



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, June 24, 2016, 12:00 Noon
 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

David M. O'Brien
 Trustee

Albert H. Santos
 Trustee

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 1:15 p.m. Friday, June 24, 2016, 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
 Katherine T.E. Taitano, Trustee
 Albert H. Santos, Trustee

Board of Trustees Absent:

Gerard A. Cruz, Treasurer (*Excused*)
 David M. O'Brien, 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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. May 27, 2016 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to approve the Minutes of the May 27, 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. Director Paula Blas stated that there are about 300 to 400 individuals on the COLA Award list. The balance of the COLA award is about \$2-3 Million. Director Blas stated the Legislature introduced a bill to escheat certain funds back to the General Fund. Director Blas stated that she is not sure if the COLA award balance is included in the bill. Director Blas stated that she will develop a list of who the remaining COLA Awardees are, to include the year and department the COLA Awardees retired from and then publish the list. Rosalia Bordallo, General Accounting Supervisor, stated that one of the problem is that some of the heirs have to go through probate because the COLA award is over \$20,000 and some of the heirs are not able to pay for probate.

2. ***Bernstein Litowitz Berger and Grossmann (BLBG)*** - BLBG's Litigation Status Report dated June 20, 2016 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**
- **Apollo Education Group, Inc.**

Chairman San Agustin stated that he met with Nicholas Blair on June 16, 2016 and Mr. Blair indicated that so far they've been very successful with the cases.

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

- a. **RFP No. 001-16: Investment Consultant Services for the Defined Benefit (DB) Plan**

Director Blas stated that the RFP for the Investment Consultant Services for the DB Plan closed on May 13, 2016. Evaluations are ongoing. Director Blas stated that the Selection Panel consists of Vice Chairman Wilfred Leon Guerrero, Treasurer Gerard Cruz, and Trustee Albert Santos. The panel will meet on Friday, July 8, 2016.

b. RFP No. 003-16: Investment Management Services Specifically for Master Limited Partnerships (MLP)

Director Blas stated that the RFP for Investment Management Services, specifically for MLP closed on June 13, 2016. Director Blas stated that she needs to name the Selection Panel. Vice Chairman Leon Guerrero recommended Chairman San Agustin, Treasurer Gerard Cruz, and Controller Diana Bernardo.

Financial Report

1. Contributions - Director Blas stated that as of June 21, 2016, all agencies are current with their Fiscal Year 2016 employee and employer contributions with the exception of the Guam Memorial Hospital Authority (GMHA). Director Blas stated that GMHA is still in arrears in the amount of \$2.4 Million. GMHA owes \$500,000 by the end of June 2016. Secretary Antolina Leon Guerrero asked whether GMHA made their May 2016 payment. Director Blas replied, "Yes, and they are current with their pay period payments."

Director Blas informed the Board that the General Fund was late in their payment for the pay period ending May 28, 2016 for both the Defined Contribution (DC) Plan and Defined Benefit (DB) Plan. Ms. Bordallo stated that the General Fund was two (2) days late.

2. Financial Statements - Director Blas stated that the books for the month ended May 31, 2016 were closed on June 21, 2016.

3. Fiscal Year 2016 Retirees' Supplemental Benefits - Director Blas stated that supplemental benefits for retirees and survivors for the month of June 2016 were paid.

4. Fiscal Year 2016 Medicare Reimbursements - Director Blas stated that the Retirement Fund received the June 2016 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

Director Blas stated that the Treasurer's Report is provided at this meeting. It covers the Retirement Fund's Statement of Fiduciary Net Position for both the DB Plan and the DC Plan for the month ended May 31, 2016. Director Blas stated that the Retirement Fund is still operating within its existing drawdown authority.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Wilfred Leon Guerrero reported that the Investment Committee Meeting was held on June 17, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of May 26, 2016. Vice Chairman Leon Guerrero stated that as of June 10, 2016, the Retirement Fund's portfolio is \$1.6 Billion.

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

B. Members and Benefits Committee

Trustee Katherine Taitano presented the Committee's June 2016 report to the Board of Trustees.

Trustee Katherine Taitano, seconded by Secretary Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 20, including the attached Annuity Worksheets and relevant documents, based on the Committee's review and findings during their meeting of June 21, 2016. Without objection, the motion passed.

IX. OLD BUSINESS

A. Request for Proposal (RFP): Policy and Strategy Consulting

Chairman San Agustin stated that no Pension Fund has a Board Advisor. Vice Chairman Leon Guerrero stated that he is not in agreement with contracting a full time consultant. Chairman San Agustin agreed. Chairman San Agustin stated that we need to reevaluate and develop a Strategic Plan for the next 20 years. Secretary Leon Guerrero suggested to wait for Trustee David O'Brien and Treasurer Gerard Cruz to participate in the discussion.

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 Benefits Plan, on motion of Trustee Katherine Taitano, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:57 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 24, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 29, 2016.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas