 2017 employee and employer contributions.

2. **Financial Statements** - Director Blas stated that the books for the month ended December 31, 2016 is expected to close today.

3. **Fiscal Year 2017 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of January 2017 will be paid at the end of the month.

4. **Fiscal Year 2017 Medicare Reimbursements** - Director Blas stated that the Retirement Fund received the January 2017 allotment from the General Fund and reimbursements were processed accordingly.

5. **2016 Tax Form 1099-R** - Director Blas stated that the 1099s will be mailed out by next week Monday.

## **VI. LEGAL COUNSEL'S REPORT**

No report was made at this time.

## **VII. TREASURER'S REPORT OF FINANCIAL STATUS**

Treasurer Cruz stated that the Retirement Fund is still operating within its current drawdown authority which continues through March 2017. Trustee David O'Brien pointed out that the projected shortfall is increasing rapidly. Treasurer Cruz stated that the principal drawdown is about \$70 Million every year. Treasurer Cruz stated that when we get the additional \$300 Million in the way of the DB 1.75 Plan, it will help close in the gap. Trustee O'Brien inquired about the projected unfunded liability. Director Blas stated that the projection for the DB 1.75 is \$140 Million. Director Blas stated that based on the passage of the bill, and if it's a 100% transfer, the unfunded liability would increase to \$190 Million.

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on January 26, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of December 9, 2016. Vice Chairman Leon Guerrero stated that the size of the Retirement Fund's portfolio is \$1.64 Billion.

Vice Chairman Leon Guerrero stated that he would like to see the email regarding Ms. Ralbovsky's comments on diversification. Director Blas stated that she will retrieve the email.

**Next Quarterly Performance Meeting** – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for February 22, and 23, 2017.

### **B. Members and Benefits Committee**

Secretary Antolina Leon Guerrero presented the Committee's January 2017 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 15, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of January 19, 2017. Without objection, the motion passed.

**Disability Case No. 15-005** - Director Blas informed the Board that this case has been pending. The applicant's liver transplant was successful and the applicant has returned to work. Director Blas stated that the applicant withdrew his/her application for disability.

**IX. OLD BUSINESS**

None

**X. NEW BUSINESS**

None

**XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

**XII. ANNOUNCEMENTS**

None

**XIII. ADJOURNMENT**

There being no further business before the Board for the Defined Benefit Plan, on motion of Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, and without objection, the meeting was adjourned at 1:50 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 27, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 24, 2017.



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**ANTOLINA S. LEON GUERRERO, Board Secretary**

**RECORDING SECRETARY:**



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**Jackie Blas**