



**AGA Guam Chapter
General Membership
Meeting Minutes
Wednesday, February 24, 2016
Hyatt Regency Guam Resort
(Ballroom C)**

Artemio “Ricky” Hernandez, CGFM
President
Yuka Hechanova, CPA, CIA, CGFM, CGAP,
CGMA
President-Elect
Rachel F. Cubacub, PMBA
Immediate Past-President
Josie Villanueva, CPA, CGFM
Treasurer
Clariza Mae Roque
Secretary

Attendance Count: 23 members, 10 non-members, and 5 JAS members.

1. Meeting called to order at 12:20pm by President Ricky Hernandez.
2. Approval of Minutes. Pamela Aguigui moved to approve the January minutes subject to correction. Jojo Guevara seconds. All were in favor. Motion approved.
3. Treasurer’s Report. Pamela Aguigui moved to approve the January Treasurer’s Report subject to correction. Jojo Guevara seconds. All were in favor. Motion approved.
4. President’s Report. Welcomed our guests: Dr. Anette Santos and Mark Duarte from the University of Guam.
5. Spring 2016 Herminia Dierking Scholarship Presentation to Von Alcoran and Rudd Gudmalin. Dr. Santos thanked AGA for its continued support.
6. Committee Reports
 - a. Education Committee. AGA Guam Chapter will be hosting a Cybersecurity Training on February 19th from 8:30am to 12:00pm at the GPA Training Room.
 - b. CGFM Committee. CGFM Month Proclamation signing will be on February 26th at 10:30AM in the large conference room at Adelup. All CGFMs and officers wear red. During our March 2016 General Membership Meeting, the Vice Speaker will be presenting the Resolution.
 - c. Membership Committee. Tabled.
 - d. Early Careers Committee. Discussed the 3rd Annual High School Essay Competition and flyers were provided to members.
 - e. Accountability Committee. Tabled.
 - f. Community Service Committee. Tabled.
7. **Guest Speaker:** Maggie Ralbovsky, CFA, Wilshire Associates Managing Director and Principal
Topic: Long Term Debt Cycle, Secularly Low Returns and Factor Investing for Pension Systems

Ms. Ralbovsky provided a great discussion relative to debt cycles, pension systems, and the manic depressive market. Her session included the following points:

- Managing Credit Availability = Managing Cycles
- The most important part of the economy: 1) Don’t have debt rise faster than income; 2) Don’t have income rise faster than productivity; and 3) Do all that you can to raise your productivity.
- Debt is an instrument that smooths the cycle. When debt grows faster than income, you’re over indebted. If society is over indebted, there is a likelihood of default. Every time interest rates lower, more debt is created.
- Inflation is a self-fulfilling process and not healthy for growth.
- Central banks become ineffective at the peak of a long-term debt cycle. The peak of a long-term debt cycle is reached after 75 – 100 years of: **Credit Growth > Income Growth > Productivity Growth.** The State of “Liquidity Trap” is reached where the Central Banks become ineffective in creating growth.
- Update on Market Outlook: The world is at the end of a long-term debt cycle and continued deleveraging is needed. We continue to believe that global central banks must ease rather than tighten. Because we expect monetary easing to be relatively ineffective, we expect central banks to turn more

- toward other non-traditional and relatively non-effective tools, such as negative interest rates, macroprudential policies, etc. As a result, we expect low inflation and low economic growth, which means low expected return environment with periodic spikes of volatility.
- Guam is 51% funded status pension systems; 25th percentile. Contributions may have to be increased due to these unfunded liabilities. DB Plan has a perpetuity. Capital markets will take care of the plan. Shared-based perpetuity horizon, cheaper to fund.
 - Goal of pension plan is to pool everyone's life expectancy together.
 - Factor Investing on Asset Class Level. Understanding what risks are paid for. Deleveraging is happening by default.
8. Raffle Winner is Bobbie Howard.
 9. Other Matters
 10. Next Meeting: Wednesday, March 23, 2016 at 12:00pm at Hyatt Regency Guam Resort
 11. Meeting adjourned at 1:15pm. Rodalyn Gerardo motioned to adjourn meeting and Yuka Hechanova seconds. All were in favor.

Minutes prepared by: /s/ Clariza Roque
AGA – Guam Chapter Secretary