



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, March 18, 2016, 12:00 Noon  
 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 12:45 p.m. Friday, March 18, 2016, 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  
 Gerard A. Cruz, Treasurer  
 Katherine T.E. Taitano, Trustee  
 Albert H. Santos, Trustee

**Board of Trustees Absent:**

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

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Jackie Blas, Recording Secretary  
 Jackie Sablan & Lena Sanchez, Benefit Specialist II  
 Alice Tajeron, Director, Client Relations & Plan Counseling, Empower Retirement

**Public Present:**

Jerick Sablan, Pacific Daily News  
 Vince Pangelinan

*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

**David M. O'Brien**  
 Trustee

**Albert H. Santos**  
 Trustee

## II. REVIEW AND APPROVAL OF BOARD MINUTES

### A. February 26, 2016 Regular Meeting

Treasurer Gerard Cruz, seconded by Trustee Katherine Taitano, moved to approve the Minutes of the February 26, 2016 Regular Meeting, subject to technical corrections. Without objection, the motion 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 March 11, 2016 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 March 16, 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 she met with GMHA on March 8, 2016 regarding the arrears and to see if GMHA could come up with a payment option. GMHA remitted contributions to pay off the Defined Contribution (DC) arrears, which was \$1.3 Million. GMHA also remitted contributions to stay current with both DC and Defined Benefit (DB). The balance in arrears for DB is \$3.4 Million. Director Blas stated that GMHA will be remitting \$500,000 every month to reduce the \$3.4 Million on top of staying current. GMHA is seeking alternative financing. Trustee Katherine Taitano stated that she met Benita Manglona, GMHA's Chief Financial Officer, and she stated that if GMHA gets the loan they will pay the full amount outstanding. Trustee Taitano stated that Ms. Manglona did mention that GMHA will make their regular payments and also pay the \$500,000 every month. Secretary Antonina Leon Guerrero asked whether the arrears include penalties. Director Blas replied, "Yes." Secretary Leon Guerrero inquired about Legal Counsel's take on this. Director Blas stated that we could file the Writ if we have to, but she told Legal Counsel to hold off until after this meeting.

Chairman San Agustin stated that GMHA made an effort to make payments and to stay current. Secretary Leon Guerrero suggested to proceed with filing the Writ if GMHA fails to make a payment. Treasurer Gerard Cruz asked whether there's a signed agreement. Director Blas stated that GMHA memorialized what was discussed at the meeting in a letter to the Retirement Fund from Peter John Camacho, GMHA's Administrator, outlining their options: 1) Pay \$1.3 Million by March 10, 2016; 2)

Pay the balance of \$3.7 Million in monthly installments of \$500,000; 3) Remain current in their remittance of their contributions; and 4) Request to retire GMHA employees if their contributions are fully paid. Trustee Taitano stated that GMHA has six (6) employees eligible to retire. Chairman San Agustin recommended to write to GMHA informing them that the Retirement Fund Board concurs to No. 1 (Remit \$1.3 Million), No. 2 (Remit \$3.7 Million in installments of \$500,000 monthly or sooner), and No. 3 (Remain current). Chairman San Agustin stated that the Board does not concur to No. 4 (Request to retire eligible employees if their contributions are fully paid). Treasurer Cruz stated to wait for GMHA to make full payment of all outstanding obligations and to be completely current before retiring their eligible employees. Treasurer Cruz asked whether there will be an agreement to accept the payment plan. Secretary Leon Guerrero suggested to acknowledge the plan in writing.

**Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve to maintain the ban on allowing Guam Memorial Hospital Authority (GMHA) eligible employees from retiring and to file the Writ of Mandamus if GMHA fails to make a payment. Without objection, the motion passed.**

2. **Financial Statements** - Director Blas stated that the books for the month ended January 31, 2016 were closed on March 10, 2016, and the books for the month ended February 29, 2016 are scheduled to close by March 22, 2016.

3. **Fiscal Year 2016 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of March 2016 will be paid at the end of the month.

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

## **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 Fiduciary Net Position for both the DB Plan and the DC Plan for the month ended January 31, 2016. Treasurer Cruz stated that he would like to request to maintain the drawdown authority of \$4.5 Million for another three (3) months.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve to continue the principal drawdown authority of up to \$4.5 Million monthly for the next three (3) months (April to June 2016), if needed. Without objection, the motion passed.**

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Investment Committee**

Treasurer Cruz reported that the Investment Committee Meeting was held on March 11, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of February 25, 2016.

Treasurer Cruz indicated that as of March 7, 2016, the Retirement Fund's portfolio is \$1.556 Billion.

**Next Quarterly Performance Meeting** – Director Blas informed the Board that the next Quarterly Performance Meeting is scheduled for May 25, and 26, 2016.

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

Trustee Taitano presented the Committee's March 2016 report to the Board of Trustees. Chairman San Agustin suggested having a separate listing for the new retirees and the retirees being finalized. Trustee Taitano stated that Chairman San Agustin would like to see the number of new retirees and the number of retirees being finalized. Secretary Leon Guerrero asked whether the numbers assigned are cumulative. Director Blas replied, "Yes." Secretary Leon Guerrero asked whether a retiree that becomes a survivor is assigned a new number. Director Blas stated that a survivor is assigned a new number, separate from his/her retiree number. Director Blas stated that the retiree holds two different statuses.

**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, (Excluding Page 12); including the attached Annuity Worksheets and relevant documents, based on the Committee's review and findings during their meeting of March 16, 2016. Without objection, the motion passed.**

### **DISABILITY CASE NO. 15-007**

Secretary Leon Guerrero stated that the applicant is a 49 year old Marine Traffic Controller with the Port Authority of Guam with 25 years of service. The date of application for disability is October 19, 2015. The application was submitted to the Retirement Fund on February 1, 2016. The applicant was examined by Dr. Patrick Santos on December 18, 2015, and by Dr. Fred Schroeder on January 11, 2016. Dr. Santos gave a rating of 66% whole-person impairment and indicated that the impairment is permanent and it does precludes the applicant from gainful work. Dr. Schroeder gave a rating of 46% whole-person impairment and indicated that the impairment is permanent but it does not preclude the applicant from gainful work. The Retirement Fund's Medical Consultant finds that the applicant is impaired by both acute and chronic medical diagnoses, with multiple associated symptoms, all of which are being treated. Pursuant to the reports from the two (2) Independent Medical Examiners (IMEs), in the context of criteria based upon the American Medical Association's Sixth Edition of Guides to the Evaluation of Permanent Impairment (2008), and with contemporaneous reference to this writer's Final Estimated Whole-Person Impairment Rating (FEWPIR) of 18%, below the 75% FEWPIR required for full disability pension; and the average of the two IMEs FEWPIR being 56%, a disability pension is not appropriate for 15-007 at this time.

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 stated that his name is Vince Pangelinan. Mr. Pangelinan stated that he was hit by a forklift in the Port compound. Mr. Pangelinan stated that he is not receiving Workman's

Compensation. Mr. Pangelinan stated that he went to UCLA twice at his own expense, but was sent back home so he could check and have Workman's Compensation pay for his surgery. Mr. Pangelinan stated that he has not been paid since September 2015 and was told that he has to pay the Port \$33,000. Mr. Pangelinan stated that the Port took his annual and sick leave to pay the \$33,000. Mr. Pangelinan stated that he had to use his personal medical insurance. Chairman San Agustin stated that he would like to see the Workman's incident report. Director Blas asked when the accident happened. Mr. Pangelinan replied, "2003." Chairman San Agustin asked Mr. Pangelinan if he worked after the accident. Mr. Pangelinan replied, "Yes."

Mr. Pangelinan stated that he had to look for a specialist so he went to Hawaii and then he was told that there's no money to cover his medical expenses and he had to come back to Guam. Mr. Pangelinan stated that he was on Workman's Compensation and couldn't understand why there's no money. Trustee Albert Santos asked Mr. Pangelinan whether he has spoken to someone from Department of Labor. Mr. Pangelinan, replied, "Yes." Trustee Santos stated that Mr. Pangelinan should be entitled to Workman's Compensation. Director Blas asked Mr. Pangelinan if he received any type of injury payment from the Port. Mr. Pangelinan replied, "No."

Secretary Leon Guerrero asked Mr. Pangelinan if he was on light duty. Mr. Pangelinan replied, "Yes, after his first surgery, but was hurting because he does a lot of walking on the dock site. Mr. Pangelinan stated that he was told by a specialist at UCLA that he needs spinal brace. Chairman San Agustin asked what his position at the Port is. Mr. Pangelinan stated that he is a Dock Master/Marine Traffic Controller. Secretary Leon Guerrero asked Mr. Pangelinan if he was given light duty would he be able to do it. Mr. Pangelinan replied, "No." Trustee Taitano asked Mr. Pangelinan whether his doctor has cleared him to return to work. Mr. Pangelinan replied, "No." Secretary Leon Guerrero asked Mr. Pangelinan if he is eligible to retire would he pursue that. Mr. Pangelinan stated that if he needs to since he may need to relocate as there is no back specialist on island. Chairman San Agustin stated that he does not understand why Mr. Pangelinan was not paid Workman's Compensation. Director Blas stated that she will check with the Port as to why Mr. Pangelinan was not paid Workman's Compensation. Secretary Leon Guerrero suggested tabling this case so that Management could communicate with the Port and get clarification on some missing information.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to table Disability Case No. 15-007 so that Management could communicate with the Port Authority of Guam. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, Trustee Katherine Taitano, and Chairman Joe San Agustin. With five (5) “Yes” votes, the motion passed. Vice Chairman Wilfred Leon Guerrero and Trustee David O'Brien were absent.**

#### **DISABILITY CASE NO. 15-008**

Director Blas stated that Disability Case No. 15-008 was tabled at the February 26, 2016 Board meeting so that Management could communicate with the Port Authority of Guam on whether Mr. Peter Tenorio could be placed on light duty. Director Blas stated that she met with the Port's General Manager, Deputy General Manager, and Mr. Tenorio's Supervisor. They were all very supportive on placing Mr. Tenorio on light duty. Director Blas stated that Mr. Tenorio will start work on Monday, but she will also work with Mr. Tenorio on whether he wants to pursue regular retirement. Director Blas stated that Mr. Tenorio would like to maintain his health insurance and service credit.

**IX. OLD BUSINESS**

**A. Request for Proposal (RFP): Policy and Strategy Consulting**

Chairman San Agustin stated that at the last meeting, the Board agreed to the issuance of an RFP for a Policy and Strategy Consultant. Chairman San Agustin stated that the RFP contains an exclusion of the Retirement Fund's current consultants. Chairman San Agustin stated that the consultant has to have an actuarial background. Chairman San Agustin asked whether we need this type of service. Treasurer Cruz stated that he is concerned about having too many consultants. Chairman San Agustin added that there will be too many different opinions. Secretary Leon Guerrero stated that Trustee David O'Brien recognizes Wilshire Associates, Mercer, Inc., and Milliman USA, but he would like to have someone give an overview on policies and issues that may be pertinent to the Retirement Fund and its members. Secretary Leon Guerrero stated that what Trustee O'Brien wants is for the consultant to give information on policy and anything that affects the Retirement Fund. Chairman San Agustin stated that he would like to pull this back so the Board could reconsider its decision for the issuance of an RFP. Trustee Taitano suggested to wait for Trustee O'Brien to be present. Secretary Leon Guerrero recommended to include this item at the next meeting under Old Business. The Board concurred.

**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 Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, and without objection, the meeting was adjourned at 2:03 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of March 18, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on April 29, 2016.**



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

**RECORDING SECRETARY:**



**Jackie Blas**