



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
Thursday, May 26, 2016
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

I. CALL TO ORDER

The Retirement Fund Investment Committee Meeting was called to order at 1:30 p.m. Thursday, May 26, 2016, 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
Albert H. Santos, Trustee
Joe T. San Agustin, Ex Officio

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. ACTION ITEMS

- 1. April 28, 2016 Regular Investment Committee Meeting Minutes**
- 2. February 25, 2016 Due Diligence Meeting for the Quarter Ended December 31, 2015 Minutes**

Committee Vice Chairman Gerard Cruz, seconded by Committee Member Albert Santos, moved to approve the Minutes of the April 28, 2016 Regular Investment Committee Meeting, subject to technical corrections; and to table the Minutes of the February 25, 2016 Due Diligence Meeting. Without objection, the motion passed.

III. OPEN ITEMS

None

IV. NEW BUSINESS

- 1. Rebalancing of the Investment Portfolio**

Maggie Ralbovsky of Wilshire Associates stated that there is a revision on the rebalancing worksheet that the Board had previously approved. The revision is due to the market movement. Ms. Ralbovsky stated that Wilshire's recommendation is to fund the Risk Parity Managers (Invesco and PanAgora) in the amount of \$50 Million each and to fund \$10 Million to the Blackrock MSCI ACSI X US Index Fund.

Committee Vice Chairman Gerard Cruz, seconded by Committee Member Albert Santos, moved to approve the new Rebalancing Worksheet as of May 26, 2016. Without objection, the motion passed.

- 2. Eaton Vance Fee Reduction**

Ms. Ralbovsky stated that she received an email from Eaton Vance proposing a 20 basis point fee reduction. Eaton Vance is proposing a 70 basis point flat fee through December 31, 2017. Director Paula Blas stated that the question is, by Eaton Vance reducing their fee, that's not agreeing to take them off the watch list. Ms. Ralbovsky replied, "No." Ms. Ralbovsky pointed out that the Retirement Fund did reduce their allocation. Ms. Ralbovsky stated that Wilshire's recommendation is to keep Eaton Vance on watch for a year.

Committee Vice Chairman Gerard Cruz, seconded by Committee Member Albert Santos, moved to accept Eaton Vance's Fee Proposal of a 70 Basis Point Flat Fee through December 31, 2017. Without objection, the motion passed.

- 3. Keeping Capital International and Eaton Vance on Watch**

Ex Officio Joe San Agustin asked what happened to Capital International. Ms. Ralbovsky stated that Capital International got so big and then they lost so much in mandate. Their mandate dropped about \$10 Billion. Ms. Ralbovsky stated that Wilshire's recommendation is to keep Eaton Vance on watch for a year and Capital International up until August 2016.

Committee Vice Chairman Gerard Cruz, seconded by Committee Member Albert Santos, moved to approve to keep Capital International and Eaton Vance on Watch. Without objection, the motion passed.

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.

2. Income Summary

A summary of interest and dividend income was provided to the Committee for review and informational purposes.

3. Securities Lending

A summary of securities lending earnings was provided to the Committee for review and informational purposes.

4. 5-Year Plan

A copy of the 5-Year Plan was provided to the Committee for review and informational purposes.

VI. OPEN DISCUSSION

Committee Chairman Leon Guerrero stated that he would like to go on record saying that the Investment Committee is concerned that Controller Diana Bernardo is being over tasked. Committee Chairman Leon Guerrero pointed out that Controller Bernardo is not complaining about it, but Committee Chairman Leon Guerrero stated that he is concerned about it. Controller Bernardo stated that this is something she feels she needs to do. This is an opportunity for Management to make necessary changes in the direction and training of staff prior to hiring additional staff.

VII. CORRESPONDENCE

None

VIII. ANNOUNCEMENTS

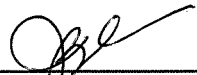
1. Next Due Diligence Meeting: August 24 and 25, 2016

Committee Chairman Leon Guerrero informed the Committee that the next due diligence meeting is tentatively scheduled for August 24 and 25, 2016.

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 Albert Santos, to adjourn the meeting at 2:05 p.m. Without objection, the motion passed.

Respectfully submitted,



JACKIE M. BLAS
Recording Secretary

AFFIRMED:



WILFRED P. LEON GUERRERO, Ed.D.
Investment Committee Chairman