

GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Eddie Baza Calvo
 Governor

Ray Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

BOARD OF TRUSTEES
Regular Meeting
 Friday, March 30, 2012, 12:00 p.m.
 Retirement Fund Conference Room

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

George A. Santos
 Members' & Benefits Committee,
 Chairman

Katherine T.E. Taitano
 Trustee

Wilfred G. Aflague
 Trustee

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 12:39 p.m. Friday, March 30, 2012, 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
 Gerard A. Cruz, Treasurer
 Wilfred G. Aflague, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Alice Taijeron, Great-West Retirement Services
 Kenneth Dunstan, Benefit Program Administrator
 Jackie Sablan & Lena Sanchez, Benefit Specialist II

Legal Counsel Present:

Joanne Grimes & Elyze McDonald Iriarte, Carlsmith Ball LLP

Actuarial Consultant Present:

Richard Wright, Milliman, Inc.

Public Present:

Ricky Hernandez, Senator Ben Pangelinan's Office of Finance and Budget

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. February 24, 2012 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of February 24, 2012 Regular Meeting were approved, subject to technical corrections. Motion unanimously passed.

III. CORRESPONDENCE

None

IV. INFORMATIONAL ITEMS

None

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 the Retirement Fund continues to compile a list of about 200 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. Director Blas stated that she is going to publish a list of the year of retirement and department of the deceased COLA Awardees. Treasurer Gerard Cruz asked whether there is a time limit for disbursement. Director Blas replied, "No." Trustee George Santos asked how much money is involved. Controller Diana Bernardo stated that it is less than \$5 Million. Trustee Santos suggested asking the Department of Administration (DOA) to apply that amount to the outstanding debt. Director Blas stated that the Retirement Fund will slowly find these individuals. Chairman San Agustin inquired about an individual with a \$200.00 balance. Controller Bernardo stated that the Retirement Fund was notified that DMR is not able to print checks for DOA. Director Blas stated that the funds sit with the General Fund.

2. *Public Law 28-38: Interest Only Payments* – Director Blas stated that the monthly interest payments for the Department of Education (DOE) and Guam Memorial Hospital Authority (GMHA) due on March 10, 2012 were paid. The Retirement Fund continues to process retirement applications for DOE and GMHA. Director Blas stated that the reduced contributions as a result of Public Law 31-74 have been added to this account. Interest continues to be paid on this account. Director Blas stated that this matter will be settled by the second bond series.

3. *Guam Memorial Hospital Authority (GMHA) Outstanding Contributions* – Director Blas stated that, on January 25, 2011, the Retirement Fund filed a Petition for Writ of Mandamus against GMHA. The Petition is before Judge Vernon Perez. Director Blas stated that on October 28, 2011, Judge Perez issued his Decision and Order in favor of the Retirement Fund. GMHA filed a motion for the court's reconsideration. Their motion was heard on December 28, 2011 and Judge Perez took the motion under advisement. Director Blas stated that Judge Perez has not issued his decision. Chairman San Agustin asked whether GMHA's outstanding contributions was included in their audit. Director Blas replied, "Yes."

4. **Bernstein Litowitz Berger and Grossmann (BLBG)** – Director Blas stated that BLBG’s Litigation Status Report dated March 24, 2012 on the following lawsuits is provided for the Board’s information. Director Blas stated that these cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

- **Lehman Brothers**
- **Genzyme Corporation**
- **Countrywide**
- **AXA Rosenberg**
- **MF Global Holdings**

Chairman San Agustin inquired as to when the Retirement Fund will get paid. Chairman San Agustin also inquired about the Retirement Fund’s total exposure. Director Blas stated that it is about \$8 million. Chairman San Agustin asked what the recovery percentage is. Director Blas stated that she will get this information by the next Board meeting.

Vice Chairman Wilfred Leon Guerrero stated that MF Global took clients’ money and put them somewhere else. Vice Chairman Leon Guerrero asked why no one was arrested for this. What is the penalty? Legal Counsel Joanne Grimes replied, “Imprisonment and fines.”

5. **Request for Proposal (RFP): Legal Services** – Director Blas stated that evaluations are ongoing. The Selection Panel consists of Wilfred G. Aflague, George A. Santos, and Antolina S. Leon Guerrero.

Financial Report

1. **Contributions** – Director Blas stated that as of March 27, 2012, all agencies are current with their Fiscal Year 2012 employee and employer contributions.

2. **Financial Statements** – Director Blas stated that the books for the month ending January 2012 were closed on March 8, 2012. The books for the month ending February 2012 were closed today.

3. **Fiscal Year 2012 Retirees’ Supplemental Benefits** – Director Blas stated that the supplemental benefits for retirees and survivors for the month of March 2012 were paid.

4. **Fiscal Year 2012 Medicare Reimbursements** – Director Blas stated that the Retirement Fund received the March 2012 allotment from the General Fund and payments were processed accordingly.

VI. LEGAL COUNSEL’S REPORT

Director Blas stated that the Retirement Fund’s Legal Counsel provided an update, for the Board’s information, on the status of current litigation involving the Retirement Fund.

- **Jane M. Story vs. Government of Guam Retirement Fund** – As of December 19, 2011, Judge Alberto Lamorena has taken the Motion for Summary Judgment under advisement.
- **Luis Reyes vs. Department of Education (DOE)** – Legal Counsel Elyze McDonald Iriarte stated that there are two favorable decisions: The Retirement Fund is correct in that Mr. Reyes is not entitled to the \$127,395.42 in overpaid annuities. Negotiations will begin on how much Mr. Reyes will be paying the Retirement Fund on a monthly or biweekly offset payment plan.

The Retirement Fund will then initiate to off-set the \$200,000 Judgment from DOE to be automatically assigned to the Retirement Fund. Legal Counsel Iriarte stated that Mr. Reyes has threatened to file an appeal of the Superior Court's decision. Mr. Reyes is still within the thirty (30) days to file an appeal. Rosalia Bordallo, General Accounting Supervisor, asked whether the Retirement Fund will not have to negotiate once the appeal period passes. Director Blas replied, "Yes." Ms. Bordallo asked when the appeal deadline is. Legal Counsel Iriarte replied, "Thirty days from March 9, 2012." Chairman San Agustin asked whether the Retirement Fund will initiate the off-set. Ms. Bordallo stated that the Retirement Fund is waiting for a "No Appeal." Secretary Antolina Leon Guerrero asked whether the Retirement Fund has legal rights to off-set. Legal Counsel Iriarte replied, "Yes." Secretary Leon Guerrero stated that the Retirement Fund will know what to do by the April 15, 2012 pay day.

- **Government of Guam Retirement Fund vs. Guam Memorial Hospital Authority (GMHA)** – As of December 28, 2011, Judge Perez took the motion under advisement.
- **Tenorio vs. Guam Memorial Hospital Authority (GMHA)** – Awaiting the outcome of the Motion to Dismiss filed by GMHA before determining whether to expend the resources required to intervene. Legal Counsel Iriarte stated that the Retirement Fund does not want the Judge to issue an order for the check to be paid directly to the plaintiff.
- **Bautista vs. Perez** – Judge Lamorena issued the Order to Show Cause to all Trustees, however, he stated in Court that not all Trustees need to be present. At today's Board meeting, the Trustees should determine which Trustees will be present to represent the Board, and to advise the Court on the Retirement Fund's rationale for agreeing to the Bailout Agreement, and its strategy to recover the contribution savings under Public Law 31-74. Legal Counsel will then work with that Trustee, or Trustees, to prepare them to appear before the Court.

Legal Counsel Iriarte stated that the Court denied Joseph Guthrie's Motion for an Enforcement Order. Mr. Guthrie has since filed three (3) new motions: 1) to invalidate Public Law No. 28-38; 2) to challenge the increase in survivor benefits; and 3) to seek reimbursement of attorney's fees. Mr. Guthrie also filed a Petition for Declaratory Relief on the non-base pay. Legal Counsel Grimes stated that she is working on getting the petition dismissed.

Legal Counsel Iriarte stated that a status hearing is scheduled for 3:00 p.m. on Monday, April 2, 2012. The Fund will report to the Court that the Governor signed a bill into law which will pay, through bond proceeds, all outstanding sums owed to the Retirement Fund. The anticipated payment date is in June 2012.

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) and Prior Year Receivables for both the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended January 31, 2012. Treasurer Cruz stated that the total net asset is \$1.67 Billion which includes the DC Plan.

Treasurer Cruz stated that the drawdown schedule is still within the existing authority. Treasurer Cruz stated that with the bond proceeds, we will not need to drawdown.

VIII. FINAL AUDIT REPORT FOR FISCAL YEAR 2011 DATED MARCH 1, 2012

Chairman San Agustin stated that the Board, at their meeting on February 24, 2012, approved the Draft Audit Report for Fiscal Year 2011. The audit report is included in today's agenda to reflect the amendments discussed at that meeting. Director Blas stated that the Final Audit Report, as issued, incorporates all the changes discussed at the February 24, 2012 Board meeting.

Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to approve the Final Audit Report for Fiscal Year 2011. Without objection, the motion unanimously passed.

IX. ACTUARIAL VALUATION AS OF SEPTEMBER 30, 2011

Richard Wright of Milliman, Inc. (Milliman) provided the following highlights:

- The required contribution under Guam Code Annotated (GCA) Section 8137 is 30.76% of payroll. Of this amount, 24.33% is for the unfunded liability of the Defined Benefit (DB) Plan, 3.00% is for the normal cost of the DB Plan, and 3.43% is for contributions and expenses for the Defined Contribution (DC) Plan. The primary reasons for the increase in the contribution rate are an amendment restoring a portion of the survivor and child annuities and the recognition of 1/3rd of the investment loss from the 2010-2011 Fiscal Year. The increase was partially offset by a higher than expected increase in total payroll.
- Public Law 28-150 provided that the current employer contribution rate will increase over a 5-year period until it reaches the actuarial contribution rate. The employer contribution rate for the 2011-2012 Fiscal Year is 28.30%.
- The DB payroll for the 2010-2011 Fiscal Year was \$179.0 Million compared with \$175.8 Million for the 2009-2010 Fiscal Year. The total DB and DC payroll for the 2010-2011 Fiscal Year was \$461.2 Million compared with \$429.0 Million for the 2009-2010 Fiscal Year, an increase of 7.5%. This is higher than the long term assumption of 3.5% annual growth in total payroll. If total payroll had increased by 3.5%, the required contribution rate would have been 31.75%.
- Based on the audited financial statements, Milliman calculated an investment return on the total market value of assets of -1.1% for the Fiscal Year ending September 30, 2011. The average annual return on the market value of assets for the last five fiscal years has been 3.0%. The investment return on the actuarial value of assets which recognizes investment gains and losses over a 3-year period was 5.9%.
- The survivor annuity benefit payable to a surviving spouse was increased from 50% to 60% of the member's retirement annuity, and the annuity payable to a surviving child was increased from \$2,160 to \$2,880 per year. These increases were effective October 1, 2011 and applied both to survivor/child annuity benefits in pay status and to benefits that will become payable in the future. This change increased the actuarial accrued liability by \$64.2 Million.

- Milliman has updated the valuation procedure for certain inactive members. Previously, all terminated and inactive members were assumed to elect to withdraw their contributions. Starting with this valuation, Milliman assumed that terminated and inactive members with at least five years of service who have not withdrawn their contributions and for whom sufficient earnings data are available to calculate their benefits, will not withdraw their contributions and will retire upon their first eligibility for unreduced benefits. All other terminated and inactive members are assumed to elect to withdraw their contributions. This change increased the actuarial accrued liability by \$3.4 Million.
- The unfunded actuarial accrued liability increased from \$1.545 Billion as of September 30, 2010 to \$1.643 Billion as of September 30, 2011. The primary cause of the increase was the partial restoration of survivor and child annuity benefits. In addition, the return on the actuarial value of assets of 5.9% was lower than the 7% assumption. The payment required to amortize the unfunded actuarial accrued liability under GCA Section 8137 has increased from \$105.5 Million to \$116.2 Million. The payment as a percentage of payroll has increased from 23.75% to 24.33%.

Chairman San Agustin asked what the current rate is. Director Blas replied, “30.09%.” Chairman San Agustin suggested to ask for 30.76%. Treasurer Cruz inquired about payroll. Mr. Wright stated that it is \$461.2 Million. Director Blas stated that it will go down. Treasurer Cruz stated that it will go down to \$3 Million. Legal Counsel Grimes recommended sticking to a structure and time line. The number has to be rock solid. Chairman San Agustin stated that the number will not change with the New Hybrid Plan. Secretary Leon Guerrero suggested to rely on the structure. Chairman San Agustin stated that the impact of the Hybrid Plan will have an impact on the contribution rate. Director Blas stated that the Legislature has not started the budget hearings.

Mr. Wright stated that we are due for the 4-year study so he’ll be working on this. Chairman San Agustin stated that people are living longer. Director Blas stated that the age group differs. Vice Chairman Leon Guerrero asked whether Mr. Wright is using the national tables. Mr. Wright stated that they looked at the Fund Plan to closely match the national tables.

Trustee George Santos, seconded by Treasurer Gerard Cruz, moved to approve the Actuarial Valuation Report as of September 30, 2011. Without objection, the motion unanimously passed.

X. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee meeting was held on March 9, 2012. The Committee reviewed and approved the Investment Committee Minutes of February 23, 2012.

Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for May 30 and 31, 2012.

B. Members and Benefits Committee

Trustee Santos presented his Committee’s March 2012 report to the Board of Trustees.

Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 17, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of March 21, 2012 and subsequent meetings thereafter. Without objection, the motion unanimously passed.

Application for Disabled Adult Survivor Benefits – AILEEN M. AROMIN

Trustee Santos stated that Ms. Aromin is applying for Disabled Adult Survivor Benefits on her own behalf. Ms. Aromin is the biological child of deceased retiree Rosario M. Aromin who passed away on November 19, 2011. Trustee Santos stated that Ms. Aromin previously applied for this benefit on November 28, 2011. Her application was presented to the Members and Benefits (M&B) Committee at their December 14, 2011 meeting and forwarded to the Board for their discussion and disposition at their January 25, 2012 regular meeting. Ms. Aromin's application was returned by the Board to the Committee for additional information/documentation. Ms. Aromin has submitted the requested documents for review. Trustee Santos stated that he recommends approval. Chairman San Agustin inquired about "Polysubstance Abuse." Treasurer Cruz stated that it's taking multiple drugs. Treasurer Cruz stated that the applicant is also diagnosed as schizophrenic. Vice Chairman Leon Guerrero stated that the report indicates that the applicant is not disabled. Secretary Leon Guerrero pointed out that the medical reports are identical. Trustee Santos stated that he is rescinding his prior motion for approval and would like to now seek disapproval of the application for Disabled Adult Survivor Benefits for Aileen M. Aromin.

Trustee George Santos, seconded by Treasurer Gerard Cruz, moved to disapprove the Application for Disabled Adult Survivor Benefits for Aileen M. Aromin, contained on Pages 19 and 20. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Vice Chairman Wilfred Leon Guerrero, Trustee Wilfred Aflague, Chairman Joe T. San Agustin. With six "Yes" votes, the motion passed. Trustee Katherine Taitano was absent.

DISABILITY CASE NO. 11-005

Secretary Leon Guerrero stated that the applicant is a 40-year old School Aide with DOE with over 19 years of service. The reason for application is Mild Epilepsy, Post Traumatic Stress Disorder, and Depression. The applicant applied for disability on April 27, 2011. The applicant was examined by Dr. Patrick Santos on December 1, 2011 and Dr. Fred Schroeder on December 5, 2011. All the examining physicians agree that the applicant is significantly disabled and unable to work, though the applicant's disability scores by AMA Guidelines are low. Secretary Leon Guerrero stated that the AMA Guidelines does not recognize mental illness or behavior disorders.

[Chairman San Agustin stepped out of the meeting room at this time]

At this time Acting Chairman Leon Guerrero asked whether the applicant is present noting that if the applicant would like to address the Board, he/she would have to waive his/her right to the privacy of their medical records and he/she must state his/her name for the record. Acting Chairman Leon

Guerrero recognized the applicant's mother who stated that she has a Durable Power of Attorney and is also the applicant's Legal Guardian.

[Chairman San Agustin returned to the meeting room at this time]

Ms. Irene Camacho stated that she found out that her daughter was going through post traumatic stress. Ms. Camacho stated that the school Principal was very concerned with her daughter being at school. Ms. Camacho stated that her daughter should be the one supervising the children at school, but instead she was actually playing with them. "She has no physical disability, it's a mental illness. It has been very difficult and we had to admit her to the Department of Mental Health and Substance Abuse. The police had to assist." Treasurer Cruz asked whether the applicant is living with them at home. Ms. Camacho replied, "Yes." Treasurer Cruz asked whether the applicant is working. Ms. Camacho replied, "No, she is an out-patient at Mental Health." Ms. Camacho stated that there has been a conflict with her daughter over the years to get her daughter to live on her own. Mental Health is trying to help her to focus on her daily life. Ms. Camacho stated that she turned over guardianship to John Weisenberger, then-Public Guardian. Ms. Camacho stated that she was doing all the run around for Mr. Weisenberger. Ms. Camacho stated that when Mr. Wiesenberger left the Public Guardian's Office, he turned over guardianship back to her.

Chairman San Agustin stated that he is familiar with this case. Chairman San Agustin stated that there is nothing in the AMA Guidelines of this nature. Ms. Camacho stated that her daughter, husband and herself have been seeking professional help. A physiatrist has been treating the family for the past seven years. Trustee Wilfred Aflague asked whether DOE is saying that her daughter may be a hazard to the school children. Trustee Aflague also asked what school was her daughter at before C.L. Taitano Elementary School (C.L. Taitano). Ms. Camacho stated that her daughter started at C.L. Taitano under the 700-Hour Program with the Guam Community College (GCC). Documentation shows employment at Wettengel Elementary and Harmon Loop Elementary but she actually has always been at C.L. Taitano. Trustee Aflague asked what did the Principal do when she saw the liability. Ms. Camacho stated that the Principal wrote up the incident. Trustee Aflague asked whether there are any past incidents. Ms. Camacho stated that sometime last year her daughter was observed carrying a child on her back (piggyback). Ms. Camacho stated that her daughter is not violent. Trustee Aflague asked who her daughter's physiatrist is. Ms. Camacho replied, "Dr. Ione DeJesus." Trustee Aflague asked whether the bank robbery contributed to the post traumatic disorder. Ms. Camacho replied, "Yes." Trustee Aflague pointed out that the applicant served 19 years of government service. Secretary Leon Guerrero asked whether the applicant is receiving Social Security benefits or any other benefits. Ms. Camacho replied, "No."

Ms. Camacho thanked that Board for giving her the opportunity to address the Board.

Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to approve full disability pension for Disability Case No. 11-005. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Vice Chairman Wilfred Leon Guerrero, Trustee Wilfred Aflague, Chairman Joe T. San Agustin. With six "Yes" votes, the motion passed. Trustee Katherine Taitano was absent.

XI. OLD BUSINESS

None

XII. NEW BUSINESS

A. Hybrid Plan

Legal Counsel Grimes stated that she revised key provisions in order to draft the bill. Legal Counsel Grimes provided the following highlights on the participation portion of the draft bill:

- Mandatory Participation in the Hybrid Plan
 - New employees starting on or after January 1, 2013 are required to participate in the Hybrid Plan including any former employee rehired after December 31, 2012 who withdrew contributions from the DB Plan or has no account balance in the DC Plan.
- Optional Participation in the Hybrid Plan
 - Current employees participating in the DC Plan on December 31, 2012 may elect to remain in the DC Plan/continue participating in the DC Plan, or elect to participate in the Hybrid Plan (April 1, 2013 – September 30, 2013 Active Employee Election Period).
 - Any former employee rehired between January 1, 2013 and September 30, 2013 who was a prior member of the DC Plan and has an account balance may elect during the April 1, 2013 – September 30, 2013 election period or up to thirty days after reemployment, if later, to participate in the Hybrid Plan or remain in the DC Plan.
 - DC Plan participants who are receiving pre-retirement disability benefits under Chapter 8, Article 4, during the period January 1, 2013 to September 30, 2013 may elect during the April 1, 2013 – September 30, 2013 election period to remain in the DC Plan or to remain in the DC Plan during the period of disability and then participate in the Hybrid Plan effective upon reemployment or retirement.
- Mandatory Participation in the DB Plan
 - In accordance with current law, former employees rehired are required to participate in the DB Plan if they were members of the DB Plan at previous termination of employment and did not refund upon separation.
- Mandatory Participation in the DC Plan
 - All reemployed retirees from the DB Plan, DC Plan, or the Hybrid Plan.
- Optional Participation in the DC Plan
 - Any former employee rehired after September 30, 2013 who was a prior member of the DC Plan and has an account balance may elect to participate in the Hybrid Plan or remain in the DC Plan, but will not be able to transfer their DC account balance to the Hybrid Plan.

Legal Counsel Grimes stated that the aforementioned are the five (5) exceptions. Mr. Wright stated that in 2013, the member could elect at that time to transfer to the Hybrid Plan. Standard Insurance will be paying for disability in 2013. Director Blas stated that there are 61 disabled participants in the DC Plan. Secretary Leon Guerrero asked whether the exceptions are included in the bill. Chairman San Agustin stated that they are outlined in the bill.

Legal Counsel Grimes stated that there are three additional provisions: 1) to extend the amortization to May 1, 2036, 2) to comply with the Section 8137 contribution rate, and 3) to increase DB Plan Annual Increments under Article I. Mr. Wright referred to his letter of March 28, 2012 regarding the Annual Increments. With an annual annuity of over \$10,100.00, the current increment is \$200.00. With the proposed legislation the increment would be \$250.00 with the annual annuity of over \$25,000.00. The \$600.00 current increment in the annual annuity bracket of \$0-\$3,500.00 increases to \$750.00 in the proposed annual annuity bracket of \$0-\$6,500.00. The calculated cost of \$76 Million is for the increases projected. Chairman San Agustin asked whether this is a one time shot deal. Mr. Wright replied, "Yes." Mr. Wright stated that DB and DC will get the same amount. Legal Counsel Grimes asked whether it is for the whole bill or stand alone. Chairman San Agustin suggested incorporating the annual increments in the proposed bill. Legal Counsel Grimes asked whether to make the effective date that of the increment date. Director Blas stated that the effective date should be on enactment. Chairman San Agustin stated that it should be the individual's anniversary increment. Ms. Bordallo stated that it should be effective at the beginning of the Fiscal Year. Treasurer Cruz stated that if the bill is passed, there would be a need for training time. Controller Bernardo stated that October 1 will apply to the existing DB. Director Blas stated that there will be a funding issue. Legal Counsel Grimes suggested sixty (60) days upon enactment.

Trustee Aflague stated that he is concerned that more rules and regulations are made a part of the proposed legislation. Chairman San Agustin stated that the Board could implement the rules and regulations. Legal Counsel Grimes stated that she is not sure they'll change the statute. Chairman San Agustin stated that we will have the flexibility later down the line. Legal Counsel Grimes asked the Board whether the effective date would be October 1, 2012. The Board indicated to make the effective date October 1, 2012.

Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to approve that the Retirement Fund's Legal Counsel prepare legislation regarding the Hybrid Plan as discussed and recommended by the Board of Trustees. Without objection, the motion unanimously passed.

B. Medicare Benefit Insurance Plan (Vice Speaker B.J. Cruz's Proposal)

Chairman San Agustin mentioned that Vice Speaker B.J. Cruz submitted a proposal to the Governor suggesting that the government explore Medicare and supplemental coverage as an alternative to covering certain retirees on the Government of Guam's Health Insurance Program and to reduce costs to the government and possibly to all active employees paying insurance premium.

XIII. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XIV. ANNOUNCEMENTS

None

XV. ADJOURNMENT

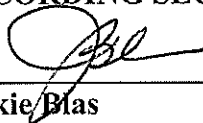
There being no further business before the Board for the Defined Benefits Plan, on motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 2:42 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 30, 2012 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on April 26, 2012.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas