



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
 Governor

Joshua F. 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

Albert H. Santos
 Trustee

Vacant
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Friday, May 31, 2019, 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 1:08 p.m. Friday, May 31, 2019, 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
 Albert H. Santos, Trustee

Board of Trustees Absent:

Gerard A. Cruz, Treasurer (*Excused*)
 Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Jackie Blas, Recording Secretary

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. April 26, 2019 Regular Meeting

Chairman San Agustin stated that at the April 26, 2019 Board Meeting, Treasurer Gerard Cruz mentioned that Elisa from SSI Investment Management will be in the area and would like a courtesy visit with the Board or attend the May Board Meeting. Chairman San Agustin stated that he, along with Director Paula Blas, met with two individuals from SSI Investment Management before the Board Meeting. Director Blas stated that she explained to them that the government procurement is stricter than private sector type of procurements and the procedures that the Retirement Fund has to follow with unsolicited type of pitches is something that the Board should refrain from. It is best practice for the Retirement Fund not to entertain any type of unsolicited marketing from any fund manager to avoid any type of protest.

Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve the Minutes of the April 26, 2019 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. 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 May 24, 2019 on the following lawsuits is provided for the Board's information.

- **Apollo Education Group**
- **MF Global**

Director Blas stated that the Apollo Education Group case began the first round of distribution of the settlement funds in January 2019 and the second distribution will take place in September 2019. Vice Chairman Wilfred Leon Guerrero inquired about tracking of the distribution and subsequent receipt of settlements in the Retirement Fund's books. Director Blas stated that she will check with Controller Diana Bernardo on how the settlement amount received is recorded in the books.

BLBG Case Alert: EQT Securities Litigation

Director Blas informed the Board that BLBG, as portfolio monitoring counsel for the Retirement Fund, is alerting the Retirement Fund of their proprietary investigation into EQT Corporation and the significant loss of approximately \$1.1 Million that Guam incurred on its investments in EQT during the period from June 19, 2017 to October 2018, which was formerly owned by Robeco. Director Blas stated that if the outcome of the investigation is warranted, BLBG is recommending that the

Retirement Fund seek to serve as Lead Plaintiffs in a securities class action against EQT. The Board agreed to serve as Lead Plaintiffs.

Financial Report

- 1. Contributions** - Director Blas stated that as of May 28, 2019, all agencies are current with their Fiscal Year 2019 employee and employer contributions.
- 2. Financial Statements** - Director Blas stated that the books for the month ended March 31, 2019 were closed on May 2, 2019 and the books for the month ended April 30, 2019 are scheduled to close on May 31, 2019.
- 3. Fiscal Year 2019 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of May 2019 were paid.
- 4. Fiscal Year 2019 Medicare Reimbursements** - Director Blas stated that the Retirement Fund received the May 2019 allotment from the General Fund and reimbursements were processed accordingly.

V. LEGAL COUNSEL'S REPORT

No report was made at this time.

VI. TREASURER'S REPORT OF FINANCIAL STATUS

Director Blas stated that the Retirement Fund is operating within its current drawdown authority of up to \$5.5 Million monthly which continues through September 2019.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Quarterly Performance Meeting for the Quarter Ended March 31, 2019 was held on May 29 and 30, 2019. The Investment Committee Meeting was also held on May 30, 2019. The Committee reviewed and approved the Investment Committee Meeting Minutes of April 25, 2019. Vice Chairman Leon Guerrero stated that as of May 23, 2019, the size of the Retirement Fund's portfolio is \$1,962,722,906.

Vice Chairman Leon Guerrero stated that Maggie Ralbovsky of Wilshire Associates provided an overview of the Investment Performance. She noted that for the quarter ended March 31, 2019, the Retirement Fund portfolio underperformed its benchmark index, ranking at the 14th percentile of Wilshire's peer group universe for the quarter. The Retirement Fund Return was 9.55% and the Benchmark Return was 10.38%.

Recommendation:

1. Numeric Investors

Ms. Ralbovsky stated that Wilshire's recommendation is to keep Numeric Investors on Watch and the Investment Committee will re-evaluate their performance at the November 2019 quarterly review.

Vice Chairman Wilfred Leon Guerrero, seconded by Trustee Albert Santos, moved to accept Wilshire Associates' recommendation to keep Numeric Investors on Watch until November 2019. Without objection, the motion passed.

Ms. Ralbovsky stated that annual reviews were conducted for the following managers:

- Income Research Management
- Garcia Hamilton & Associates
- Hotchkis & Wiley
- Aegon Asset Management
- Nomura Corporate Research & Asset Management

Ms. Ralbovsky stated that the reports from the above managers were satisfactory.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is tentatively scheduled for August 28 and 29, 2019.

Chairman San Agustin stated that he had asked Ms. Ralbovsky to update her 2016 Executive Summary. Ms. Ralbovsky stated that she will provide an updated summary as requested by Chairman San Agustin.

Trustee Albert Santos, seconded by Secretary Antolina Leon Guerrero, 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 May 2019 report to the Board of Trustees.

Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 1 through 33, based on the Committee's review and findings during their meeting of May 24, 2019. Without objection, the motion passed.

VIII. OLD BUSINESS

None

IX. NEW BUSINESS

1. Government of Guam Retirement Fund Board Composition

Vice Chairman Leon Guerrero inquired about a draft bill to change the composition of the Board. Director Blas stated that she saw a draft bill shown to her by Senator Telo Taitague. Director Blas stated that the proposed change to the appointed members is to remove the provision that says no government employee or retiree. Secretary Leon Guerrero stated that she made a point in her written testimony to maintain the current composition of the Board and how well the current composition of the Board served the Retirement Fund and its members. Vice Chairman Leon Guerrero stated that if there is a bill introduced to change the composition of the Retirement Fund Board, the Board should take a position to oppose any proposed changes to the composition of the Board. There were no objections to Vice Chairman Leon Guerrero's recommendation.

2. May 15, 2019 Letter from Senator Jose "Pedro" Terlaje Regarding Retirement for Public Safety Officers

Director Blas stated that Senator Terlaje is proposing to allow Public Safety officers to retire with eighty five percent (85%) of their high three years after 25 years of service. Director Blas stated that under the current plan, pre October 1, 1981, uniformed personnel could retire at age 55 and everyone else at age 60 with no penalty; after October 1, 1984, uniformed personnel could retire at age 60 and everyone else at age 65 with no penalty. Director Blas stated that the maximum years of service is 36 years. Director Blas pointed out that an individual's service credit is based on years in service.

Vice Chairman Leon Guerrero stated that with regards to the discussion regarding Senator Terlaje's proposal, he suggested to have Director Blas respond to Senator Terlaje's letter informing him that the Board has asked her to review the proposal and provide a recommendation to the Board.

3. June 2019 Board Meeting

Director Blas stated that the next Board Meeting is scheduled for June 28, 2019. The Board Election is scheduled for June 22, 2019. The Guam Election Commission Board will be meeting on June 27, 2019 at which time the GEC Board will certify the election results. Director Blas stated that Swearing-In of the new Trustees will take place July 2 or 3, 2019. Director Blas asked if the Board is open to having the Board Meeting on June 25, 2019. Chairman San Agustin suggested to have the Board Meeting before the election. Director Blas asked whether it's okay to have the meeting on Wednesday, June 19, 2019. The Board agreed to having the Board Meeting on June 19, 2019.

X. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XI. ANNOUNCEMENTS

None

XII. 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 2:21 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of May 31, 2019 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 19, 2019.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas