



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY • SECURITY • REWARDS

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Katherine T.E. Taitano
Secretary
Chair, Members and Benefits Committee

Gerard A. Cruz
Treasurer
Chair, Investment Committee

Artemio R.A. Hernandez
Trustee

Thomas H. San Agustin
Trustee

George A. Santos
Trustee

**INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN**

Tuesday, July 30, 2019
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee Meeting for the Defined Benefit Plan was called to order at 11:51 a.m. Tuesday, July 30, 2019, in the Retirement Fund Conference Room. Investment Committee Chairman Gerard A. Cruz officiated.

Board of Trustees Present:

Gerard A. Cruz, Chairman
Artemio R.A. Hernandez, Member
Thomas H. San Agustin, Member

Staff Present:

Paula Blas, Director

II. ACTION ITEMS

1. **June 14, 2019 Regular Investment Committee Meeting Minutes**
2. **May 23 and 24, 2018 Due Diligence Meeting Minutes for the Quarter Ended March 31, 2018**
3. **August 29 and 30, 2018 Due Diligence Meeting Minutes for the Quarter Ended June 30, 2018**
4. **November 14 and 15, 2018 Due Diligence Meeting Minutes for the Quarter Ended September 30, 2018**
5. **February 20 and 21, 2019 Due Diligence Meeting Minutes for the Quarter Ended December 31, 2018**
6. **May 29 and 30, 2019 Due Diligence Meeting Minutes for the Quarter Ended March 31, 2019**

Committee Member Thomas San Agustin stated that the new Committee Members were not present at the June 14, 2019 Regular Investment Committee Meeting. Committee Chairman Cruz stated that it's duly noted.

Committee Member Thomas San Agustin, seconded by Committee Member Artemio Hernandez, moved to approve the Minutes of the June 14, 2019 Regular Investment Committee Meeting, subject to technical corrections; and to table the Minutes of the May 23 and 24, 2018, August 29 and 30, 2018, November 14 and 15, 2018, February 20 and 21, 2019 and May 29 and 30, 2019 Due Diligence Meetings. Without objection, the motion passed.

III. OPEN ITEMS

None

IV. NEW BUSINESS

A. Transition Manager Recommendation for Global Equity Restructuring

Recommendation:

Committee Chairman Cruz stated that the new International Managers are ready to be funded. A transition from the Legacy Portfolio to the Target Portfolio is necessary. Committee Chairman Cruz stated that to implement the target portfolio, Wilshire Associates recommends the following rebalancing/transition is necessary:

Legacy Portfolio (Funding Sources)			Target Portfolio		
Assets	Vehicle	\$\$ mil	Assets	Vehicle	\$\$ mil
Russell 1000 Index	Commingled	-25	Lazard Global Equity	Separate	100
INTECH	Separate	-30	Acadian EAFE	Separate	75
Boston Partners	Separate	-50	Wellington EM	Commingled	50
Numeric	Separate	-25			
MSCI ACWI X US Index	Commingled	-40			
EM Index (entire balance)	Commingled	-36			
Garcia Hamilton	Separate	-10			
DFA REITs	Commingled	-9			
Total		-225	Total		225

Committee Member Artemio Hernandez, seconded by Committee Member Thomas San Agustin, moved to accept Wilshire Associates' recommendation for rebalancing of the portfolio to fund the three (3) new international managers (Lazard Asset Management, Acadian Asset Management, and Wellington Management Company). Without objection, the motion passed.

B. Transition Manager

Recommendation:

Committee Chairman Cruz stated that Wilshire recommends that BlackRock be engaged as the transition manager to handle the transaction of funding the three (3) new managers.

Committee Member Artemio Hernandez, seconded by Committee Member Thomas San Agustin, moved to accept Wilshire Associates' recommendation that BlackRock be engaged as the transition manager to handle the transaction of funding the three (3) new international managers (Lazard Asset Management, Acadian Asset Management, and Wellington Management Company). Without objection, the motion passed.

V. INFORMATIONAL ITEMS

1. Asset Allocation Summaries

A copy of the asset allocation summary statements was provided to the Committee for review and informational purposes. Committee Chairman Cruz stated that as of July 24, 2019, the size of the Retirement Fund's portfolio is \$2,009,153,580.

Committee Chairman Cruz explained the 4-Sheet Asset Allocation Summary, as of July 24, 2019, to the two (2) new Committee Members:

- Market (Actual) Allocation vs. Target Allocation
- Historical Perspective of the Annual Unrealized Gain (Loss):
 - FY 2014 to 7/24/19
 - FY 2009 to FY 2014
 - FY 2005- FY 2009

2. Income Summary

A summary of interest and dividend income was provided to the Committee for review and informational purposes.

3. Securities Lending

A summary of securities lending earnings was provided to the Committee for review and informational purposes.

4. 5-Year Plan

A copy of the 5-Year Plan was provided to the Committee for review and informational purposes.

VI. OPEN DISCUSSION

None

VII. CORRESPONDENCE

None

VIII. ANNOUNCEMENTS

1. Next Due Diligence Meeting: August 27 and 28, 2019

Committee Chairman Cruz informed the Committee that the next due diligence meeting is scheduled for August 27 and 28, 2019.

IX. ADJOURNMENT

There being no further business before the Investment Committee, a motion was made by Committee Member Thomas San Agustin, seconded by Committee Member Artemio Hernandez, to adjourn the meeting at 12:10 p.m. Without objection, the motion passed.

Respectfully submitted,



JACKIE M. BLAS
Recording Secretary

AFFIRMED:


GERARD A. CRUZ
Investment Committee Chairman