



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

**James R.F. Duenas**  
 Trustee

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Friday, January 25, 2013, 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 12:41 p.m. Friday, January 25, 2013, 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  
 George A. Santos, Trustee

**Board of Trustees Absent:**

Katherine T.E. Taitano, Trustee

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Jackie Blas, Recording Secretary  
 Alice Tajeron, Great-West Retirement Services

**Public Present:**

Ricky Hernandez, Senator Ben Pangelinan's Office

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. December 28, 2012 Regular Meeting**

**On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of December 28, 2012 Regular Meeting were approved, subject to technical corrections. Motion unanimously passed.**

## **III. CORRESPONDENCE**

### **A. January 15, 2013 Letter from Senator Ben Pangelinan Regarding Request for Information**

Director Paula Blas stated that Senator Pangelinan's Committee once again has oversight over the Retirement Fund and is requesting for: 1) a list of meeting dates and times for any and all boards, committees and/or subcommittees, which are required to hold public hearings by statute; 2) provide agendas and all relevant packets at least five (5) days prior to meetings; and 3) the list of names and contact information for members of all boards, committees and/or subcommittees to include their positions and what agencies they represent, if applicable, and phones numbers and email addresses.

## **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 Blas stated that the Retirement Fund maintains 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 reported that if the "Annual COLA" checks remain unclaimed after a period of three (3) years, it goes back to the government. Director Blas stated that she will ask Senator Pangelinan's office to look and see whether the Retirement Fund could carve out certain types of payments especially when it comes to COLA. Director Blas stated that for the "Lola COLA," there is no provision in the judgment stating that if it's not claimed it goes back to the government.

Chairman San Agustin asked whether the Annual COLA is issued by the General Fund. Director Blas stated that the Retirement Fund has recently taken over the administration of the Annual COLA. The Retirement Fund is now able to make distribution of the Annual COLA through direct deposit. Chairman San Agustin asked who has the funds for COLA. Director Blas stated that the funds were transferred to the Retirement Fund from the General Fund. Treasurer Gerard Cruz asked what happens if someone comes in after five (5) years to make a claim. Director Blas stated that this is something that she would need to find out from the Department of Administration (DOA) because they do not have a process in place.

Secretary Antolina Leon Guerrero asked whether the Annual COLA funds are under the Retirement Fund. Director Blas stated that it is General Fund money. Secretary Leon Guerrero asked how is it that the retirees are receiving their annuity but not their COLA. Director Blas stated that the checks mailed out used to be General Fund checks and if the checks were not deliverable, they were returned directly to DOA without the Retirement Fund's knowledge. Secretary Leon Guerrero stated that this is

no longer an issue since the Retirement Fund is the one issuing the checks. Controller Diana Bernardo stated that if the checks are now returned, the Retirement Fund will follow through to make sure it gets to the retirees. Director Blas stated that the majority of retirees are on direct deposit. Director Blas stated that the issue the Retirement Fund had was when the Annual COLA was being handled by DOA.

Director Blas stated that the Retirement Fund may run into some problems with the Defined Contribution (DC) Plan retirees which are all on a mail distribution. For the 2013 Annual COLA distribution, there were 20 DC retirees' checks that were returned. Treasurer Cruz suggested having the names of the unclaimed checks published in the newspaper. Director Blas stated that it could be done for the ones that the Retirement Fund currently has administration of. Chairman San Agustin stated that before the three (3) year deadline is up to have the names published that they should make a claim within 60 days from publication. Controller Bernardo stated that the issue would primarily be with the DC retirees. Director Blas stated that she spoke to Great-West Retirement Services (Great-West) to see if they could ask the DC retirees to set up for a direct deposit with the Retirement Fund. Alice Tajeron of Great-West stated that there are times when DC retirees change their addresses without informing them. Ms. Tajeron stated that she will work with Director Blas on getting them to sign up for direct deposit.

Vice Chairman Wilfred Leon Guerrero asked how the Retirement Fund would know if a retiree passes away. Director Blas stated that the Retirement Fund reviews the Social Security Administration's Death Index. Controller Bernardo stated that if the Retirement Fund catches it early, we will ask the bank to have the money reverted back to the Retirement Fund.

**2. *Bernstein Litowitz Berger and Grossmann (BLBG)*** - Director Blas stated that BLBG's Litigation Status Report dated January 22, 2013 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**

Director Blas stated that Rosalia Bordallo, General Accounting Supervisor, is still working on the numbers on the total loss versus recovery. Director Blas stated that she will see whether BLBG could provide the numbers.

**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. There are 11 proposals to be reviewed. The Selection Panel consists of George Santos, Antolina Leon Guerrero, and Katherine Taitano. Trustee Santos stated that he will schedule a meeting with the panel.

**4. *Board of Trustees Election*** - Director Blas stated that the Guam Election Commission received completed documents for one (1) candidate. Director Blas stated that Mr. James R.F. Duenas was certified as a candidate for the Active Member Office 4 and will be the only Candidate on the ballot. The election will be held from 9:00 a.m. to 5:00 p.m. on Saturday, February 2, 2013, at the Retirement Fund Office in Maite.

## **Financial Report**

1. **Contributions** - Director Blas stated that as of January 22, 2013, all agencies are current with their Fiscal Year 2013 employee and employer contributions.
2. **Financial Statements** - Director Blas stated that the books for the month ending November 2012 were closed on January 4, 2013. The books for the month ending December 2012 will be closed today.
3. **Fiscal Year 2013 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of January 2013 will be paid at the end of the month.
4. **Fiscal Year 2013 Medicare Reimbursements** - Director Blas stated that the Retirement Fund received the January 2013 allotment from the General Fund and reimbursements were processed accordingly. Director Blas mentioned that the appropriation may run out by June 2013.
5. **Fiscal Year 2012 Audit** - Director Blas stated that the audit for Fiscal Year ending September 30, 2012 is ongoing. Final audit reports are scheduled to be issued no later than February 28, 2013.

## **VI. LEGAL COUNSEL'S REPORT**

No report was made at this time.

## **VII. TREASURER'S REPORT OF FINANCIAL STATUS**

### **A. Complete Audit of Corporate Operations**

Chairman San Agustin stated that the article regarding the need to require full audits of pension programs is provided for the Board's information. Director Blas stated that the new system on the ERISA audits will be implemented in 2015.

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 November 30, 2012. Treasurer Cruz stated that the total combined assets are \$1.7 Billion. The outstanding receivables are \$59 Million. Chairman San Agustin asked how many more years. Treasurer Cruz stated that it is up to 2031. Vice Chairman Leon Guerrero inquired about the DB to DC transfers that is listed in the Cash Flow Statement. Director Blas stated that it is the DB Plan members that transferred to the DC Plan. Treasurer Cruz stated that this is usually when the members need to access their funds. Ms. Tajeron stated that their primary reason for transferring from DB to DC is to access their funds.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to accept the Treasurer's Report. Without objection, the motion unanimously passed.**

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Members and Benefits Committee**

Trustee Santos presented his Committee's January 2013 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 16, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of January 9, 2013 and subsequent meetings thereafter. Without objection, the motion unanimously passed.**

**Application for Disabled Adult Survivor Benefits – PRISCILLA C. POCAIGUE**

Trustee Santos stated that Ms. Priscilla C. Pocaigue is applying for Disabled Adult Survivor Benefits on her own behalf. Ms. Pocaigue is the biological child of deceased retiree Antonio B. Pocaigue who passed away on November 3, 2012.

**Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to approve the Application for Disabled Adult Survivor Benefits for Priscilla C. Pocaigue, contained on Page 17, based on the Committee's review and findings during their meeting of January 9, 2013 and subsequent meetings thereafter. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Vice Chairman Wilfred Leon Guerrero, and Chairman Joe San Agustin. With five "Yes" votes, the motion unanimously passed. Trustee Katherine Taitano was absent.**

Chairman San Agustin inquired about the pending disability cases. Director Blas stated that the RFP for the Medical Consulting Services closes on February 8, 2013. Chairman San Agustin mentioned a case of an employee that is disabled and went before the M&B Committee, but it was determined that it was a pre-existing condition and does not qualify for disability. Director Blas stated that it is a pre-existing condition if, when first employed, the condition is indicated on the employee's Medical Examination Form, a form which is required when first employed with the government. Secretary Leon Guerrero stated that if the employee applies with a new condition, then the applicant can be entertained. The law does not allow for the Retirement Fund to entertain an employee who applies for disability with a pre-existing condition. Chairman San Agustin stated that the employee has 22 years of service and can no longer perform at work. Secretary Leon Guerrero stated that the employee needs to be diagnosed with her current condition. Chairman San Agustin stated that the employee's condition progressed within the 22 years.

**B. Investment Committee**

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on January 24, 2013. The Committee reviewed and approved the Investment Committee Minutes of November 29, 2012 and December 28, 2012.

Vice Chairman Leon Guerrero stated that the Retirement Fund's portfolio is \$1.422 Billion. Chairman San Agustin asked whether there will be an allocation change. Vice Chairman Leon Guerrero replied, "No."

***Quarter Ended December 31, 2012 Performance Meeting*** – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for February 20, and 21, 2013.

**Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to accept the Investment Committee Report. Without objection, 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 Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 1:45 p.m. Motion unanimously passed.**

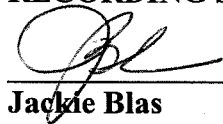
**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of January 25, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 22, 2013.**



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**ANTOLINA S. LEON GUERRERO, Board Secretary**

**RECORDING SECRETARY:**



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**Jackie Blas**