



GOVERNMENT OF GUAM  
**RETIREMENT FUND**

STABILITY · SECURITY · REWARDS

**BOARD OF TRUSTEES**

**Regular Meeting**

Friday, September 29, 2017, 12:00 Noon

Retirement Fund Conference Room

Paula M. Blas  
Director

Eddie Baza Calvo  
Governor

Ray Tenorio  
Lieutenant Governor

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

**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 12:28 p.m. Friday, September 29, 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  
Jackie Blas, Recording Secretary  
Alice Tajeron, Director, Client Relations & Plan Counseling, Empower Retirement

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. August 25, 2017 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the Minutes of the August 25, 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.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* - BLBG's Litigation Status Report dated September 20, 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 Paula Blas stated that the interviews will be conducted on November 14, 2017.

### Financial Report

1. *Contributions* - Director Blas stated that as of September 26, 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 August 31, 2017 is scheduled to close on September 30, 2017.

3. *Fiscal Year 2017 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of September 2017 were paid.

4. *Fiscal Year 2017 Medicare Reimbursements* - Director Blas stated that the Fiscal Year 2017 total appropriation has been exhausted. A supplemental funding request was approved in the FY 2018 Executive Budget. When the funding is remitted to the Retirement Fund, the Medicare premiums for the months of July, August and September will be reimbursed to the retirees and/or survivors.

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

No report was made at this time.

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

### **A. Fiscal Year 2018 Proposed Budget**

Treasurer Gerard Cruz stated that the proposed FY 2018 Budget is provided for the Board's review. Treasurer Cruz stated that the proposed FY 2018 Operating Budget of \$7.0 Million represents an increase of \$738,905 from the Retirement Fund's FY 2017 Budget. This is due primarily to increases in personnel costs, software, and program services/maintenance due to the implementation of the provisions of Public Law 33-186.

Trustee David O'Brien stated that he is concerned with the FY 2017 Year-to-Date Actual compared to the FY 2018 Budget projection. There is a 35-40% increase between the FY 2017 Actual of \$5,970,958 and the FY 2018 Budget of \$7,982,323. Chairman San Agustin pointed out that there was a 10.2% overall increase from FY 2017 to FY 2018. Chairman San Agustin suggested to include the FY 2016 Budget. Treasurer Cruz stated that he'll have the spreadsheet show the FY 2016 Actual, the FY 2017 Budget, the FY 2017 Actual and FY 2018 Budget.

Trustee O'Brien asked about the cost of Directors & Officers liability insurance with the current limit. He suggested that the Board consider an increase in the limit of liability due to increased exposure and explore the costs for such an increase. Director Blas will ask Rich Wright with Milliman for his recommendation regarding limits of liability.

Vice Chairman Wilfred Leon Guerrero asked whether the FY 2018 Budget includes the Investment Specialist position. Director Blas replied, "Yes."

Trustee O'Brien asked whether a quarterly budget performance report is provided to the Board. Treasurer Cruz replied, "No, but we could start providing a quarterly report starting in October 2017 for the quarter ending September 30, 2017."

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the Fiscal Year 2018 Budget, subject to clarification and presentation of the Actual versus Budget for Fiscal Year 2016, Fiscal Year 2017 and Fiscal Year 2018 as discussed. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Vice Chairman Wilfred Leon Guerrero, Trustee Albert Santos, and Chairman Joe San Agustin. With five (5) "Yes" votes, the motion passed. Trustee David O'Brien abstained and Trustee Katherine Taitano was absent.**

Treasurer Cruz stated that the Retirement Fund is operating within its additional drawdown authority of up to \$5.5 Million monthly through December 2017.

## VIII. STANDING COMMITTEE REPORTS

### A. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on September 22, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of August 24, 2017. Vice Chairman Leon Guerrero stated that as of September 19, 2017, the size of the Retirement Fund's portfolio is \$1,737,288,150. Chairman San Agustin suggested to incorporate the rate of return with each manager's performance. Vice Chairman Leon Guerrero stated that he will include a trend analysis on a quarterly basis.

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

### B. Members and Benefits Committee

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

**Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 1 through 11, based on the Committee's review and findings during their meeting of September 25, 2017. Without objection, the motion passed.**

*Dean C. Soriano* - Director Blas stated that Mr. Soriano elected for non-base compensation to be included in his average annual salary, but he was not being deducted for the non-base contributions. Director Blas stated that Mr. Soriano was provided an estimate to pay, based on his share, the government share and interest and penalties associated. Director Blas stated that Mr. Soriano requested for a waiver of the 4.5% interest applied to his member contributions owed to the Retirement Fund for non-base pay. Mr. Soriano's waiver request was forwarded to the Retirement Fund's Legal Counsel and their response is that the Retirement Fund can't waive the 4.5% interest. Director Blas noted that the Department of Administration (DOA) is responsible for the government share, including interest and penalties. Chairman San Agustin stated that Mr. Soriano's request to waive the 4.5% interest should be denied based on Legal Counsel's opinion.

**Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to deny Dean Soriano's request to waive the 4.5% regular interest on his non-base pay contributions for the period starting 1989 through November 2008, based on the Retirement Fund's Legal Counsel's opinion. 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 1:27 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 29, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 20, 2017.**



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

**RECORDING SECRETARY:**

  

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**Jackie Blas**