

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

BOARD OF TRUSTEES
Regular Meeting
 Friday, September 28, 2018, 12:00 Noon
 Retirement Fund Conference Room

MINUTES

DEFINED BENEFIT

Katherine T.E. Taitano
 Trustee

David M. O'Brien
 Trustee

Albert H. Santos
 Trustee

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 12:55 p.m. Friday, September 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
 Gerard A. Cruz, Treasurer
 David M. O'Brien, Trustee
 Albert H. Santos, Trustee

Board of Trustees Absent:

Antolina S. Leon Guerrero, Secretary (*Excused*)
 Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Jackie Blas, Recording Secretary
 Alice Taijeron, Relationship Manager, Empower Retirement

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to suspend the order of business and to proceed with Agenda Item VII B: Members and Benefits Committee Report; Item VI A: Fiscal Year 2019 Proposed Budget; Item VII A: Investment Committee Report; and Item II: Review and Approval of Board Minutes. Without objection, the motion passed.

II. Members and Benefits Committee

Trustee David O'Brien presented the Committee's September 2018 report to the Board of Trustees.

Trustee David O'Brien, seconded by Trustee Albert Santos, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 20, including the Application for Minor Child Survivor Benefits, based on the Committee's review and findings during their meeting of September 20, 2018. Without objection, the motion passed.

III. TREASURER'S REPORT OF FINANCIAL STATUS

A. Fiscal Year 2019 Proposed Budget

Treasurer Gerard Cruz stated that the proposed FY 2019 Budget is provided for the Board's review. Director Paula Blas stated that the increase in the FY 2018 Budget was due to the Defined Benefit 1.75 (DB 1.75) Plan. There was also an increase in the premium on the Director and Officers Insurance in FY 2018. Director Blas stated that the proposed FY 2019 Operating Budget of \$6.9 Million represents a decrease of \$219,631 from the FY 2018 Budget. If you look at the budget request for FY 2018 versus the actual budget from FY 2018, you will see a lapse of \$2.6 Million. Trustee O'Brien inquired about the FY 2019 Budget on Personnel and the 12 vacancies which includes the Deputy Director position. Director Blas stated that the maximum salary for the Deputy Director position is \$85,000. Trustee O'Brien asked whether the 12 vacancies will be filled. Director Blas stated that the Legislature imposed a hiring freeze in the budget for everyone including the autonomous agencies until December 31, 2018. Director Blas stated that she will announce the positions to establish a list in November 2018.

Vice Chairman Wilfred Leon Guerrero inquired about the Tuition Reimbursement Program. Director Blas stated that the program encourages staff members to continue and further their education. Reimbursement is \$1,500.00 per semester. Vice Chairman Leon Guerrero asked how many employees are taking advantage of the program. Director Blas stated that there were 3 employees under the program in 2018 and she anticipates 2 in 2019.

Vice Chairman Leon Guerrero inquired about the budget for the building improvements. Director Blas stated that the Retirement Fund building is due for maintenance. Director Blas mentioned that the carpet in the entire front side on the building was stripped due to Typhoon Mangkhut.

Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to approve the Fiscal Year 2019 Budget. Votes as follows: Yes Votes - Trustee David O'Brien, Treasurer Gerard Cruz, Vice Chairman Wilfred Leon Guerrero, Trustee Albert Santos, and Chairman Joe San Agustin. With five (5) "Yes" votes, the motion passed. Secretary Antolina Leon Guerrero and Trustee Katherine Taitano were absent.

Treasurer Cruz stated that the current drawdown authorization of \$5.5 Million expires this month and would like to request to extend the current drawdown authority through March 2019.

Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to approve the request for a monthly drawdown authority of up to \$5.5 Million through March 2019. Without objection, the motion passed.

IV. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on September 21, 2018. The Committee reviewed and approved the Investment Committee Meeting Minutes of August 30, 2018. Vice Chairman Leon Guerrero stated that as of September 17, 2018, the size of the Retirement Fund's portfolio is \$2,011,280,468. Chairman San Agustin inquired about the rate of return. Director Blas stated that as of August 31, 2018 the rate of return was a little over 6%.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is scheduled for November 14 and 15, 2018.

V. REVIEW AND APPROVAL OF BOARD MINUTES

A. August 31, 2018 Regular Meeting

Treasurer Gerard Cruz, seconded by Trustee David O'Brien, moved to approve the Minutes of the August 31, 2018 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

VI. CORRESPONDENCE

None

VII. 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, 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**

Financial Report

1. *Contributions* - Director Blas stated that as of September 25, 2018, 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 August 31, 2018 are scheduled to close today.

3. **Fiscal Year 2018 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of September 2018 were paid.

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

VIII. LEGAL COUNSEL'S REPORT

No report was made at this time.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XII. ANNOUNCEMENTS

None

XI II. ADJOURNMENT


There being no further business before the Board for the Defined Benefit Plan, on motion of Treasurer Gerard Cruz, seconded by Trustee David O'Brien, and without objection, the meeting was adjourned at 1:15 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 28, 2018 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on October 24, 2018.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas