



GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Eddie Baza Calvo
 Governor

Ray 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

George A. Santos
 Members' & Benefits Committee,
 Chairman

Katherine T.E. Taitano
 Trustee

Wilfred G. Aflague
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Thursday, April 26, 2012, 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 1:10 p.m. Thursday, April 26, 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
- Katherine T.E. Taitano, Trustee

Staff Present:

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

Public Present:

- Kimberly Muna & Andriana Quitugua, UOG Students
- Ronald & Bernice Diego

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 30, 2012 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of March 30, 2012 Regular Meeting were approved, subject to technical corrections. Motion unanimously passed.

III. CORRESPONDENCE

A. April 11, 2012 Letter from Ruby Menon Regarding the 2012 Public Funds Forum – “The Future of Corporate Reform” – Utah

Chairman San Agustin informed the Board that Robbins Geller Rudman & Dowd LLP is inviting a number of its friends in the institutional investor community to the Governance Metrics International (GMI) Ratings' 4th Annual Public Funds Forum - “The Future of Corporate Reform” scheduled for September 4-6, 2012 in Utah.

B. Newspaper Articles – “CNMI Retirement Fund Files for Chapter 11 Bankruptcy”

Chairman San Agustin stated that the Commonwealth of the Northern Mariana Islands (CNMI) Retirement Fund has filed for Chapter 11 Bankruptcy. Chairman San Agustin stated that according to our Legal Counsel, this is the first Public Pension Fund to file bankruptcy. Chairman San Agustin stated that Legal Counsel indicated that there is no precedence. Vice Chairman Wilfred Leon Guerrero asked whether Chairman San Agustin is saying that this Board does not have the option that the CNMI Board has. Chairman San Agustin replied, “That’s my opinion at this time.” Vice Chairman Leon Guerrero asked whether the Government of Guam retirees are in a better position than the CNMI retirees. Chairman San Agustin replied, “I think so.”

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 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 the amount still outstanding due to deceased awardees and their beneficiaries is \$5.2 Million. Director Blas stated that this amount is with the General Fund. Chairman San Agustin mentioned that Mr. Frank Hill is organizing a meeting with the retirees this Saturday at 7:00 p.m. at the Tamuning Community Center regarding the Governor’s cost-cutting proposal that includes the annual COLA.

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 April 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 the second bond series will pay off this account. The balance due is over \$25 Million.

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. On October 28, 2011, Judge Vernon 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.

4. **Bernstein Litowitz Berger and Grossmann (BLBG)** – Director Blas stated that BLBG’s Litigation Status Report dated April 20, 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**

5. **Request for Proposal (RFP) – Legal Services: Portfolio Monitoring and Securities Litigation** - Director Blas stated that evaluations are ongoing.

Financial Report

1. **Contributions** – Director Blas stated that as of April 24, 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 March 2012 were closed on April 24, 2012.

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

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

VI. LEGAL COUNSEL’S REPORT

No report was made at this time.

VII. TREASURER’S REPORT OF FINANCIAL STATUS

Treasurer Gerard 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 months ended February 29, 2012 and March 31, 2012. Treasurer Cruz stated that the Retirement Fund’s net assets is \$1.7 Billion.

Treasurer Cruz reported that the total recovery made from the different companies since 2008 is \$3.2 Million. Chairman San Agustin inquired about the Retirement Fund’s exposure. Treasurer Cruz stated that there is some difficulty in getting the true costs basis to come up with the second part of the equation. It is taking some time to gather this information.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero indicated that no report will be made at this time, but asked Controller Diana Bernardo about the portfolio balance. Controller Bernardo stated that the Retirement Fund's portfolio is \$1.34 Billion as of April 25, 2012.

B. Members and Benefits Committee

Trustee George Santos presented his Committee's April 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 11, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of April 19, 2012 and subsequent meetings thereafter. Without objection, the motion unanimously passed.

DISABILITY CASE NO. 11-024

Secretary Antolina Leon Guerrero stated that the applicant is a 60-year old Housekeeper I with the Guam Memorial Hospital Authority with 13+ years of service. The applicant applied for disability on October 30, 2011. The reason for application is early stage dementia, diabetes, congestive heart failure, and borderline kidney failure. The applicant was examined by Dr. Patrick Santos on February 17, 2012 and Dr. Fred Schroeder on March 1, 2012. All the examining physicians agree that the applicant's disability by AMA Guidelines is greater than 76% and that the applicant's multiple medical problems are progressive. The Retirement Fund's Medical Consultant, Dr. John Steele, agrees that the applicant's disability rating by AMA Guidelines is greater than 75% and recommends approval of a full disability pension.

At this time Chairman San Agustin 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 his/her medical records and he/she must state his/her name for the record. Chairman San Agustin indicated that no one came forward.

Secretary Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve full disability pension for Disability Case No. 11-024. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee Katherine Taitano, Vice Chairman Wilfred Leon Guerrero, Trustee Wilfred Aflague, Chairman Joe T. San Agustin. With seven "Yes" votes, the motion unanimously passed.

DISABILITY CASE NO. 11-027

Secretary Leon Guerrero stated that the applicant is a 58-year old Program Coordinator IV with the Department of Agriculture with 19+ years of service. The applicant applied for disability on December 6, 2011. The reason for application is renal cell carcinoma (kidney cancer) stage IV with nausea, constipation, chronic fatigue, and fever. The applicant was examined by Dr. Santos on January 24, 2012 and Dr. Schroeder on February 14, 2012. All the examining physicians find the applicant's disability to be greater than 75%, that the cancer is aggressive and prognosis is poor. The Retirement Fund's Medical Consultant agrees with the findings and recommends approval of a full disability pension. Chairman San Agustin stated that the examining physicians gave a rating of 96% and 100%.

At this time Chairman San Agustin 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. Chairman San Agustin indicated that no one came forward.

Secretary Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve full disability pension for Disability Case No. 11-027. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee Katherine Taitano, Vice Chairman Wilfred Leon Guerrero, Trustee Wilfred Aflague, Chairman Joe T. San Agustin. With seven “Yes” votes, the motion unanimously passed.

DISABILITY CASE NO. 11-015

Secretary Leon Guerrero stated that the applicant is a 46-year old Carpenter I with the Department of Education Maintenance Division with 20+ years of service. The reason for application is major depression, psychosis disorder and shoulder nerve pains. The applicant applied for disability on July 15, 2011. The applicant was examined by Dr. Santos on January 20, 2012 and Dr. Schroeder on January 31, 2012. The Retirement Fund's Medical Consultant feels that since the applicant's disability rating is probably less than 75% and is not eligible for a pension, he recommends that the applicant be interviewed by the Board. Chairman San Agustin stated that only one physician gave a rating. Secretary Leon Guerrero stated that the AMA Guidelines does not provide numeric ratings for psychiatric issues.

At this time Chairman San Agustin 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 his/her medical records and he/she must state his/her name for the record. Chairman San Agustin recognized the applicant.

The applicant appeared before the Board and stated that his name is Ronald Diego. Mr. Diego stated that his ailment is a mental disorder. Mr. Diego stated that his physician did not want to sign for his disability because it is hard for him to explain or document. Mr. Diego stated that he has seen a psychiatrist (Dr. Ione DeJesus). Trustee Wilfred Aflague asked whether there is a report from the psychiatrist. Mr. Diego stated that he submitted the document from the psychiatrist, but indicated that a copy is in their car which his wife could retrieve. Director Blas stated that there is one report from the Department of Mental Health and Substance Abuse. At this time said document was provided to Trustee Aflague for his review. Mr. Diego stated that he did go off-island for treatment. There are

certain side effects that are hard for him to explain. Mr. Diego stated that he is hurting inside on a daily basis. Mr. Diego stated that it was recommended by Dr. DeJesus for him to see someone on island and is currently seeing Dr. Michael Kim at Mental Health.

Treasurer Cruz asked Mr. Diego what his condition was in 2009. Mr. Diego stated that he went into a psychotic rage. Mr. Diego stated that after being seen at Mental Health, he went to his physician and was told that he has high blood pressure and border line diabetes. Treasurer Cruz asked what triggers his anxiety attacks. Mr. Diego stated that he worries about his duties. Mr. Diego stated that he decided to get an executive check up in the Philippines in May 2010. Mr. Diego stated that he had a psychotic attack again in 2010. Treasurer Cruz asked Mr. Diego what happens when he gets his psychotic attack. Mr. Diego stated that he gets nervous, can't control himself, and can not sleep at night. Treasurer Cruz asked Mr. Diego how often he gets his attack. Mr. Diego stated that it comes and goes and that he was concerned that he was also having cold sweats. Mr. Diego pointed out that all the easy things he usually did are now hard for him to do. Treasurer Cruz asked Mr. Diego what he does now. Mr. Diego stated that he gets up at about 9:00 a.m. and eats breakfast then he would feel fatigue and sometimes will not even eat lunch. Mr. Diego stated that his physician can not figure out what is wrong with him. Mrs. Bernice Diego stated that she had her son quit working to watch his father because he may harm himself. Mr. Diego stated that he tries to do house work or yard work, but his back and shoulder will hurt. Mr. Diego stated that he passed the physical portion of his examination, but it conflicts with his mental ability. Mr. Diego stated that he has exhausted his sick leave and has about 30 days annual leave left. Trustee Aflague asked Mr. Diego whether he's been on leave for about a year. Mr. Diego replied, "Yes."

Trustee Katherine Taitano asked Mr. Diego who referred him off-island. Mr. Diego stated that his psychiatrist referred him off-island. Secretary Leon Guerrero asked Mr. Diego whether he has trouble sleeping and if he is taking medication for it. Mr. Diego replied, "Yes, Seroquel. It relaxes me." Secretary Leon Guerrero asked Mr. Diego how long does he sleep with the medication. Mr. Diego stated that he has about six hours of sleep. Chairman San Agustin asked Mr. Diego whether his depression is from being passed over for a promotion. Mr. Diego stated that it is from his mental rage. Mr. Diego stated that he felt he was a productive worker. Chairman San Agustin asked Mr. Diego what caused his depression. Mr. Diego stated that since his depression, things have been going downhill. Mr. Diego stated that he does not understand what he is going through. Trustee Taitano asked Mr. Diego whether he is taking medications. Mr. Diego replied, "Yes." Trustee Taitano asked what the medication does. Mr. Diego stated that the dosage of his medication was increased and it helps him sleep.

Vice Chairman Leon Guerrero asked Mr. Diego if he could retire with 20 years of service. Mr. Diego stated that he would like to retire if he meets the qualification. Director Blas stated that Mr. Diego may retire with a minimum of 25 years of service or at the age of 65. Trustee Aflague asked Mr. Diego what his hobbies are. Mr. Diego stated that he likes fishing and cockfighting, but not anymore. Trustee Aflague stated that Mr. Diego's off-island physician has indicated that Mr. Diego should continue to go through psycho-therapy. Trustee Aflague asked whether Mr. Diego sees a psychologist. Mr. Diego stated that he sees a psychiatrist. Trustee Aflague stated that Mr. Diego should consider seeing a psychologist.

Chairman San Agustin stated that there is a lack of documentation to support Mr. Diego's request for a disability pension. Chairman San Agustin asked whether Mr. Diego was admitted to the hospital. Mrs. Diego stated that Mr. Diego was admitted to Mental Health for 13 days. Secretary Leon Guerrero stated that based on the information before the Retirement Fund, it is insufficient to substantiate the request for disability of being totally and permanently impaired. Trustee Taitano stated that we need to make sure the Retirement Fund's physicians get all the necessary documents for their review and consideration. Secretary Leon Guerrero stated that the Board will get back with the physicians to make sure all the documents are reviewed by them. Trustee Santos agreed with Secretary Leon Guerrero and Trustees Taitano and Aflague that we need to revisit with the physicians to reexamine the documents including the report of the physician from the Philippines. Chairman San Agustin stated that we have to be very sure that there is sufficient justification to grant a disability pension.

Mr. Diego reiterated that he only has 30 days annual leave left. Secretary Leon Guerrero informed Mr. Diego that the options before the Board is to approve, deny or table this case. Secretary Leon Guerrero stated that based on the information we have today, she would vote to disapprove disability pension, citing there is not enough information to support total and permanent impairment. She stated that she would support a motion to table this case to get sufficient information. Mr. Diego stated that with all this negative feedback, he feels that this is a setback for him again. Trustee Aflague stated that he sympathizes with what Mr. Diego is going through, but that he is concerned with Dr. Steele and Dr. Ramel Carlos not seeing all the documents submitted. Mrs. Diego began to explain to her husband that they do not have to do anything further and that it is just for management to make sure that all pertinent documents are provided to the physicians for their review. Mr. Diego stated that he understands that the Board has to follow the law. Chairman San Agustin stated that the Board is giving the applicant the benefit of the doubt, and that the Board is bending over backwards to try to help. Chairman San Agustin stated that he feels that Mr. Diego is giving up an extra opportunity. Chairman San Agustin pointed out to Mr. Diego that the Board will do all the work which is to provide the documents to the physicians. Trustee Taitano explained to Mr. Diego that what is being said here is that all the physicians have to see all the reports that have been provided by all the physicians that you have seen.

Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to table Disability Case No. 11-015 so that all the physicians could re-examine all the documents submitted. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee Katherine Taitano, Vice Chairman Wilfred Leon Guerrero, Trustee Wilfred Aflague, Chairman Joe T. San Agustin. With seven "Yes" votes, the motion unanimously passed.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

There being no further business before the Board for the Defined Benefits Plan, on motion of Treasurer Gerard Cruz, seconded by Trustee Wilfred Aflague, and without objection, the meeting was adjourned at 2:30 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 26, 2012 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 1, 2012.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas