



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

**Regular Meeting**  
 Wednesday, December 27, 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. Wednesday, December 27, 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  
 Katherine T.E. Taitano, Trustee

**Staff Present:**

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

**Public Present:**

Edwin Torres, Civile & Tang  
 Dan Del Priore, Guam Federation of Teachers (GFT)

Chairman San Agustin recognized the two guests that are present at today's meeting and asked whether they would like to address the Board.

Mr. Dan Del Priore stated that he is a Representative with the Guam Federation of Teachers (GFT). Mr. Del Priore stated that they retained the firm of Civile & Tang to forward a petition regarding how the Retirement Fund is treating the Law Enforcement 10% Pay Increase per year for four years which was not actually received as legislated. Mr. Del Priore stated that he is looking forward to receiving a response to that petition. Chairman San Agustin stated that this matter will be discussed under the Members and Benefits Committee Report.

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. November 17, 2017 Regular Meeting**

**Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve the Minutes of the November 17, 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 December 8, 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**

Treasurer Gerard Cruz stated that the final approval on the MF Global settlement was granted on July 15, 2016. The total settlement amount is \$29.8 Million. Treasurer Cruz stated that he is not sure exactly how much of the \$29.8 Million is going to the Retirement Fund. Treasurer Cruz asked Management to follow up on the distribution process.

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

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

Director Paula Blas stated that a selection was made at the last Board Meeting. The Retirement Fund is in the process of contracting with Cushing Asset Management L.P. The contract should be in place by the time the DC assets are ready to be transferred to DB 1.75; funds will be placed with the different

asset allocations that were recommended by Wilshire Associates. Treasurer Cruz inquired about the allocation amount. Director Blas stated that it is \$58 Million.

### **Financial Report**

**1. Contributions** - Director Blas stated that as of December 26, 2017, 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 pay period ending November 25, 2017 in the amount of approximately \$461,000.00. Pay period ending December 9, 2017 will be due on December 29, 2017. Director Blas stated that a formal notice has been sent to GMHA. A copy of the notice will be sent to the Governor, Legislature, Attorney General, and the Office of Public Accountability. Director Blas stated that the Retirement Fund will be suspending retirement for eligible GMHA employees.

**2. Financial Statements** - Director Blas stated that the books for the month ended October 31, 2017 is scheduled to close on December 29, 2017.

**3. Fiscal Year 2018 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of December 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 December 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 current drawdown authorization of \$5.5 Million ends this month and would like to request to extend the current drawdown authority through March 2018.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the request to extend the current principal drawdown authority of up to \$5.5 Million monthly through March 2018. Without objection, the motion passed.**

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Vice Chairman Wilfred Leon Guerrero reported that the Investment Committee Meeting was held on December 15, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 16, 2017. Vice Chairman Leon Guerrero stated that as of December 25, 2017, the size of the Retirement Fund's portfolio is \$1.78 Billion.

Trustee David O'Brien inquired about Securities Lending. Director Blas stated that it will be discussed during the upcoming annual review. Controller Diana Bernardo stated that Northern Trust could be

here during the February or May 2018 due diligence meeting. Chairman San Agustin inquired about the rate of return. Controller Bernardo stated that it is 11.88% through September 30, 2017.

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is scheduled for February 21 and 22, 2018.

## **B. Members and Benefits Committee**

Trustee Katherine Taitano presented the Committee's December 2017 report to the Board of Trustees.

**Trustee Katherine Taitano, seconded by Trustee David O'Brien, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 12, including the attached relevant documents, based on the Committee's review and findings during their meeting of December 20, 2017. Without objection, the motion passed.**

Trustee Taitano stated that the draft response regarding a Declaratory Ruling was presented to the M&B Committee for review. Secretary Antolina Leon Guerrero stated that Committee received a request from a Defined Benefit Plan member for the Board to consider the calculation of his annuity upon retirement. Director Blas stated that the Petitioner requested for a Declaratory Ruling on the Retirement Fund's interpretation of the average annual salary. The Law Enforcement Officers received the Law Enforcement Retroactive Pay in different years as lump sums, rather than as salary in the years the pay was earned. The Petitioner wanted the calculation of his average annual salary to reflect what was reported in his W-2s when he received the payments. Director Blas stated that the Law Enforcement were given a 40% increase in pay that was supposed to be paid within a period of time, but was not given until later from when the law was passed. Director Blas stated that there were two different payments that were given in two different years. The retroactive earned were for previous years. The Retirement Fund ascertained the payment amounts received and applied the amount to when the pay was earned, not when the payment was received.

**Trustee David O'Brien, seconded by Secretary Antolina Leon Guerrero, moved to accept the Retirement Fund's Legal Counsel's findings and for Director Paula Blas to finalize the response to Civile & Tang. Without objection, the motion passed.**

## **IX. TRAVEL REPORT**

### **A. Vice Chairman Wilfred Leon Guerrero: APAFS 17th Annual Pacific Region Investment Conference - November 30-December 1, 2017, Manila, Philippines**

Chairman San Agustin stated that Vice 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

**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, Trustee Albert Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:39 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 27, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 26, 2018.**



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

**RECORDING SECRETARY:**



**Jackie Blas**