



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

**BOARD OF TRUSTEES**  
**Regular Meeting**  
 Thursday, October 31, 2013, 12:30 p.m.  
 Retirement Fund Conference Room

**MINUTES**

**DEFINED BENEFITS**

**I. ATTENDANCE, QUORUM, AND CALL TO ORDER**

**Katherine T.E. Taitano**  
 Trustee

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Benefits Plan was called to order at 1:25 p.m. Thursday, October 31, 2013, in the Retirement Fund Conference Room. Acting Chairman Wilfred P. Leon Guerrero officiated.

**James R.F. Duenas**  
 Trustee

**David M. O'Brien**  
 Trustee

**Board of Trustees Present:**

Wilfred P. Leon Guerrero, Acting Chairman  
 Antolina S. Leon Guerrero, Secretary  
 Gerard A. Cruz, Treasurer  
 James R.F. Duenas, Trustee  
 David M. O'Brien, Trustee

**Board of Trustees Absent:**

Joe T. San Agustin, 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 Tajeron, Great-West Retirement Services  
 Peter Duenas, Acting Benefit Program Administrator  
 Jackie Sablan & Lena Sanchez, Benefit Specialist II

**Public Present:**

George Aguon

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. September 27, 2013 Regular Meeting

On motion of Trustee David O'Brien seconded by Secretary Antolina Leon Guerrero, and without objection, the Minutes of September 27, 2013 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 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.

2. *Bernstein Litowitz Berger and Grossmann (BLBG)* - Director Blas stated that BLBG's Litigation Status Report dated October 21, 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
- MF Global
- Invacare Corporation

3. *Legislative Bills/Public Laws*

- **Bill 170-32 – Relative to the Investment Sections of the Defined Benefits (DB) Plans of the Government of Guam Retirement Fund**

Director Blas stated that Bill 170-32 was reported out of Senator Ben Pangelinan's Committee and will be voted on during the Legislature's October 2013 session.

### Financial Report

1. *Contributions* - Director Blas stated that as of October 29, 2013, all agencies are current with their Fiscal Year 2014 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ending September 2013 are scheduled to be closed on November 8, 2013.

3. *Fiscal Year 2014 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of October 2013 were paid.

4. ***Fiscal Year 2014 Medicare Reimbursements*** - Director Blas stated that the Retirement Fund received the allotments for August, September, and October 2013 from the General Fund and reimbursements were processed accordingly.

5. ***Fiscal Year 2014 Annual COLA*** - Director Blas stated that the annual COLA of \$1,800 for retirees and their survivors were disbursed today.

## **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 month ended September 30, 2013. Treasurer Cruz stated that the Retirement Fund's combined net assets are \$1.8 Billion. We started out with \$1.1 Billion in DB assets in 2008 and we are now up to \$1.5 Billion. Treasurer Cruz stated that Maggie Rabovsky of Wilshire Associates wants to reconstruct our portfolio. He stated that the Fund's portfolio construction has proven to be successful and he asks the Trustees to continue their cautious approach to changes in the structure of the portfolio.

Treasurer Cruz stated that we are still within our drawdown authorization. Treasurer Cruz stated that Management is gearing up for the audit.

## **VIII. STANDING COMMITTEE REPORTS**

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

Secretary Antolina Leon Guerrero presented the Committee's October 2013 report to the Board of Trustees.

**Secretary Antolina Leon Guerrero, seconded by Trustee David O'Brien, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 10, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of October 9, 2013 and subsequent meetings thereafter. Without objection, the motion unanimously passed.**

### **DISABILITY CASE NO. 13-002**

Secretary Leon Guerrero stated that the applicant is a 59 year old School Bus Driver Supervisor with the Department of Public Works with 22+ years of service. The applicant applied for disability on February 15, 2013. The reason for application is S/P Cerebro-Vascular Accident, CVA (Stroke), Left-sided Paralysis Consequent to Stroke, and Bilateral Cataracts (Blurred Vision). The applicant was examined by Dr. Vincent Duenas on September 10, 2013 and Dr. Patrick Santos on August 15, 2013. Dr. Santos gave a rating of 70% whole-person impairment. Dr. Duenas gave a rating of 68% whole-person impairment. Both physicians found that the applicant is medically impaired by a number of diagnoses and symptoms, but their ratings were below 75%. Dr. Santos indicated in his report that the

applicant's impairment does not preclude him from working, while Dr. Duenas' report indicated that the applicant's impairment does preclude him from working. Secretary Leon Guerrero stated that given the Retirement Fund's Medical Consultant's recommendation and both physicians' report, she would like to ask if the applicant is willing to address the Board.

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 his/her medical records and he/she must state his/her name for the record. Acting Chairman Leon Guerrero recognized the applicant and asked the applicant to please state his name for the record.

The applicant appeared before the Board and stated that his name is George Aguon. Mr. Aguon stated that he can't walk very far as he runs out of breath on short walks, needs help going to the bathroom, and usually lies down in bed because of dizziness. Mr. Aguon stated that Dr. Fred Schroeder told him that if the Retirement Fund has any questions that he will write a letter to the Retirement Fund. Mr. Aguon stated that he was admitted at the hospital three times in 2013 for his stroke and bleeding ulcer.

Treasurer Cruz asked Mr. Aguon what his current position is at Public Works. Mr. Aguon stated that he is a School Bus Driver Supervisor. Mr. Aguon stated that he is on leave sharing. Treasurer Cruz asked Mr. Aguon when he had a stroke. Mr. Aguon replied, "2012." Trustee David O'Brien asked Mr. Aguon when he was hospitalized. Mr. Aguon replied, "May 2013." Trustee O'Brien asked Mr. Aguon when the last time he saw Dr. Schroeder was. Mr. Aguon stated that it was two weeks ago and Dr. Schroeder told him he saw no improvement. Mr. Aguon stated that he saw Dr. Hao Van Nguyen, but he is not satisfied with him.

Treasurer Cruz asked Mr. Aguon whether he is undergoing physical therapy. Mr. Aguon stated that he was while he was at the Skilled Nursing Unit (SNU). Trustee O'Brien asked whether there are any improvements. Mr. Aguon stated that there is no improvement in his arms and legs. Trustee O'Brien asked Mr. Aguon whether he will be able to return to work on light duties. Mr. Aguon stated that he always has to have someone to assist him. Trustee O'Brien asked Mr. Aguon whether he needs constant assistance. Mr. Aguon replied, "Yes." Trustee O'Brien asked Mr. Aguon whether he has ever fallen. Mr. Aguon replied, "Yes, as I get dizzy at times." Trustee O'Brien asked Mr. Aguon whether his medications affect his work. Mr. Aguon replied, "Yes, it causes drowsiness." Secretary Leon Guerrero asked Mr. Aguon what medications he is taking. Mr. Aguon stated that he is taking medication for his high blood pressure, cholesterol, and diabetes. Secretary Leon Guerrero asked whether Mr. Aguon is still going to continue with therapy. Mr. Aguon stated that a nurse came to his house and showed his daughter how to exercise his arm and leg. Mr. Aguon stated that the nurse's visit is costly. Mr. Aguon stated that he pays \$80.00 per visit. Secretary Leon Guerrero stated that she thinks that therapy will help Mr. Aguon now and in the future.

Secretary Leon Guerrero asked Mr. Aguon how he spends his day. Mr. Aguon stated that he lies in bed watching TV. Secretary Leon Guerrero asked Mr. Aguon why he was out of work sometime in 2010. Mr. Aguon stated that his toes were amputated, but that did not affect him. Mr. Aguon stated that it was his stroke that really affected him. Acting Chairman Leon Guerrero asked Mr. Aguon how long he has been a supervisor. Mr. Aguon replied, "More than one year." Mr. Aguon stated that there are a total of 8 supervisors - one supervisor for each satellite station. Mr. Aguon stated that he wishes that the Board consider his disability. Secretary Leon Guerrero asked Mr. Aguon whether he has

health insurance. Mr. Aguon replied, "Yes." Mr. Aguon stated that he is currently on leave without pay status.

Acting Chairman Leon Guerrero stated that the Retirement Fund's Medical Consultant is usually present, but she is out sick today. Acting Chairman Leon Guerrero stated that the Board has the medical consultant's report, but he is not ready to make a decision. Secretary Leon Guerrero stated that if there are questions for the Medical Consultant, we would need to talk to her. Trustee James Duenas agreed with Secretary Leon Guerrero. Secretary Leon Guerrero stated that she has a question for the medical consultant, but she is ready to vote. Treasurer Cruz stated that he is ready to vote, but he is willing to defer the matter. Trustee O'Brien stated that he is also ready to vote, but will defer the matter to allow for the Chair to ask the medical consultant questions.

**Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to table Disability Case No. 13-002 until the Board meets with the Retirement Fund's Medical Consultant. Without objection, the motion unanimously passed.**

## **B. Investment Committee**

Treasurer Cruz reported that the Investment Committee Meeting was held on October 30, 2013. The Committee reviewed and approved the Investment Committee Minutes of September 25, 2013 and the minutes of the May 29, and 30, 2013 Due Diligence Meeting for the Quarter Ended March 31, 2013.

Treasurer Cruz stated that there are no action items. The Retirement Fund's assets as of October 25, 2013 are \$1.55 Billion. Treasurer Cruz stated that we are within our target ranges. We are not going to rebalance.

Acting Chairman Leon Guerrero asked what the return is for the fiscal year. Treasurer Cruz stated that we have not received that yet. Acting Chairman Leon Guerrero stated that he thought it was 10%. Treasurer Cruz stated that we need to keep an eye on emerging markets since they are having a tough time. Treasurer Cruz stated that the Securities Lending earnings for Fiscal Year 2013 were \$189,709. Treasurer Cruz stated that the Interest and Dividend income year to date total is \$35 Million.

Trustee O'Brien asked whether the rebalancing is approved by the Board if we go below the target allocation. Treasurer Cruz stated that rebalancing is a committee function. Treasurer Cruz stated that it shows if we are outside the range. Trustee O'Brien asked whether we have an Investment Policy Statement. Director Blas replied, "Yes." Mrs. Bordallo stated that we are looking at the bond area to change to allow going to high yield bonds. Treasurer Cruz stated that relative to the allocation being below target in fixed mandate; we are in the mist of changing the law. Treasurer Cruz stated that as a matter of efficiency and cost savings, the Committee recommends holding on to the existing mandate until the law passes.

**Treasurer Gerard Cruz, seconded by Trustee James Duenas, moved to hold on to the existing mandate until the law passes. Without objection, the motion unanimously passed.**

***Next Quarterly Performance Meeting*** – Treasurer Cruz stated that the next Quarterly Performance Meeting is scheduled for November 20, and 21, 2013.

Trustee James Duenas, seconded by Treasurer Gerard Cruz, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.

**IX. TRAVEL REPORT**

**A. Vice Chairman Wilfred P. Leon Guerrero: IFEBP 59th Annual Employee Benefits Conference – October 20-23, 2013, Las Vegas, Nevada**

Acting Chairman Leon Guerrero stated that his travel report on the IFEBP 59th Annual Employee Benefits Conference he attended on October 20-23, 2013 in Las Vegas, Nevada, is submitted for the Board's information.

**X. OLD BUSINESS**

None

**XI. NEW BUSINESS**

None

**XII. OPEN DISCUSSION / GENERAL PUBLIC INPUT**

None

**XIII. ANNOUNCEMENTS**

None

**XIV. RECESS**

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to recess the Defined Benefit Plan meeting, and without objection, the Board of Trustees meeting for the Defined Benefit Plan recessed at 2:17 p.m. on Thursday, October 31, 2013, and will reconvene on Monday, November 4, 2013, at 11:00 a.m. in the Retirement Fund Conference Room. Motion unanimously passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 31, 2013 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 22, 2013.



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

**RECORDING SECRETARY:**

  

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**Jackie Blas**