



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, August 25, 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 12:39 p.m. Friday, August 25, 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
 Albert H. Santos, Trustee

Board of Trustees Absent:

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

Staff Present:

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

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. July 28, 2017 Regular Meeting

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the July 28, 2017 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. Treasurer Gerard Cruz asked why the Lola COLA is still in the Director's Report. Director Paula Blas stated that there are about 300 deceased individuals on the COLA award list. There is a balance of about \$4 Million in the General Fund for the Lola COLA.

2. ***Bernstein Litowitz Berger and Grossmann (BLBG)*** - BLBG's Litigation Status Report dated August 18, 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**
- **MF Global**

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

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

The Selection Panel consists of Joe San Agustin, Chairman; Gerard Cruz, Treasurer; and Rosalia Bordallo, General Accounting Supervisor. Director Blas stated that the interviews will be conducted on November 14, 2017.

Financial Report

1. ***Contributions*** - Director Blas stated that as of August 23, 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 July 31, 2017 is scheduled to close on August 26, 2017.

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

4. ***Fiscal Year 2017 Medicare Reimbursements*** - Director Blas stated that the Fiscal Year 2017 total appropriation has been exhausted. A supplemental funding request was submitted to the

Legislature to cover the shortfall for the months of July, August and September 2017, but no additional funding has been received to date.

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 of up to \$4.5 Million monthly. The total projected cash outflow for FY2017 is \$220,260,589. Treasurer Cruz mentioned that Controller Diana Bernardo pointed out that the interest and dividend income is trailing normal trends. Treasurer Cruz stated that the projected principal drawdown for FY2017 is \$45,500,000.

Treasurer Cruz stated that he would like to request to increase the current drawdown authorization of \$4.5 Million to \$5.5 Million per month through December 2017.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the request for a monthly drawdown authority of \$5.5 Million through December 2017. Without objection, the motion passed.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Wilfred Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended June 30, 2017 was held on August 23 and 24, 2017. The Investment Committee Meeting was also held on August 24, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of July 27, 2017. Vice Chairman Leon Guerrero stated that as of August 18, 2017, the size of the Retirement Fund's portfolio is \$1,709,200,533. Trustee David O'Brien inquired about the Security Ratio. Director Blas stated that the Security Ratio is 55.99% as of September 30, 2016.

Vice Chairman Leon Guerrero stated that annual reviews were supposed to be conducted with Robeco, Intech, and Numeric, but the Committee only met with Numeric.

Vice Chairman Leon Guerrero stated that during the Due Diligence meetings, Maggie Ralbovsky of Wilshire Associates discussed Investment Manager Performance. There were no recommendations for Board action.

Vice Chairman Leon Guerrero stated that Ms. Ralbovsky provided an overview of the Defined Benefit Plan's Investment Performance noting that for the Quarter Ended June 30, 2017, the Retirement Fund's portfolio underperformed the benchmark, ranking at the 46th percentile of Wilshire's peer group universe for the quarter. The Retirement Fund's Return was 2.95% and the Benchmark Return was 3.07%.

Vice Chairman Leon Guerrero stated that Ms. Ralbovsky also discussed the process for the transfer of assets from the Defined Contribution Plan to the DB 1.75 Plan.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is scheduled for November 15 and 16, 2017.

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to accept the Investment Committee Report. Without objection, the motion passed.

B. Members and Benefits Committee

Secretary Antolina Leon Guerrero presented the Committee's August 2017 report to the Board of Trustees.

Secretary Antolina Leon Guerrero, seconded by Gerard Cruz, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 1 through 8, based on the Committee's review and findings during their meeting of August 15, 2017. Without objection, the motion passed.

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, Secretary Antolina Leon Guerrero moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:49 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of August 25, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on September 29, 2017.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas