



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, July 27, 2012, 12:00 p.m.
 Retirement Fund Conference Room

MINUTES

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

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 12:57 p.m. Friday, July 27, 2012, in the Retirement Fund Conference Room. Acting Chairman Gerard Cruz officiated.

Board of Trustees Present:

Antolina S. Leon Guerrero, Secretary
 Gerard A. Cruz, Treasurer
 Wilfred G. Aflague, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Joe T. San Agustin, Chairman
(Excused)
 Wilfred P. Leon Guerrero, Vice Chairman
(Excused)
 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

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. June 29, 2012 Regular Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of June 29, 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 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 beneficiaries are slowly coming in. Secretary Antolina Leon Guerrero asked whether the Retirement Fund could put a timeline on this. Director Blas stated that this is General Fund money and not unless there is a mandate that it goes back to the government. Director Blas stated that there is still a balance of about \$5 million.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* - Director Blas stated that BLBG's Litigation Status Report dated July 23, 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**
- **AXA Rosenberg**
- **MF Global**

Acting Chairman Cruz asked whether there are any updates on the lawsuits that were settled. Director Blas stated that, for Wells Fargo, it will be in the first week in August. Acting Chairman Cruz stated that the initial settlement on Countrywide was \$52,000.00. Director Blas stated that we received \$148,000. Acting Chairman Cruz asked whether Lehman Brothers' settlement was approved. Director Blas stated that it has not been completed. Secretary Leon Guerrero suggested for Management to provide the numbers on the actual losses, exposures, and the settlement paid. Director Blas stated that the recovery amounts were provided.

3. Request for Proposal (RFP) - Legal Services: Portfolio Monitoring and Securities Litigation

- Director Blas stated that evaluations for a second portfolio monitoring service are ongoing. The Selection Panel consists of Wilfred Aflague, George Santos, and Antolina Leon Guerrero. Trustee Santos stated that the Selection Panel is pursuing a date to meet. Acting Chairman Cruz asked how many proposals were submitted. Director Blas replied, "11." Director Blas stated that she will rate the proposals and make the panel short-list the proposals.

4. Governor's Proposed Early Retirement and Benefits Cuts

- Director Blas stated that a copy of the Governor's recent press release is attached regarding an early retirement program re-amortization proposal. The Governor's proposal has not been formally discussed by the Board. Director Blas stated that the Retirement Fund's Investment Consultant, Actuarial Consultant, and Legal Counsel, are reviewing the different sections of the Governor's proposed spending cuts. Director Blas stated that our Investment Consultant looked at the actuarial-based 2011 numbers and threw out a conservative number on the impact of this type of program. It's an impact of \$250 million. Rosalia Bordallo, General Accounting Supervisor, mentioned that the proposed early retirement is very favorable to the employees. Secretary Leon Guerrero stated that the employees are not looking that the Retirement Fund could run out of money. Director Blas stated that she will provide the Board the actual language of the bill as soon as she receives it.

Financial Report

1. Contributions - Director Blas stated that as of July 26, 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 June 2012 were closed on July 13, 2012.

3. Fiscal Year 2012 Retirees' Supplemental Benefits - Director Blas stated that supplemental benefits for retirees and survivors for the month of July 2012 were paid.

4. Fiscal Year 2012 Medicare Reimbursements - Director Blas stated that the Retirement Fund received the July 2012 allotment from the General Fund and payments were processed accordingly. Director Blas stated that this may be the last allotment. Secretary Leon Guerrero asked whether the retirees were informed of this. Director Blas stated that Management is working on getting notices out to the retirees.

VI. LEGAL COUNSEL'S REPORT

No report was made at this time.

VII. TREASURER'S REPORT OF FINANCIAL STATUS

Acting Chairman 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 June 30, 2012.

VIII. STANDING COMMITTEE REPORTS

A. Members and Benefits Committee

Trustee Santos presented his Committee's July 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 13, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of July 11, 2012. Without objection, the motion unanimously passed.

Application for Disabled Adult Survivor Benefits – JADINE NICOLE LEON GUERRERO

Trustee Santos stated that Ms. Jennifer Ann Leon Guerrero is applying for Disabled Adult Survivor Benefits on behalf of Jadine Nicole Leon Guerrero. Jadine Nicole Leon Guerrero is the biological child of deceased member John Anthony M. Duenas who passed away on February 6, 1994. Trustee Santos stated that Jadine Leon Guerrero has been receiving minor child survivor stipend benefits since her birth. Jadine's guardian, Ms. Jennifer Ann Leon Guerrero is requesting the child stipend continue as an adult disabled allowance.

Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to approve the Application for Disabled Adult Survivor Benefits for Jadine Nicole Leon Guerrero, contained on Page 14, based on the Committee's review and findings during their meeting of July 11, 2012. Votes as follows: Yes Votes – Trustee George Santos, Secretary Antolina Leon Guerrero, Trustee Wilfred Aflague, and Acting Chairman Gerard Cruz. With four "Yes" votes, the motion unanimously passed. Chairman Joe T. San Agustin, Vice Chairman Wilfred Leon Guerrero, and Trustee Katherine Taitano were absent.

B. Investment Committee

No report was made at this time.

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 Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:25 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of July 27, 2012 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on August 31, 2012.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas