

BOARD OF TRUSTEES
Regular Meeting
Friday, December 5, 2008, 12:00 p.m.
Retirement Fund Conference Room

MINUTES

DEFINED BENEFITS

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Benefits Plan was called to order at 12:10 p.m. Friday, December 5, 2008, 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
James J. Taylor, Secretary
George A. Santos, Trustee
Katherine T.E. Taitano, Trustee
Antolina S. Leon Guerrero, Trustee

Staff Present:

Paula Blas, Director
Diana Bernardo, Controller
Rosalia Bordallo, General Accounting Supervisor
Jackie Blas, Recording Secretary
Dr. John C. Steele, Retirement Fund Medical Consultant
Kenneth Dunstan, Benefit Program Administrator
Greg Perez, Benefit Specialist III
Jackie Sablan, Benefit Specialist II
Lena Sanchez, Benefit Specialist II
Mike Perez, Great West Retirement Services

Legal Counsel Present:

Joanne Grimes and Elyze McDonald, Carlsmith Ball

Public Present:

Terry Dennison, Mercer Investment Consulting, Inc.
Richard Wright, Milliman USA
Steve Limtiaco, Pacific Daily News
Rosario Gagan

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. September 26, 2008 Regular Meeting, October 3, 2008 Reconvened Meeting and October 31, 2008 Regular Meeting

Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to table the Minutes of September 26, 2008 Regular Meeting, October 3, 2008 Reconvened Meeting and October 31, 2008 Regular Meeting. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. INFORMATIONAL ITEMS

Chairman San Agustin stated that the following was discussed at the December 4, 2008 meeting.

1. Report by Richard Wright Regarding the Actuarial Liability Study
2. Proposed Health Study Regarding MIP/Medicare
3. Funding of the Proposed Health Study

Chairman San Agustin stated that the recommendation is to accept the Asset Liability Study and the Proposed Health Study that was presented at the December 4, 2008 meeting.

Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to accept the Asset Liability Study. Without objection, the motion passed.

Secretary James Taylor stated that the presenter at the December 4, 2008 meeting made a strong case for slightly expanding the Retirement Fund's particular investment strategy. Secretary Taylor stated that part of that case consisted in dealing with the issues of investing in REITS. Comments were made several times that the Retirement Fund is a little off because we are out of the REITS. Secretary Taylor stated that the Board had decided not to get into REITS. Secretary Taylor stated it may be worthwhile to get 20-25% of the Retirement Fund's plan investment in REITS to get this started. Terry Dennison, Mercer Consulting, Inc., stated that funding is a separate issue. Chairman San Agustin stated that the funding issue will be discussed under the Investment section of the meeting Agenda. Secretary Taylor stated for the record that the presentation made indication that moving forward will be advantageous to the Retirement Fund.

Secretary Taylor asked whether the health study would need to be issued as a Request for Proposal (RFP). Legal Counsel Joanne Grimes stated that she will look into this.

Treasurer Gerard Cruz, seconded by Trustee Antolina Leon Guerrero, moved to accept and approve funding of the Proposed Health Study in the amount of \$40,000.00 per annum, subject to Legal Counsel's review. Without objection, the motion passed.

V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY

1. *Candelaria Rios, et al. vs. Joseph Ada, et al. (Special Proceeding Case No. SP206-93)* –

Director Paula Blas stated that there is no new update on the issuance of the Government of Guam General Obligation bond.

2. *Global Custody Services* – Director Blas stated that at the October 31, 2008 Board meeting, the Board opted to suspend participation in Securities Lending. The Board would need to decide on whether to continue the suspension. Director Blas stated that the only option available to the Retirement Fund is the Basic Collateral option. Mr. Dennison stated that Northern Trust's Securities Lending collateral pool suffered severe losses. Chairman San Agustin stated that the Retirement Fund is not involved in Securities Lending with Northern Trust. Mr. Dennison informed the Board to be expecting bad news in the future regarding Northern Trust as the custodian and the Securities Lending Program. Treasurer Gerard Cruz asked whether this may affect the custodial issue. Mr. Dennison stated that they do not have any actual knowledge of it. Treasurer Cruz asked whether there are any implications with regards to the Retirement Fund's existing contract with Northern Trust. Director Blas stated that she believes that Northern Trust understands the Retirement Fund's situation with regards to the suspension of participation. Director Blas stated that Northern Trust will more than likely offer the additional collateral options. Director Blas stated that the Retirement Fund may decide not participate in Securities Lending until February 2009.

3. *Real Estate Investment Trusts (REITS)* – Director Blas stated that at the October 31, 2008 Board meeting, the Board reconsidered funding Cornerstone Real Estate Advisers and Security Capital Research & Management and decided to defer funding pending Mercer's recommendation. Chairman San Agustin stated that Item 3 was being referred to the Investment Committee.

4. *U.S. Domestic Small Capitalization Core Equity* – Director Blas stated that the at the October 31, 2008 Board meeting, the Board reconsidered funding Thomson Horstmann & Bryant and decided to defer funding pending Mercer's recommendation.

5. *Request for Proposal (RFP): U.S. Domestic Large Capitalization Growth Equity* – Director Blas stated that funding for Winslow Capital Management is pending Board approval. Director Blas stated that the INTECH/JANUS agreement will be ready for Board consideration upon acceptance of the two considerations presented to the Board: 1) A petition presented by INTECH regarding the Retirement Fund's investment mandates, specifically Section 8157. Director Blas stated that Legal Counsel has reviewed the Petition and concurs that the Petition does protect the Retirement Fund; 2) Additional changes requested by INTECH to the Investment Management Agreement are not legally in the Retirement Fund's favor and legal counsel's recommendation is not to accept these changes.

6. *Request for Proposal (RFP): Legal Services* – Director Blas stated that the Selection Panel recommendation will be submitted at the January 2009 Board meeting.

7. **Request for Proposal (RFP): Proxy Voting Services** - Director Blas stated that the Glass Lewis agreement is ready for signatures.

8. **Request for Proposal (RFP): Defined Benefit Plan Investment Consulting Services** - Director Blas stated that the RFP closed on October 24, 2008. Director Blas stated that the Selection Panel will consist of Chairman Joe San Agustin, Trustee Antolina Leon Guerrero and Rosalia Bordallo, General Accounting Supervisor.

9. **Request for Proposal (RFP): Banking Services** – Director Blas stated that the RFP closed on October 30, 2008. The Selection Panel will consist of Vice-Chairman Wilfred Leon Guerrero, Trustee Antolina Leon Guerrero and Trustee Katherine Taitano. Director Blas stated that Secretary James Taylor has recused himself. Controller Diana Bernardo and Rosalia Bordallo, General Accounting Supervisor, will be staffing the Selection Panel.

10. **Public Law 28-38** – Director Blas stated that the monthly interest payments for Guam Memorial Hospital Authority (GMHA) and Guam Public School System (GPSS) are current. Director Blas stated that the Retirement Fund continues to process applications for retirement for GMHA and GPSS eligible employees.

11. **Bernstein Litowitz Berger and Grossmann (BLBG)** – Director Blas stated that the Retirement Fund is the co-lead plaintiff in the Lehman Brothers lawsuit. Chairman San Agustin stated that Vice-Chairman Leon Guerrero attended BLBG’s Forum for Institutional Investors on October 23-24, 2008 in New York City. Chairman San Agustin stated that Vice-Chairman Leon Guerrero’s travel report is included in today’s meeting packet.

Vice-Chairman Leon Guerrero stated that the lawsuit is against the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) and that there are forty-nine banks named in the lawsuit. Vice-Chairman Leon Guerrero stated that there will be an additional filing. The Federal Bureau of Investigation (FBI) is investigating the practices of Lehman Brothers.

Financial Report

1. **Contributions** – Director Blas stated that all agencies are current with their Fiscal Year 2009 employee and employer contributions. Chairman San Agustin asked whether the Retirement Fund is still allowing employees to retire if their contributions are up to date. Director Blas replied, “Yes.”

2. **Financial Statements / Fiscal Year 2008 Audit** – Director Blas stated that the books for the month ending October 2008 were closed on November 28, 2008. The books for the fiscal year ending September 30, 2008 were closed on November 10, 2008. Director Blas stated that the Office of the Public Auditor (OPA) is requesting to issue the Fiscal Year 2008 audit on or before March 1, 2009.

3. **Fiscal Year 2008 Retirees’ Supplemental Benefits** – Director Blas stated that the Supplemental Benefits for retirees and survivors for the month of November 2008 were paid.

4. **Medicare Reimbursements** – Director Blas stated that Medicare reimbursements are current.

VI. LEGAL COUNSEL'S REPORT

A. Richard T. Saville vs. Government of Guam Retirement Fund (Case No. SP0146-06)

1. Writ of Mandate – Chairman San Agustin stated that a copy of the Writ of Mandate was provided to the Board at today's meeting. Chairman San Agustin stated that Legal Counsel has provided legal guidance for all future disability cases. Chairman San Agustin stated that the Board will address the Saville case. Legal Counsel Elyze McDonald stated that Judge Elizabeth Barrett-Anderson did not include a date on the Writ of Mandate as to when the Board shall report back to the Court on its compliance with the Writ. Chairman San Agustin stated that Judge Barrett-Anderson wants the Board of Trustees to review each case and to give a proper hearing. Legal Counsel Joanne Grimes stated that it is subject to the proper procedure. Trustee Katherine Taitano stated that the Judge ruled on the process and not on the action taken. Vice-Chairman Leon Guerrero asked whether the Court is asking the Board to hear the case again. Director Blas stated that the case will be scheduled for January or February 2009 Board meeting. Chairman San Agustin stated that the Board needs to meet in full deliberation. Legal Counsel Grimes stated that it is subject to the legal procedures.

2. Decision – Chairman San Agustin stated that a copy of the Decision on the Richard Saville case was provided to the Board at today's meeting. Chairman San Agustin stated that the Retirement Fund's Motion for Summary Judgment was denied.

VII. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Cruz stated that the Treasurer's Report is provided, at this meeting. It covers the Retirement Fund's Statement of Plan Assets (unaudited) for both the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended September 30, 2008 and the month ended October 31, 2008.

Treasurer Cruz stated that the year has been closed and the Retirement Fund is now in the middle of an audit. Combined assets are in the total amount of \$1.4 Billion as of September 30, 2008.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice-Chairman Leon Guerrero reported that the Investment Committee met on November 14, 2008. The Committee reviewed and approved the Investment Committee Minutes of October 31, 2008.

Vice-Chairman Leon Guerrero stated that the following were discussed and approved by the Investment Committee for Board action:

- 1. INTECH/JANUS Agreement** – Vice-Chairman Leon Guerrero stated that during the October 31, 2008 Board meeting, Director Blas reported that the following items, relative INTECH's Agreement, require the Board's consideration. Vice-Chairman Leon Guerrero stated that these items were referred to the Investment Committee for consideration:
 - a. INTECH's Petition requesting that the 75% provision of Section 8157 shall not be applicable to Fund assets allocated to INTECH, and

Vice-Chairman Leon Guerrero stated that the Investment Committee recommended approval of INTECH's Petition. According to the Retirement Fund's Legal Counsel, the Petition requests specific and limited relief and notes that approval may be withdrawn upon changed facts or circumstances of INTECH's failure to perform its obligation.

- b. INTECH's requests for changes to Sections 13.2, 14.2 and 15.1 of the Draft Agreement

Vice-Chairman Leon Guerrero stated that the Investment Committee recommended disapproval of INTECH's request for changes to Sections 13.2, 14.2 and 15.1. According to the Retirement Fund's Legal Counsel, changes to Section 13.2 would shift the responsibility for notices related to class actions and bankruptcies to the Retirement Fund; the additional language requested for Section 14.2 would extend the obligation of the Retirement Fund beyond the term of the Agreement; and the sentence requested to be inserted in Section 15.1 would have the body of the Agreement control any inconsistency.

Vice-Chairman Leon Guerrero stated that the Investment Committee also held its September 30, 2008 Quarterly Performance Review with Mercer Investment Consulting, Inc. and the Annual Manager Reviews of its U.S. Domestic Equity Managers on December 3-4, 2008. Vice-Chairman Leon Guerrero stated that the following were discussed and approved by the Investment Committee for Board action:

1. Assignment of Winslow Capital Management Contract – Vice-Chairman Leon Guerrero stated that the Investment Committee recommended that the Board approve the assignment of the Winslow Capital Investment Management Agreement to Nuveen Investments, Inc.

Treasurer Gerard Cruz, seconded by Trustee Antolina Leon Guerrero, moved to accept the Assignment of Winslow Capital Management Agreement to Nuveen Investments, Inc. Without objection, the motion passed.

2. Funding of Managers – Vice-Chairman Leon Guerrero stated that the Investment Committee recommended that the following Managers be funded:

- a. Winslow Capital Management (U.S. Domestic Large Cap Growth)
- b. INTECH/JANUS (U.S. Domestic Large Cap Growth)

Mr. Dennison stated that Davis Hamilton Jackson & Associates and RCM will be replaced by Winslow Capital Management and INTECH/JANUS.

Treasurer Gerard Cruz, seconded by Secretary James Taylor, moved to approve funding Winslow Capital Management and INTECH/JANUS with the transfer of assets from Davis Hamilton, Jackson & Associates and RCM. Without objection, the motion passed.

Vice-Chairman Leon Guerrero stated that the Investment Committee recommended that the following Managers not be funded at this time, and that this item be revisited during the next Quarterly Performance Meeting with Mercer Investment Consulting, Inc.

- a. Cornerstone (REITS)

- b. Security Capital Research & Management (REITS)
- c. Thomson Horstmann & Bryant (U.S. Domestic Small Cap)

3. Re-Allocation of 5% from the Fixed Income Managers – Vice-Chairman Leon Guerrero stated that, based on discussions with Terry Dennison, he recommended that the Board consider the following:

- A. Allocating 5% of Fixed Income as Follows:
 - 1. \$10 Million to the Government of Guam Retirement Fund Administrative Account to be used for Current Cash Flow Needs.
 - 2. The Remaining Balance of the 5% can be Allocated as Follows:
 - a. To all Currently Funded Managers, or
 - b. To all Current International Equity Managers.

Treasurer Gerard Cruz, seconded by Trustee Antolina Leon Guerrero, moved to approve the reallocation of 5% of the Investment Portfolio from the Fixed Income Managers to the current International Equity Managers. Without objection, the motion passed.

- B. Allocating 2.5% of Fixed Income to the Two New REITS Managers as Follows:
 - 1. 60% to Security Capital Research & Management
 - 2. 40% to Cornerstone Real Estate Advisers

Treasurer Gerard Cruz, seconded by Trustee Antolina Leon Guerrero, moved to approve the 2.5% allocation of the Investment Portfolio from the Fixed Income Managers to Security Capital Research & Management and to Cornerstone Real Estate Advisers. Without objection, the motion passed.

Informational Items

1. Defined Benefit Plan – Vice-Chairman Leon Guerrero stated that Mr. Dennison provided an overview of the Defined Benefit Plan's Third Quarter Investment Performance.

2. Managers Reviewed – Vice-Chairman Leon Guerrero stated that the managers reviewed included the following:

- a. Robeco Investment Management
- b. Metropolitan West Capital Management
- c. Atalanta Sosnoff Capital Corporation
- d. RCM
- e. Davis Hamilton Jackson & Associates

Vice-Chairman Leon Guerrero stated that the Investment Committee is proposing that the date for the managers meeting scheduled for the last week in February 2009 be moved to March 4-5, 2009 and to have the Board meeting on March 6. Mr. Dennison stated that he could provide a flash report in advance. Director Blas suggested to recess the February 27, 2009 Board meeting and reconvene on March 6, 2009.

RECESS: 2:10 P.M.

RECONVENED: 2:45 P.M.

B. Members and Benefits Committee

Trustee George Santos presented his Committee's November 2008 report to the Board of Trustees.

Trustee George Santos, seconded by Trustee Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 13, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of November 12, 2008 and subsequent meetings thereafter. Without objection, the motion passed.

Trustee Santos stated that the M&B Committee has reviewed the following cases being presented for the Board's review, discussion and disposition:

CASE NO. 08-9635

Dr. John Steele, Medical Consultant, read out loud his summary report. "This 45 year old Cook Assistant with the Guam Public School System (GPSS) since 1993, made application for disability retirement on May 6, 2008. The applicant had a ruptured appendix and then required hemodialysis for management of kidney failure. Since beginning those treatments the applicant has felt weak, gets dizzy, and experiences cramping in the feet. The applicant's vision is also blurred and has had laser surgery for diabetic retinopathy. Derrick Santos, the applicant's School Principal, and Wilfred Aflague, Superintendent of Education, have certified the applicant's disability at work. The applicant had been absent from work for 84 days in the preceding two years and off work since August 2008. They felt that the applicant was unable to continue employment because of the applicant's physical condition. Application for disability was made by Nephrologists Thaddeo O'Coner. The application was for end stage renal disease. Dr. O'Coner also noted that the applicant had diabetes and hypertension. Dr. O'Coner estimated the applicant's impairment of the whole person was 95% for kidney failure by AMA guidelines. Hemodialysis for end stage renal disease had begun in 2008, and followed an exploratory laparotomy for a ruptured appendix by Dr. Ronald Kobayashi. Dr. Fred Schroeder felt that the applicant suffered end stage renal disease requiring hemodialysis and also diabetic complication of retinopathy with visual impairment and peripheral neuropathy. Dr. Schroeder estimated the applicant's disability by AMA guidelines as 88%."

Dr. Steele's comment was that he thought that the applicant's minimal disability by guidelines is just 69% and thereby below the 75% the Retirement Fund requires for disability pension, and though the applicant is not totally disabled by his/her complications of diabetes, the applicant does have an upper limit of disability rating of 97%. Dr. Steele stated that he expects the Retirement Fund Board of Trustees will favor the applicant's receipt of a disability pension, but Dr. Steele felt that the Board should interview the applicant before providing that benefit to ensure the applicant is significantly and totally disabled and thereby unable to continue other employment with GPSS.

Chairman San Agustin asked whether the medical evaluation reports were submitted and whether the medical opinion finds the applicant fit for disability. Dr. Steele stated that the applicant is not totally disabled, but is permanently disabled. Secretary Taylor asked whether the applicant, if awarded a disability pension and then gets a kidney transplant, will still be under disability. Director Blas stated that the applicant would have to undergo a medical recertification every three

years. Dr. Steele stated that the applicant does not qualify as a candidate of a transplant because the applicant is diabetic with an end state renal disease. Trustee Taitano stated that Dr. Steele rated the applicant 69%, Dr. Fred Schroeder gave a rating of 88%, and Dr. Vincent Duenas gave a rating of 80% impairment. Treasurer Cruz agreed with Trustee Taitano that the two physicians rated the applicant at 80% and 88% impaired. Dr. Steele stated that it is for the Board to decide whether anyone with renal disease on hemodialysis gets a pension. Chairman San Agustin stated that the Board can not do that. Chairman San Agustin asked why Dr. Steele gave a higher rating. Dr. Steele stated that he conducted a more comprehensive review. Trustee Leon Guerrero stated that, based on the written report, she feels that the applicant is not able to work.

Secretary Taylor asked whether the Committee could vote. Chairman San Agustin stated that the applicant should be interviewed at the first level. Secretary Taylor suggested having a report from the Committee. Director Blas stated that the fact finding should be done by the Committee. Dr. Steele asked about the appeal process. Chairman San Agustin stated that the appeal cases should go straight to the Board. Chairman San Agustin stated that the initial interview should be conducted by the Committee.

Chairman San Agustin indicated that the Court ordered the following on its Writ of Mandate on the Richard Saville case:

1. That the Board shall hold a hearing before the Board, and Plaintiff Richard Saville or his representative shall be provided notice and may participate at the hearing, if they so desire.
2. That the Board may not delegate to a subcommittee the authority to determine Plaintiff Richard Saville's application for disability retirement benefits.
3. That the Estate of Richard Saville shall have the right at any future hearing on these matters, to notice and participate in those hearings.
4. That the Board shall report back to this Court on its compliance with this Writ on or before _____. (Note: Judge Barrett-Anderson did not issue a date).

At this time Chairman San Agustin asked whether the applicant would like to address the Board of Trustees and if so, the applicant was advised that he/she would then waive his/her right of privacy. Chairman San Agustin indicated that no one came forward to address the Board.

Trustee Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to approve disability for Case No. 08-9635. With a unanimous vote of yes, the motion passed.

CASE NO. 08-5278

Dr. John Steele, Medical Consultant, read out loud his summary report. "This 47 year old Maintenance Supervisor with the Guam Airport Authority made application for disability pension on May 7, 2008. In the application, the applicant makes reference to renal failure, herniated L5 S1 disk, sleep apnea, hypertension, gout, and hyperlipidimia. A statement by the applicant's employer, Jess Torres, Executive Manager of the Airport Authority, indicates that the applicant has been absent from work for 452 days. The applicant's employment involved supervision of approximately 10 maintenance employees. At the time Mr. Torres completed his report on May 21, 2008, the applicant was working light duty with physical limitations including lifting, walking, bending, squatting and climbing. Mr. Torres commented that the applicant's diagnosis requires the applicant to undergo a kidney transplant. Until such time, the applicant's medical limitations at the

work place have been deemed indefinite, the applicant is unable to perform the major functions required of his/her official capacity as maintenance supervisor. Mr. Torres noted that the authority is unable to determine other assignments or trial detail for the applicant as the applicant has opted on his/her own to seek medical retirement. The applicant's symptoms were of generalized weakness and shortness of breath. The applicant's weight was 214 lbs and his/her height 5'4 inches. The applicant's blood pressure was Norman (141/86). The applicant's fundai showed a back ground of hypertensive retinopathy. There was generalized muscular atrophy. Dr. Saied felt that the applicant had depression and anxiety. The applicant was examined for the Retirement Fund by internist Doris Lim on July 11, 2008. Dr. Lim's diagnosis was of chronic kidney disease with hemodialysis, hypertension and anemia of chronic disease. Dr. Lim gave a disability rating of 95% by AMA guidelines. Dr. Lim noted that the applicant felt weak after hemodialysis and had muscle cramps and headache. The applicant was also experiencing shortness of breath with minimal exertion, which was worse since beginning hemodialysis. Dr. Lim noted that the applicant was obese and his/her weight was a 183 lbs and his/her height 5'1 inch. The applicant's blood pressure was 103/90. The applicant had gingivitis. On August 1, 2008, the applicant was examined for the Retirement Fund by Dr. Fred Schroeder. Dr. Schroeder assessed the applicant for kidney failure, hypertension, ankle pain and gout. Dr. Schroeder estimated a total disability of 86% assigning 80% for kidney impairment, 20% for hypertension and 12% for ankle pain which he suspected was due to degenerative joint disease."

Dr. Steele stated in his summary and conclusion that in June 2007, when the applicant was 46 years of age, this maintenance supervisor with the Guam Airport Authority was discovered to have end stage renal disease. The applicant hoped to have a kidney transplant but in the interval and while awaiting that, the applicant is receiving hemodialysis treatment three times a week. The applicant has a past history of gout and attacks of arthritis but these have ceased since beginning hemodialysis. The applicant also has a history of hypertension but the applicant's blood pressure is now normal and the applicant is not requiring medication. The applicant has a mild pain in the ankles with prolonged standing and walking which may relate to mild degenerative joint disease or to gouty arthropathy. Dr. Steele stated that by AMA guidelines, the applicant suffers 60% to 95% impairment of the whole person for renal failure. The AMA guidelines do not provide a percentage disability rating for chronic pain of the ankles but it is certainly no more than 10%. Dr. Steele stated that he did not provide a value of disability for hypertension or for gout. On the applicant's application, the applicant does list other medical conditions including a herniated disk at L5 S1, sleep apnea, and hyperlipidimia but none of the medical examiners make reference to these conditions and Dr. Steele stated that he did not included them in this evaluation. By AMA guidelines, the applicant suffers a total impairment of the whole person of 64% and 96%." Dr. Steele stated that his comment was that the applicant is a young person with chronic end stage renal disease who is awaiting a kidney transplant. Dr. Steele stated that from the applicant's medical records, the applicant is not totally disabled at this time and it is likely that the applicant can continue to be employed in a special situation, as is presently the case. Dr. Steele stated that because the applicant's minimal disability is below 75%, he is recommending that the applicant be interviewed by the Retirement Fund Board of Trustees so they may assess the applicant's degree of disability and decide if the applicant should receive a disability pension at this time.

Vice-Chairman Leon Guerrero stated that it was not that Mr. Torres was not able to determine other light duties but that the applicant opted on his/her own to seek medical retirement. Secretary Taylor stated that the applicant should be offered alternative employment. Treasurer Cruz stated that

through his review, the facts show that the rating is in excess of 75% and therefore he is inclined to approve disability.

Trustee Leon Guerrero asked whether the applicant is still working. Jackie Sablan, Benefit Specialist II, replied, "Yes, at the airport." Vice-Chairman Leon Guerrero asked whether there are any other duties that the applicant could do. Dr. Steele stated that other duties were not explored. Treasurer Cruz suggested that it be a criteria to ask employers to give options for other duties. Trustee Leon Guerrero asked whether it is inappropriate to discuss options for this applicant. Chairman San Agustin stated that it is inappropriate.

At this time Chairman San Agustin asked whether the applicant would like to address the Board of Trustees and if so, the applicant was advised that he/she would then waive his/her right of privacy. Chairman San Agustin indicated that no one came forward to address the Board.

Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, moved to approve disability for Case No. 08-5278. Treasurer Gerard Cruz, Trustee Katherine Taitano and Trustee George Santos voted "Yes;" Chairman Joe San Agustin, Vice-Chairman Wilfred Leon Guerrero, Secretary James Taylor and Trustee Antolina Leon Guerrero voted "No." With four "No" votes, the motion failed.

CASE NO. 08-3127

Dr. John Steele, Medical Consultant, read out loud his summary report. "This 61 year old Cook Assistant with the Guam Public School System (GPSS) made application for disability pension on April 16, 2008. The applicant's disabilities included arthritis, heart failure, high blood pressure, and back injury. The symptoms which limited the applicant's activities included: 1) shortness of breath when doing daily activities, 2) swelling of feet, ankles and legs, hands and abdomen, 3) increased frequency of chest pains (angina), 4) fluid in joints become inflamed making movement painful, and 5) joints strained weaken when applicant stands too long on the service line or washing pots and pans. The applicant's health conditions started in 2006 and angioplasty in April 2007 and an angiogram in March 2008. The applicant's supervisor and School Principal, Agnes Guerrero, on April 17, 2008, certified that the applicant was unable to perform his/her regular duties and responsibilities as a Cafeteria Manager. The applicant had been assigned to light duties as the applicant's doctor had requested and this consisted of wiping tables and answering the office phone. Recommendation of disability was made by the applicant's primary physician Internist Bevin Geslani on June 29, 2007. Dr. Geslani's diagnoses included coronary artery disease with chest pain and post angioplasty. The applicant also had hypertension. Dr. Geslani assessed the applicant's disability as 25% by AMA guidelines. In Dr. Geslani's history, he indicated that the applicant had angioplasty and stint placement for coronary artery disease in April 2007. The applicant's current medications included plavix, aspirin, pravachol and sublingual nitroglycerin. On May 29, 2008, the applicant was also evaluated for the Retirement Fund by Dr. Doris Lim. Dr. Lim assessed a disability rating of 25% for cardiovascular dysfunction by AMA guidelines. The applicant had been advised to stop smoking. The applicant's complaints to Dr. Lim were of intermittent chest pain and an inability to stand and for prolong periods due to back pain. The applicant's blood pressure was 170/90. The applicant was also examined for the Retirement Fund by Dr. Fred Schroeder on July 1, 2008. Dr. Schroeder concluded that the applicant suffered coronary artery disease with angioplasty and stint placement. The applicant also had leg pain with numbness, shoulder and neck pain, and

back pain. Dr. Schroeder assessed the applicant's disability by AMA guidelines as 38%, assigning 30% for coronary artery disease with stint and 6% for neck and back pain."

Dr. Steele stated in his summary and conclusion that this 61 year old Cafeteria Manager who began to have symptoms of coronary artery disease in 2006 suffers hypertension, hyperlipidimia and smokes cigarettes. In 2007 a stint was placed in the anterior descending artery to relieve a narrowing. A repeat angiogram in March 2008 indicates the stint is patent and there is no other evidence of coronary artery disease or obstruction. The applicant has mild, but not disabling symptoms of leg, back and arm pain which are compatible with the applicant's age and likely to relate to arthralgia and degenerative joint disease. By AMA guidelines, the applicant suffers class II disability of 10% to 29% for coronary heart disease. The applicant also suffers arthralgia and limb pain involving his/her arms, legs and back. There is no AMA guideline disability rating for these symptoms but it is no more than 10% impairment of the whole person. The applicant's disability rating by AMA guidelines is therefore between 19% to 36%. Dr. Steele stated on his comment that all the examiners including Dr. Geslani, Dr. Lim, Dr. Schroeder, and himself ranked the applicant's disability as less than 50%. Dr. Steele stated that because the applicant's disability ratings by AMA guidelines are below 50%, he recommends denial of disability pension.

At this time Chairman San Agustin asked whether the applicant would like to address the Board of Trustees and if so, the applicant was advised that he/she would then waive his/her right of privacy.

Applicant Rosario Gagan addresses that Board at this time and acknowledges waiving her right of privacy. Mrs. Gagan stated that she suffers when walking and lifting and that when standing, both her legs will pop. Mrs. Gagan stated that she can not carry heavy things at work. Mrs. Gagan stated that she told her boss that she would rather work in the cafeteria, rather than answering phones. Mrs. Gagan stated that she went to the Philippines and was told to get angioplasty. Chairman San Agustin stated that the applicant could still work. Dr. Steele stated that the applicant did not change after the angioplasty. Mrs. Gagan stated that it is from her arthritis and from her heart. Secretary Taylor stated that the applicant is standing before the Board which is not the same as what is written on the report.

At this time Chairman San Agustin recognized Mrs. Gagan's daughter, Vickie, who would like to address the Board on behalf of her mother. The Board agreed to have her speak. Vickie stated that Staywell Insurance disapproved her mother's by-pass. Vickie stated that the reason why her mother went to the Philippines was because Staywell does not cover the procedure on-island and that they must pay the expenses out of their own pocket. Dr. Steele stated that Staywell does not cover their clients for a by-pass on Guam.

Trustee Antolina Leon Guerrero, seconded by Trustee George Santos, moved to accept the findings that the applicant failed to meet the requirements of the AMA Guidelines and to disapprove disability for Case No. 08-3127. With a unanimous vote of yes, the motion passed.

CASE NO. 08-5472

Dr. John Steele, Medical Consultant, read out loud his summary report. "This 61 year old Staff Nurse II with the Guam Memorial Hospital Authority (GMHA) who was born on April 11, 1947 applied for disability retirement on March 4, 2008. The applicant suffers progressive dementia and has been unable to work for 720 days. The application for retirement disability was made by

Neurologist Ramel Carlos on February 6, 2008. Dr. Carlos' diagnosis was of dementia with memory dysfunction. Dr. Carlos felt the applicant was unable to perform his/her job effectively as a nurse. Dr. Carlos dated the onset of the applicant's illness to 2001, seven years ago when the applicant was 53 years of age. Dr. Carlos rated the applicant's disability by AMA guidelines to be 40% and noted impairment of diverse cerebral functions including planning, judgment, calculation, reasoning, and remembering. Dr. Carlos was concerned that the applicant's memory dysfunction could cause harm to himself/herself or others. The applicant's examination does not record features of Parkinsonism or ALS. Dr. Carlos felt the applicant's prognosis was poor for meaningful recovery given the nature of the applicant's progressive disease and no known cure. The applicant was seen for the Retirement Fund by Dr. Fred Schroeder on July 1, 2008. Dr. Schroeder examined the applicant with the applicant's sister who gave most of the history. The dementia was felt to have been progressing during two to three years and its progress was quite rapid. Initially, the applicant had been felt to suffer depression but as that was treated, the applicant's cognitive impairment developed."

Dr. Steele stated in his summary and conclusion that in 2001, seven years ago and when the applicant was at the age of 53, the applicant began to suffer a mood disorder and forgetfulness which has slowly advanced since then. The applicant was initially seen by the University of Guam (UOG) Study Group after 2001, but their testing then did not confirm dementia, though the applicant's symptom was of forgetfulness. In 2005, the applicant was seen by Psychiatrist Claire Ashe and Neurologist Ramel Carlos. By that time, the applicant had ceased working as a nurse at GMHA because of the applicant's dementia and unsatisfactory work performance. In 2005, the applicant was diagnosed to be depressed and demented. The applicant's mother is likely to have suffered a similar disorder. The applicant's dementia has progressed so the applicant is now permanently and totally disabled. Dr. Fred Schroeder assigned a disability rating of 75% and Dr. Victor Perez assigned 85%. Dr. Steele stated that the applicant suffers severe impairment and also suffers class 14 impairment of the whole person. Dr. Steele stated that his recommendation is for a full disability pension.

Dr. Steele stated that this applicant is the youngest person with Litico Bodig.

Vice-Chairman Wilfred Leon Guerrero, seconded by Trustee Antolina Leon Guerrero, moved to accept Dr. John Steele's recommendation for a full disability pension for Case No. 08-5472. Without objection, the motion passed unanimously.

C. Audit Committee

No report was made at this time.

D. Governmental Liaison

No report was made at this time.

IX. TRAVEL REPORT

A. Wilfred P. Leon Guerrero: Bernstein Litowitz Berger & Grossmann's Forum for Institutional Investors, October 23-24, 2008, New York City, New York

Chairman San Agustin stated that Vice-Chairman Leon Guerrero's travel report on the Bernstein Litowitz Berger & Grossmann Forum for Institutional Investors he attended on October 23-24, 2008 in New York City is submitted for the Board's information.

B. Antolina S. Leon Guerrero and Paula M. Blas: IFEBP 54th Annual Employee Benefits Conference, November 15-19, 2008, San Antonio, Texas

Chairman San Agustin stated that Trustee Leon Guerrero's travel report on the IFEBP 54th Annual Employee Benefits Conference she attending on November 15-19, 2008 in San Antonio, Texas, is submitted for the Board's information.

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 Benefits Plan, on motion of Trustee George Santos, seconded by Trustee Antolina Leon Guerrero, and without objection, the meeting was adjourned at 4:03 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 5, 2008 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on March 6, 2009.

James J. Taylor, Board Secretary

RECORDING SECRETARY:

Jackie Blas