



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, April 26, 2013, 12:30 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 1:00 p.m. Friday, April 26, 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
 James R.F. Duenas, Trustee

Board of Trustees Absent:

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

Staff Present:

Paula Blas, Director
 Rosalia Bordallo, General Accounting Supervisor
 Jackie Blas, Recording Secretary
 Jackie Sablan & Lena Sanchez, Benefit Specialist II

Medical Consultant Present:

Dr. Laura Post

Public Present:

Ricky Hernandez, Senator Ben Pangelinan's Office
 Kenneth Chargualaf

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. March 29, 2013 Regular Meeting and April 1, 2013 Reconvened Meeting

On motion of Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to table the Minutes of March 29, 2013 Regular Meeting and April 1, 2013 Reconvened Meeting. Without objection, the 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 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 stated that there are under 400 deceased COLA Awardees and/or beneficiaries.

2. **Bernstein Litowitz Berger and Grossmann (BLBG)** - Director Blas stated that BLBG's Litigation Status Report dated April 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** – Director Blas stated that the pretrial conference is scheduled for October 2013.
- **Genzyme Corporation** – Director Blas stated that Plaintiffs' opening brief is due in May 2013.
- **AXA Rosenberg** – Vice Chairman Wilfred Leon Guerrero asked what the settlement amount on this case is. Director Blas stated that there is no actual number that has been settled yet.
- **MF Global** – Director Blas stated that mediation is scheduled for the end of this month.

Chairman San Agustin stated that he would like to see what the Retirement Fund's total exposure minus what the Retirement Fund recovered. Treasurer Gerard Cruz stated that sometime it is by a settlement offer. Chairman San Agustin asked whether interest costs are recovered. Treasurer Cruz replied, "No." Chairman San Agustin stated that it should be the principal amount plus interest.

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 George Santos, Antolina Leon Guerrero, and Katherine Taitano.

Financial Report

1. **Contributions** - Director Blas stated that as of April 23, 2013, all agencies are current with their Fiscal Year 2013 employee and employer contributions. Director Blas stated that Guam Memorial Hospital Authority was behind three days for the last pay period.

2. **Financial Statements** - Director Blas stated that the books for the month ending March 2013 were closed on April 18, 2013.

3. **Fiscal Year 2013 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of April 2013 were paid.

4. **Fiscal Year 2013 Medicare Reimbursements** - Director Blas stated that the Retirement Fund received the April 2013 allotment from the General Fund and reimbursements were processed accordingly. Director Blas stated that the appropriation will run out by June 2013. Director Blas stated that she has requested for a supplemental appropriation.

VI. LEGAL COUNSEL'S REPORT

No report was made at this time.

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 March 31, 2013. Treasurer Cruz stated that the total combined assets ended at \$1.842 Billion of which \$1.5 Billion is in the DB Plan. Treasurer Cruz stated that the Retirement Fund's portfolio is \$1.494 Billion. Treasurer Cruz stated that the Retirement Fund is still within its drawdown authority.

Trustee George Santos, seconded by Secretary Antolina Leon Guerrero, moved to accept the Treasurer's Report. Without objection, the motion unanimously passed.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on April 12, 2013. The Committee reviewed and approved the minutes of the August 29, and 30, 2012 Due Diligence Meeting for the Quarter Ended June 30, 2012. Vice Chairman Leon Guerrero stated that the Retirement Fund's portfolio is \$1.5 Billion. Vice Chairman Leon Guerrero stated that there is no change to the asset allocation.

Robeco – Treasurer Cruz stated that the Committee reviewed Robeco's April 19, 2013 letter regarding the sale of approximately 90% of Robeco Group N.V., the indirect parent of Robeco Investment Management, to ORIX Corporation on or about July 1, 2013.

In accordance with Section 19.1 of the Investment Management Agreement between Robeco and the Retirement Fund:

- Since the sale constitutes a change of control and assignment of such agreement, Robeco is required to obtain the Board of Trustees' consent to the assignment of the current Investment Management Agreement to ORIX.
- If the Trustees consent, the Consent Form attached to the letter must be completed and returned by May 31, 2013.

Treasurer Cruz stated that the Retirement Fund's Investment Consultant, Maggie Ralbovsky of Wilshire & Associates, is aware of this and she agrees to the consent. Treasurer Cruz stated that the Investment Committee recommends consenting to the assignment of the agreement based on confirmation by the Investment Consultant.

Treasurer Gerard Cruz, seconded by Secretary Leon Guerrero, moved to approve to consenting to the assignment of the agreement based on confirmation by the Retirement Fund's Investment Consultant. Without objection, the motion unanimously passed.

Metropolitan West Capital Management - Vice Chairman Leon Guerrero stated that there are major changes in Met West's personnel. Vice Chairman Leon Guerrero stated that Ms. Ralbovsky had alerted Director Blas of the major changes. This matter will be addressed at the next Board meeting.

Next Quarterly Performance Meeting for Quarter Ending March 31, 2013 – Vice Chairman Leon Guerrero informed the Board that the next quarterly performance meeting is scheduled for May 29-30, 2013.

RECESS: 12:35 P.M.

RECONVENED: 1:09 P.M.

B. Members and Benefits Committee

Trustee George Santos presented his Committee's April 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 11, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of April 10, 2013 and subsequent meetings thereafter. Without objection, the motion unanimously passed.

DISABILITY CASE NO. 12-008

Secretary Antolina Leon Guerrero stated that the applicant is a 59 year old School Aide with approximately 22 years of service. The applicant applied for disability on April 17, 2012. The reason for application is listed as Depression, Anxiety Disorder, Hepatitis B&C, Cirrhosis of the Liver, Anemia, Tremors, Emotionally Incompetent, and Extreme Weakness in all Extremities. The applicant was examined by Dr. Patrick Santos on June 7, 2012 and Dr. John Taitano on June 29, 2012. The Retirement Fund's Medical Consultant, Dr. Laura Post, has reviewed the application and all the documents involved including the reports from the independent examiners, and finds that impairments, treatments, and symptoms/side effects are not inconsistent with full-time employment. The Retirement Fund's Medical Consultant recommends vocational rehabilitation, reassignment at the Department of Education, education regarding side affects of treatment for Hepatitis, support through a mental behavior health evaluation, and reassessment of the symptoms and functions upon completion of the interferon therapy for Hepatitis. The Retirement Fund's Medical Consultant does not consider disability pension appropriate for this applicant.

Chairman San Agustin stated that based on the law, the applicant does not meet the definition of full impairment. Dr. Post stated that this is based on the Guam Code Annotated and upon the American Medical Association Guidelines. Dr. Post stated that the applicant has a number of symptoms that stem from the interferon treatment for Hepatitis C. Dr. Post stated that it turned out that there is no Cirrhosis. Cirrhosis in contact with Hepatitis C is a very poor prognosticator of long-term survival. Dr. Post stated that from what she has read, the applicant was not fully informed about what the side affects of the interferon treatment could be. Chairman San Agustin asked whether the applicant could still go to work in the midst of going through the interferon treatment. Dr. Post stated that the patients going through the interferon treatment are informed of what the side affects are and are given the encouragement that the interferon is getting rid of the Hepatitis C. Dr. Post stated that the applicant is still capable of working.

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 accept the Retirement Fund's Medical Consultant's findings and recommendation to disapprove disability pension for Disability Case No. 12-008. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee James Duenas, Vice Chairman Wilfred Leon Guerrero, Chairman Joe T. San Agustin. With six "Yes" votes, the motion unanimously passed. Trustee Katherine Taitano was absent.

DISABILITY CASE NO. 12-012

Secretary Leon Guerrero stated that the applicant is a 47 year old School Aide with 21 years of service. The applicant applied for disability on June 27, 2012. The reason for application is Cerebellar Ataxia, Hyperextensibility Knee Joints, Slurred Speech, Weak Hands, Headache, and Deteriorating condition. The applicant was examined by Dr. Santos on February 21, 2013 and Dr. Fred Schroeder on March 13, 2013. The Retirement Fund's Medical Consultant finds multiple impairments, mostly due to diagnosis of Abetalipoproteinemia which is progressive and an irreversible condition. The Retirement Fund's Medical Consultant considers disability pension appropriate.

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 accept the Retirement Fund's Medical Consultant's findings and recommendation to approve full disability pension for Disability Case No. 12-012. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee James Duenas, Vice Chairman Wilfred Leon Guerrero, Chairman Joe T. San Agustin. With six "Yes" votes, the motion unanimously passed. Trustee Katherine Taitano was absent.

DISABILITY CASE NO. 12-016

Secretary Leon Guerrero stated that the applicant is a 47 year old X-Ray Technician with 21+ years of service. The applicant applied for disability on November 14, 2012. The reason for application is Stroke and Feeding Tube. The applicant was examined by Dr. Santos on January 13, 2013 and Dr. Schroeder on February 14, 2013. The Retirement Fund's Medical Consultant finds multiple disabilities due to stroke with an inability to speak, inability to lift objects, and inability to stand. Dr. Post stated that there is no return for this applicant. The Retirement Fund's Medical Consultant considers disability pension appropriate.

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 James Duenas, moved to accept the Retirement Fund's Medical Consultant's findings and recommendation to approve full disability pension for Disability Case No. 12-016. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee James Duenas, Vice Chairman Wilfred Leon Guerrero, Chairman Joe T. San Agustin. With six "Yes" votes, the motion unanimously passed. Trustee Katherine Taitano was absent.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

Mr. Kenneth Chargualaf stated that he retired six months ago and he is following up on the status of his final annuity. Director Blas stated that Mr. Chargualaf's final annuity is on the list and it was approved in the Members and Benefits Committee Report. Mr. Chargualaf thanked the Board and Management of the Retirement Fund for the approval of his final annuity.

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

There being no further business before the Board for the Defined Benefits Plan, on motion of Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, and without objection, the meeting was adjourned at 2:14 p.m. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of April 26, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on June 28, 2013.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas