



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, October 28, 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 12:47 p.m. Friday, October 28, 2016, 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  
 David M. O'Brien, Trustee

**Board of Trustees Absent:**

Katherine T.E. Taitano, Trustee (*Excused*)  
 Albert H. Santos, Trustee (*Excused*)

**Staff Present:**

Paula Blas, Director  
 Diana Bernardo, Controller  
 Jackie Blas, Recording Secretary

**Public Present:**

Chris Wong, Guam Daily Post  
 Frank Meno

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. September 30, 2016 Regular Meeting

Trustee David O'Brien stated that he just wanted to follow up on the status of hiring the Benefit Specialists I and III. Director Paula Blas stated that she will start scheduling interviews by next week. Trustee O'Brien asked when they are expected to be on board. Director Blas replied, "November 2016."

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the September 30, 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 October 20, 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**
- **Apollo Education Group, Inc.**

3. ***Request for Proposals (RFPs):***

- a. **RFP No. 003-16: Investment Management Services Specifically for Master Limited Partnerships (MLPs)**

Director Blas stated that this item was tabled until November 2016 at which time Maggie Ralbovsky of Wilshire Associates will provide additional information on MLPs.

### **Financial Report**

1. ***Contributions*** - Director Blas stated that as of October 25, 2016, all agencies are current with their Fiscal Year 2017 employee and employer contributions.

2. ***Financial Statements*** - Director Blas stated that the books for the month ended September 30, 2016 are expected to close on November 18, 2016.

3. **Fiscal Year 2017 Retirees' Supplemental Benefits** - Director Blas stated that supplemental benefits for retirees and survivors for the month of October 2016 were paid.
4. **Fiscal Year 2017 Annual COLA** - Director Blas stated that the annual COLA for FY2017 will be released by October 31, 2016.
5. **Fiscal Year 2017 Medicare Reimbursements** - Director Blas stated that the Retirement Fund received the October 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 Gerard 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 Defined Benefit (DB) Plan and the Defined Contribution (DC) Plan for the month ended August 31, 2016. Treasurer Cruz stated that the Fiscal Year Ending September 30, 2016 return was 9.68% which is 2.6% over the benchmark.

Trustee O'Brien stated that when the hybrid comes in, it will become one big fund. Director Blas stated that the records will be kept separately in order to track the DB 1.75 Plan, but the assets will be pooled together. Trustee O'Brien asked whether it will show an asset balance for the DB 1.75 Plan. Treasurer Cruz stated that it could. Trustee O'Brien suggested to ask the auditor how this should be done. Controller Diana Bernardo stated that she'll talk to the auditor regarding this.

Treasurer Cruz stated that he would like to request for a drawdown authority of up to \$4 Million a month through March 2017.

**Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the request for a drawdown authority of \$4 Million up through March 2017. Without objection, the motion passed.**

## VIII. STANDING COMMITTEE REPORTS

### A. Investment Committee

Vice Chairman Wilfred Leon Guerrero reported that the Investment Committee Meeting was held on October 27, 2016. The Committee reviewed and approved the Investment Committee Meeting Minutes of September 9, 2016; and the May 25, and 26, 2016 Due Diligence Meeting Minutes for the Quarter Ended March 31, 2016.

Vice Chairman Leon Guerrero stated that as of October 24, 2016, the market value of the DB Plan Portfolio was \$1,623,344,553. The rate of return for the Fiscal Year Ended September 30, 2016 was 9.66% net of fees per Wilshire; and 9.96% gross of fees per Northern Trust. Vice Chairman Leon Guerrero stated that Maggie Ralbovsky of Wilshire Associates will discuss this at the next due diligence meeting on November 16, 2016. Vice Chairman Leon Guerrero stated that this is the first

time he's seen this report. Chairman San Agustin stated that he requested for it. Treasurer Cruz stated that the report should be provided every six months.

*Next Quarterly Performance Meeting* – Vice Chairman Leon Guerrero informed the Board that the next Quarterly Performance Meeting is scheduled for November 16, and 17, 2016.

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

**B. Members and Benefits Committee**

Secretary Antolina Leon Guerrero presented the Committee's October 2016 report to the Board of Trustees.

Trustee O'Brien stated that the plan is that the M&B Committee will submit the reports by the Independent Medical Examiners (IMEs) to the Board and if there are any questions, it will be referred to the IMEs and then bring it back to the Board.

**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 18, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of October 25, 2016. Without objection, the motion passed.**

**IX. OLD BUSINESS**

None

**X. NEW BUSINESS**

**A. Frank R. Meno - Re: Retirement Contributions Due for Non-Base Pay**

Mr. Frank Meno stated that he had planned to retire two (2) years ago to become effective on March 30, 2016. Mr. Meno stated that he was informed of some discrepancies and then met with Director Blas about money that was not being deducted for non-base inclusion. Mr. Meno stated that he was employed with the Department of Public Health in 1986 and signed up for non-base inclusion and then transferred to the Guam Fire Department (GFD) on May 15, 1989 and again signed up for non-base inclusion, which GFD never deducted. In 2006, one of the firefighters discovered that he wasn't being deducted for the non-base inclusion, which the firefighter brought to his attention. Mr. Meno stated that he then spoke to Mr. Peter Duenas, Benefit Specialist III. Mr. Meno stated that Mr. Duenas forwarded his letter in 2011 to GFD and also to the Department of Administration (DOA) and still nothing happened. Chairman San Agustin asked whether DOA was aware of this. Mr. Meno replied, "Yes, in 2006 and 2011. Mr. Meno stated that the initial amount was \$15,000 and now it's \$62,000. Vice Chairman Leon Guerrero asked whether Captain Soriano's inquiry for retirement triggered Mr. Meno to check on his non-base inclusion. Mr. Meno replied, "Yes, in 2011 and nothing was done." Treasurer Cruz asked if the non-base inclusion currently being deducted. Mr. Meno replied, "Yes, since 2013."

Trustee O'Brien asked Mr. Meno what is his request. Mr. Meno stated that he would like to retire with the non-base inclusion and do a payroll deduction from his annuity. Secretary Leon Guerrero stated

that legally, the Retirement Fund can't give credit for service that has not been paid for. Director Blas asked Mr. Meno if he met with DOA. Mr. Meno stated that he did try to get in touch with the Director of DOA. Mr. Meno stated that he met with Governor Calvo and his Chief of Staff and they are willing to pay the interest and penalty, which leaves a principal balance of \$25,000. Mr. Meno stated that he could take out a loan for the \$25,000. Mr. Trustee O'Brien asked how confident Mr. Meno is with the offer. Mr. Meno stated that he is very confident with the offer. Director Blas stated that she will confirm the interest and penalty of the employee share with DOA. Director Blas stated that she will also communicate with GFD on when they'll be able to pay the employer share. Mr. Meno stated that he will get back in touch with Director Blas.

**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, Trustee David O'Brien moved to adjourn the meeting. Without objection, the meeting was adjourned at 2:15 p.m. Motion passed.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of October 28, 2016 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on November 18, 2016.**



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

**RECORDING SECRETARY:**

  
\_\_\_\_\_  
**Jackie Blas**