



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
 Wednesday, March 28, 2018, 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 12:44 p.m. Wednesday, March 28, 2018, 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
 Albert H. Santos, Trustee

Board of Trustees Absent:

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

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. February 23, 2018 Regular Meeting

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the February 23, 2018 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 March 23, 2018 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**
- **MF Global**

Director Paula Blas stated that the Court dismissed the Plaintiffs' Amended Complaint on the Apollo case on July 26, 2017. The Plaintiffs have appealed the ruling and filed their opening brief on December 22, 2017. Defendants' appellate answering brief is due on May 4, 2018, and Plaintiffs' reply is due on May 25, 2018. Director Blas stated that a mediation session was held on March 21, 2018, in hopes of resolving the matter through mediation.

Financial Report

1. *Contributions* - Director Blas stated that as of March 26, 2018, all agencies are current with their Fiscal Year 2018 employee and employer contributions with the exception of Guam Memorial Hospital Authority (GMHA). GMHA is currently in arrears for a total amount of \$950,191.23.

2. *Financial Statements* - Director Blas stated that the books for the month ended January 31, 2018 closed March 8, 2018. The books for the month ended February 28, 2018 are scheduled to close on April 6, 2018.

3. *Fiscal Year 2018 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of March 2018 were paid. Director Blas stated that the General Fund will continue to pay the supplemental benefits.

4. *Fiscal Year 2018 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the March 2018 allotment from the General Fund and reimbursements were processed

accordingly. Director Blas stated that the General Fund will continue to pay the Medicare reimbursements.

VI. LEGAL COUNSEL'S REPORT

No report was made at this time.

VII. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Gerard Cruz stated that \$230 Million in additional funds was received as a result of the transfers into the DB 1.75 Plan. Vice Chairman Wilfred Leon Guerrero stated that in March 2018 the Retirement Fund had an inflow of \$10 Million and an outflow of \$2 Million. Treasurer Cruz stated that the drawdown in March 2018 is \$5.7 Million consisting of interest and dividend only.

Trustee David O'Brien mentioned that at the last forum he attended there was a presentation about a cash target as well as an actuarial target for returns. Trustee O'Brien asked whether there would be any benefit to the Retirement Fund if we communicated with our investment adviser to develop a cash target for a maturing DB Plan. Treasurer Cruz stated that it's something worth exploring and discussing. Chairman San Agustin stated that we can't see a trend just yet. Controller Diana Bernardo suggested it would take a few more months with the DB 1.75 Plan before a trend could be seen.

Treasurer Cruz stated that the current drawdown authorization of \$5.5 Million ends this month and would like to request to extend the current drawdown authority through the end of Fiscal Year 2018.

Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to approve the request to extend the current monthly drawdown authority of up to \$5.5 Million through September 30, 2018; with the intent of monitoring the DB 1.75 Plan's cash flow. Without objection, the motion passed.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on March 23, 2018. The Committee reviewed and approved the Investment Committee Meeting Minutes of February 22, 2018. Vice Chairman Leon Guerrero stated that as of March 19, 2018, the size of the Retirement Fund's portfolio is \$1,989,777,568.

Review of Custodial Bank - Vice Chairman Leon Guerrero stated that the Retirement Fund needs to explore ways of reevaluating the custodial bank without going through the Request for Proposal (RFP) process. Chairman San Agustin stated that he had suggested that the Retirement Fund generate a report on Northern Trust with a trend analysis to see the effectiveness of the custodial bank. Treasurer Cruz stated that he will work with Maggie Ralbovsky of Wilshire Associates on some criteria. Vice Chairman Leon Guerrero stated that we need to just explore options at this time.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is scheduled for May 23 and 24, 2018.

B. Members and Benefits Committee

Secretary Antolina Leon Guerrero presented the Committee's March 2018 report to the Board of Trustees. Secretary Leon Guerrero stated that there are currently five (5) retirees under the DB 1.75 Plan.

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 16, including the attached relevant documents, based on the Committee's review and findings during their meeting of March 14, 2018. Without objection, the motion passed.

IX. TRAVEL REPORT

A. Trustee David O'Brien: Institutional Investor 9th Annual Global Real Assets Investment Forum - February 27-28, 2018, Austin, Texas

Chairman San Agustin stated that Trustee O'Brien submitted his travel report, for the Board's information, on the conference he attended.

X. OLD BUSINESS

None

XI. NEW BUSINESS

None

XII. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

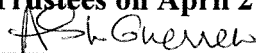
XIII. ANNOUNCEMENTS

None

XIV. ADJOURNMENT

There being no further business before the Board for the Defined Benefit Plan, Secretary Antolina Leon Guerrero moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:29 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 28, 2018 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on April 27, 2018.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas