



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS
BOARD OF TRUSTEES

Regular Meeting
 Friday, November 17, 2017, 12:00 Noon
 Retirement Fund Conference Room

MINUTES

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

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 1:03 p.m. Friday, November 17, 2017, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

Board of Trustees Present:

Joe T. San Agustin, Chairman
 Gerard A. Cruz, Treasurer
 Antolina S. Leon Guerrero, Secretary
 David M. O'Brien, Trustee
 Albert H. Santos, Trustee

Board of Trustees Absent:

Wilfred P. Leon Guerrero, Vice Chairman (*Excused*)
 Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

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

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

Public Present:

Joey Leon Guerrero, Guam Ancestral Lands Commission

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. October 20, 2017 Regular Meeting

Chairman Joe San Agustin, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the October 20, 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 November 13, 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**

Chairman San Agustin inquired about the status of MF Global. Director Paula Blas stated that the settlement was approved and the Retirement Fund is waiting for distribution. Chairman San Agustin stated that the final settlement was approved since July 15, 2016.

3. *Request for Proposals (RFPs):*

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

Director Blas stated that the Selection Panel consists of Trustees Gerard Cruz and Albert Santos; and Rosalia Bordallo, General Accounting Supervisor. The Panel conducted interviews with the top three (3) firms: 1. Harvest Advisors LLC, 2. Tortoise Capital Advisors LLC, and 3. Cushing Asset Management L.P. on Tuesday, November 14, 2017. Treasurer Gerard Cruz stated that based on the evaluation factors and weights assigned to each factor, the Panel ranked Cushing Asset Management, L.P. to be the best-qualified firm to provide the required services called for in RFP No. GGRF-003-16. Treasurer Cruz stated that the Panel recommends Cushing Asset Management, L.P. to provide Investment Management Services Specifically for Master Limited Partnerships.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to accept the Selection Panel's recommendation to select Cushing Asset Management, L.P. to provide Investment Management Services Specifically for Master Limited Partnerships (MLPs) in response to RFP No. GGRF-003-16. Without objection, the motion passed.

Director Blas stated that she will try to have the contract in place by the end of this year.

Financial Report

1. ***Contributions*** - Director Blas stated that as of November 14, 2017, all agencies are current with their Fiscal Year 2018 employee and employer contributions.
2. ***Financial Statements*** - Director Blas stated that the books for the month ended September 30, 2017 is scheduled to close on November 30, 2017.
3. ***Fiscal Year 2018 Retirees' Supplemental Benefits*** - Director Blas stated that supplemental benefits for retirees and survivors for the month of November 2017 will be paid by the end of the month.
4. ***Fiscal Year 2018 Medicare Reimbursements*** - Director Blas stated that the Retirement Fund received the November 2017 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

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

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Cruz reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2017 was held on November 15 and 16, 2017. The Investment Committee Meeting was also held on November 16, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of October 19, 2017. Treasurer Cruz stated that as of November 10, 2017, the size of the Retirement Fund's portfolio is \$1,756,718,181.

Treasurer Cruz stated that annual review was conducted for the following Investment Managers:

- Robeco
- Dimensional Fund Advisers
- Cornerstone
- Intech
- Panagora
- Invesco

Treasurer Cruz stated that Maggie Ralbovsky of Wilshire Associates discussed the process for the transfer of assets from the Defined Contribution Plan to the Defined Benefit 1.75 Plan and the following items are for Board action:

1. The attached Rebalancing Worksheet for the transfer of approximately \$200 Million from the DC Plan to the DB 1.75 Plan.

Ms. Ralbovsky stated the Rebalancing Worksheet is for the Board's approval. Chairman San Agustin inquired about the amount. Director Blas stated that it is for the transfer of \$200 Million from the DC Plan from 3,300 participants.

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to accept Wilshire Associates' recommendation to adopt the Rebalancing Worksheet for the transfer of approximately \$200 Million from the DC Plan to the DB 1.75 Plan. Without objection, the motion passed.

2. The Effective Date for the Transfer of approximately \$200 Million.

Ms. Ralbovsky stated that Wilshire's recommendation is to transfer the funds by January 2, 2018 or as soon as practically possible. Alice Taijeron, Director, Client Relations and Plan Counseling, Empower Retirement stated that she will work with Empower Retirement's national office on the method of transfer and whether it could be through ACH to Northern Trust.

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to accept Wilshire Associates' recommendation to transfer the funds of approximately \$200 Million by January 2, 2018 or as soon as practically possible. Without objection, the motion passed.

Treasurer Cruz stated that Ms. Ralbovsky provided an overview of the Investment Performance and noted the following:

For the Quarter Ended September 30, 2017, the Retirement portfolio outperformed its benchmark index by 25 basis points, ranking at the 24th percentile of Wilshire's peer group universe for the quarter. The Retirement Fund Return was 3.75% and the Benchmark Return was 3.50%.

For the Fiscal Year Ended September 30, 2017, the Retirement Fund portfolio returned 11.88% outperforming the benchmark return by 65 basis points.

Next Quarterly Performance Meeting – Treasurer Cruz stated that the next Quarterly Performance Meeting is tentatively scheduled for February 21 and 22, 2018. Ms. Ralbovsky stated that she would like to discuss global equity and restructuring the portfolio as well as provide education on down side risk management with "Managed Futures" at the February 2018 meeting.

B. Members and Benefits Committee

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

Chairman San Agustin inquired about recapturing annuities of retirees who have passed away. Director Blas stated that the Retirement Fund will request the bank to recapture the funds if notified of the death of a retiree. Chairman San Agustin stated that there are 805 retirees living off island that are

over 70 years of age. Chairman San Agustin stated that there are four (4) retirees that are 100 years old and one of them lives off island so what happens if the retiree passes away and the Retirement Fund is not notified. Director Blas stated that the Department of Administration informs the Retirement Fund whenever a beneficiary files a life insurance claim with them. Director Blas stated that there was a time when the Retirement Fund sent an update form to all retirees to update their information and if they don't fill out and return the forms, their annuity will be suspended. Chairman San Agustin recommended to send out another update form to all retirees. Director Blas indicated that this is something to explore.

Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 13, including the attached relevant documents, based on the Committee's review and findings during their meeting of November 8, 2017. Without objection, the motion passed.

IX. TRAVEL REPORT

A. Vice Chairman Wilfred Leon Guerrero: IFEBP 63rd Annual Employee Benefits Conference - October 22-25, 2017, Las Vegas, Nevada

Chairman San Agustin stated that Vice Wilfred Chairman Leon Guerrero submitted his travel report, for the Board's information, on the conference he attended.

X. OLD BUSINESS

None

XI. NEW BUSINESS

None

Trustee Albert Santos asked to be excused from the meeting at this time (1:55 p.m.)

XII. OPEN DISCUSSION / GENERAL PUBLIC INPUT

Joey Leon Guerrero stated that he works for the Guam Ancestral Lands Commission and that he recently submitted an application for disability which he has been working on since 2013. Mr. Leon Guerrero stated that every time he went to see a doctor, they didn't seem to know how to fill out the form correctly and then he was finally referred to a doctor that could correctly fill out the form. Unfortunately, he was denied because the doctor indicated that his condition was pre-existing prior to his employment with the Government of Guam. Mr. Leon Guerrero stated that he does have a condition but it was not as severe until 2013. Mr. Leon Guerrero stated that he never considered himself disabled and never applied for a disability placard until 2013. Chairman San Agustin asked Mr. Leon Guerrero how long has he been working for the government. Mr. Leon Guerrero replied, "24 years." Chairman San Agustin asked Mr. Leon Guerrero if he went through a physical examination when he was first employed with the Government of Guam. Mr. Leon Guerrero replied, "Yes."

Secretary Leon Guerrero asked Mr. Leon Guerrero what his question to the Board is. Mr. Leon Guerrero stated that he picked up an application for disability here at Retirement Fund and was told to have his primary doctor complete the form. Mr. Leon Guerrero stated that he submitted the form to the Retirement Fund and then received a letter from the Retirement Fund that his application was denied.

Secretary Leon Guerrero suggested to refer this matter to the Members and Benefits Committee to be included in its December 2017 meeting agenda. The Committee will then bring the matter before the Board with a recommendation.

XIII. ANNOUNCEMENTS

December 2017 Board Meeting - Director Blas stated that the last Friday of December is the 29th and asked the Board whether to have the meeting on that day or if they would like to move it to another day. The Board indicated that it's okay to schedule the Board meeting on Wednesday, December 27, 2017.

XIV. ADJOURNMENT

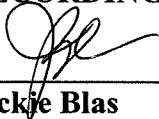
There being no further business before the Board for the Defined Benefit Plan, Secretary Antolina Leon Guerrero moved to adjourn the meeting. Without objection, the meeting was adjourned at 2:05 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of November 17, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 27, 2017.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas