



GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
 STABILITY · SECURITY · REWARDS

**BOARD OF TRUSTEES**  
**Regular Meeting**

Friday, October 30, 2015, 12:00 Noon  
 Retirement Fund Conference Room

**MINUTES**

**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

**Katherine T.E. Taitano**  
 Trustee

**Anthony C. Blaz**  
 Trustee

**David M. O'Brien**  
 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 12:36 p.m. Friday, October 30, 2015, in the Retirement Fund Conference Room. Chairman Joe T. San Agustin officiated.

**Board of Trustees Present:**

Joe T. San Agustin, Chairman  
 Antolina S. Leon Guerrero, Secretary  
 Anthony C. Blaz, Trustee  
 Katherine T.E. Taitano, Trustee

**Board of Trustees Absent:**

Wilfred P. Leon Guerrero, Vice Chairman (*Excused*)  
 Gerard A. Cruz, Treasurer (*Excused*)  
 David M. O'Brien, Trustee (*Excused*)

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Jackie Blas, Recording Secretary  
 Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement  
 Peter Duenas, Acting Benefit Program Administrator  
 Jackie Sablan & Lena Sanchez, Benefit Specialist II

**Legal Counsel Present:**

Elyze M. Iriarte, Carlsmith Ball LLP (*1:00 p.m.*)

**Medical Consultant Present:**

Dr. Laura Post (*1:30 p.m.*)

**Public Present:**

Jerick Sablan, Pacific Daily News  
 George Castro, Certified Court Reporter (*1:00 p.m.*)  
 Joseph Siongco

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. September 18, 2015 Regular Meeting

Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to approve the Minutes of the September 18, 2015 Regular Meeting, subject to technical corrections. 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)* - 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)* - BLBG's Litigation Status Report dated October 17, 2015 on the following lawsuits is provided for the Board's information. These cases are highly confidential and BLBG asked that the cases not be discussed in a public forum.

- **MF Global**
- **Invacare Corporation**

### Financial Report

1. *Contributions* - Director Paula Blas stated that as of October 27, 2015, all agencies are current with their Fiscal Year 2016 employee and employer contributions with the exception of the Guam Memorial Hospital Authority (GMHA). Director Blas stated that GMHA was behind for two (2) pay periods. Payment was made yesterday and so they are now one (1) pay period behind. Secretary Antolina Leon Guerrero asked whether notice was sent to GMHA. Director Blas stated that GMHA was given a written notice and they are aware of the interest and penalties being assessed. Copy of the notice was given to the GMHA Board, the U.S. Department of Labor, and the Attorney General's Office. Director Blas stated that if GMHA does not pay, their employees will not be allowed to retire.

2. *Financial Statements* - Director Blas stated that the books for the month ending September 30, 2015 are scheduled to close in November 2015.

3. *Fiscal Year 2016 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of October 2015 were paid.

4. *Fiscal Year 2016 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the October 2015 allotment from the General Fund and reimbursements were processed accordingly.

**5. Fiscal Year 2016 Annual COLA** - Director Blas stated that Public Law 33-66 mandates that the annual COLA of \$2,000.00 for retirees and survivors be paid no later than November 1, 2015. Director Blas stated that the Retirement Fund received the funds just before noon today so COLA will be released this afternoon. Trustee Anthony Blaz stated that the Governor directed the Department of Administration (DOA) to release the funds to the Retirement Fund. Trustee Blaz stated that the amount of \$16.4 Million was transferred at 9:45 a.m., but there was a bank input error which delayed the completion of the transfer

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

Director Blas stated that Legal Counsel will recommend that the Board go into Executive Session to discuss legal issues related to litigation involving the Retirement Fund.

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

Director Blas stated that the Treasurer's Report is provided at this meeting. It covers the Retirement Fund's Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position (unaudited) and Prior Year Receivables for both the Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended September 30, 2015.

Director Blas stated that Controller Diana Bernardo is recommending an additional \$1 Million in the principal drawdown authorization for the month of November 2015. Director Blas stated that this is just to make sure payroll is covered.

**Trustee Anthony Blaz, seconded by Secretary Antolina Leon Guerrero, moved to approve the recommended principal drawdown of up to \$4.5 Million for the month of November 2015. Without objection, the motion unanimously passed.**

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Director Blas stated that she received a letter from Eaton Vance requesting approval to hold up to 5% cash for up to thirty (30) days. Director Blas stated that the Retirement Fund's Investment Consultant, Maggie Ralbovsky of Wilshire Associates, had stated that this is due to the current market events and recommended Board approval

**Trustee Anthony Blaz, seconded by Secretary Antolina Leon Guerrero, moved to accept Wilshire's recommendation to approve Eaton Vance's request to hold up to 5% cash for up to 30 days. Without objection, the motion unanimously passed.**

**Next Quarterly Performance Meeting** – Director Blas informed the Board that the next Quarterly Performance Meeting is scheduled for November 18, and 19, 2015.

**Trustee Anthony Blaz, seconded by Trustee Katherine Taitano, moved to accept the Investment Committee Report. Without objection, the motion unanimously passed.**

## **B. Members and Benefits Committee**

Trustee Katherine Taitano presented the Committee's October 2015 report to the Board of Trustees.

**Trustee Katherine Taitano, 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 and relevant documents, based on the Committee's review and findings during their meeting of October 13, 2015. Without objection, the motion unanimously passed.**

**RECESS: 12:45 P.M.**

**RECONVENED: 1:00 P.M.**

## **IX. EXECUTIVE SESSION**

Legal Counsel Elyze Iriarte stated that she is the Attorney for the Board of Trustees of the Government of Guam Retirement Fund and as such, she is recommending that the Board of Trustees conduct an Executive Session to discuss legal issues related to a potential litigation. Legal Counsel Iriarte stated that based on the Open Government Law, the transcript of the Executive Session will remain sealed for six (6) months; and that no voting will take place during the Executive Session.

**Secretary Antolina Leon Guerrero, seconded by Trustee Anthony Blaz, moved to accept the Retirement Fund's Legal Counsel's recommendation that the Board of Trustees go into Executive Session. Without objection, the motion unanimously passed.**

*George Castro, Certified Court Reporter, is present to take a verbatim transcription of the Executive Session.*

**EXECUTIVE SESSION: 1:01 P.M.**

**RECONVENED: 1:25 P.M.**

At this time Chairman San Agustin announced that the Board of Trustees has returned to its regular meeting. Legal Counsel Iriarte certified that the only matters discussed during the Executive Session were related to the Retirement Fund's participation in a potential litigation. Legal Counsel Iriarte stated that she will be signing a declaration to that effect. Said declaration will be made a part of the record.

**Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to accept the recommendation of the Retirement Fund's Legal Counsel to negotiate a settlement as discussed during the Executive Session. Without objection, the motion unanimously passed. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee Katherine Taitano, Trustee Anthony Blaz, and Chairman Joe San Agustin. With four (4) "Yes" votes, the motion unanimously passed. Vice Chairman Wilfred Leon Guerrero, Treasurer Gerard Cruz, and Trustee David O'Brien were absent.**

**ITEM VIII B. Members and Benefits Committee (Continued)**  
**DISABILITY CASE NO. 15-004**

Secretary Leon Guerrero stated that the applicant is a 60 year old Federal Program Examiner with the Department of Education with 23 years of service. The applicant applied for disability on April 28, 2015. The application was submitted to the Retirement Fund on May 8, 2015. The applicant was examined by Dr. Patrick Santos on July 17, 2015, and Dr. Fred Schroeder August 24, 2015. Dr. Santos gave a rating of 58% whole-person impairment and indicated that the impairment precludes the applicant from work; and Dr. Schroeder gave a rating of 71% whole-person impairment, but indicated that the impairment does not preclude the applicant from work. Secretary Leon Guerrero stated that the Retirement Fund's Medical Consultant gave a rating of 28% whole-person impairment. Pursuant to the reports from the two (2) Independent Medical Examiners (IMEs), and in the context of criteria based upon the American Medical Association's Sixth Edition of Guides to the Evaluation of Permanent Impairment (2008), the average Final Estimated Whole-Person Impairment Rating is 64.5%. Secretary Leon Guerrero stated that Dr. Laura Post, the Retirement Fund's Medical Consultant, finds that the applicant is impaired by acute and chronic medical diagnoses, with multiple symptoms, and based on her review and that of the two IMEs, Dr. Post does not find that a disability pension is appropriate for 15-004 at this time.

Chairman San Agustin stated that the two IMEs differ in that one indicated that the impairment precludes the applicant from work and the other stated that it does not. Dr. Post stated that the impairment is not likely to get better. The applicant's diabetes can progress and other things can happen. Secretary Leon Guerrero read out loud a portion of the definition of ***Total and Permanent Disability - "one which results from some impairment of body or mind which can be expected to result in death, or can be expected to last for a continuous period of not less than twelve (12) months."*** Chairman San Agustin stated that the Federal Program Examiner is a desk job. Dr. Post stated that the issues the applicant has is mostly in the legs. There is no central nervous system impairment. The applicant's muscles have become smaller, but it does not preclude the applicant from work. Dr. Post pointed out that the applicant's primary physician gave a rating of 27%.

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 and asked the applicant to please state his name for the record.

The applicant appeared before the Board and stated that his name is Joseph Siongco. Mr. Siongco stated that he would like to clarify that Dr. Chris Perez was his primary physician, but he retired. Mr. Siongco stated that he needed someone to start the disability process and so Dr. Vincent Duenas became his primary physician. Dr. Duenas was just given the paperwork to review.

Mr. Siongco stated that the Federal Program Examiner position is not only a desk job. Mr. Siongco stated that it requires him to approach all 41 schools for eligibility. There is a lot of walking from the office to the cafeteria to conduct health inspections. Mr. Siongco stated that he conducts training twice a year which includes Department of Defense (DOD) schools and child care centers within the military bases. Chairman San Agustin stated that Mr. Siongco was given a rating of less than the 75%

threshold. Director Blas read out loud the definition of *Total and Permanent Disability*: "one which results from some impairment of body or mind which can be expected to result in death, or can be expected to last for a continuous period of not less than twelve (12) months. The impairment shall be one that substantially precludes a person from performing with reasonable regularity the substantial and material parts of any gainful work or occupation that he would be competent to perform were it not for that impairment, and if founded upon condition which render it reasonably certain that it will continue indefinitely."

Mr. Siongco stated that his feet swells up in 5 minutes and his trigger finger has gotten worse. Secretary Leon Guerrero asked Mr. Siongco what is his day like. Mr. Siongco stated that he stays home and watches TV. Secretary Leon Guerrero asked Mr. Siongco how he gets around. Mr. Siongco stated that he can drive but has been recommended not to; his sister drives him around.

Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to accept the Retirement Fund's Medical Consultant's findings that a full disability pension is not appropriate at this time and to deny disability pension for Disability Case No. 15-004. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Trustee Katherine Taitano, Trustee Anthony Blaz, and Chairman Joe San Agustin. With four (4) "Yes" votes, the motion unanimously passed. Vice Chairman Wilfred Leon Guerrero, Treasurer Gerard Cruz, and Trustee David O'Brien were absent.

**CORRESPONDENCE #15-01: REQUEST FOR CONSIDERATION OF REDEPOSIT OF SERVICE CREDIT – MARIA T. O'BRIEN**

Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to table Correspondence #15-01: Request for Consideration of Redeposit of Service Credit - Maria T. O'Brien. Without objection, the motion unanimously passed.

**X. OLD BUSINESS**

None

**XI. NEW BUSINESS**

None

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

None

**XIII. ANNOUNCEMENTS**

None

**XIV. ADJOURNMENT**

**There being no further business before the Board for the Defined Benefits Plan, on motion of Trustee Anthony Blaz, seconded by Secretary Antolina Leon Guerrero, and without objection, the meeting was adjourned at 2:04 p.m. Motion unanimously passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 30, 2015 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 20, 2015.**



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

**RECORDING SECRETARY:**



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**Jackie Blas**