



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, June 30, 2017, 12:00 Noon
 Retirement Fund Conference Room

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

MINUTES

DEFINED BENEFIT

I. ATTENDANCE, QUORUM, AND CALL TO ORDER

After determining a quorum was present, the Retirement Fund Board of Trustees Regular Meeting for the Defined Benefit Plan was called to order at 1:00 p.m. Friday, June 30, 2017, 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
 Albert H. Santos, Trustee

Board of Trustees Absent:

David M. O'Brien, Trustee (*Excused*)
 Katherine T.E. Taitano, Trustee (*Excused*)

Staff Present:

Paula Blas, Director
 Diana Bernardo, Controller
 Jackie Blas, Recording Secretary
 Alice Taijeron, Director, Client Relations & Plan Counseling, Empower Retirement

Public Present:

Stephen Miller, DOE Retiree
 Atilana T. Rambayan, GCC Retiree
 Lola and Albert Garcia

Vice Chairman Wilfred Leon Guerrero recommended suspending the order of business and proceed with the Open Discussion/General Public Input to entertain the two (2) guests present at today's meeting. The Board indicated that they have no objection to changing the order of business.

II. OPEN DISCUSSION / GENERAL PUBLIC INPUT

Atilana Rambayan stated that she retired from GCC and is present at today's meeting to observe the Board meeting. Vice Chairman Leon Guerrero pointed out that in 2004 when the Board of Trustees were first elected, the Retirement Fund's portfolio at that time was \$1.2 Billion. It is now \$1.7 Billion. Ms. Rambayan stated that she is happy that the Government of Guam is not borrowing Retirement Fund money. Ms. Rambayan stated that the Board of Trustees are doing their work and mentioned that she considers the Retirement Fund as the best agency in terms of public relations.

Stephen Miller thanked the Board for the opportunity to be in attendance at today's meeting. Mr. Miller stated that this is his second year as a Government of Guam retiree from DOE. Mr. Miller stated that he is also present to observe the Board meeting.

Vice Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to take a five (5) minute recess. Without objection, the motion passed.

RECESS: 1:10 P.M.

RECONVENED: 1:15 P.M.

III. REVIEW AND APPROVAL OF BOARD MINUTES

A. May 26, 2017 Regular Meeting

Chairman San Agustin inquired about the status of the director's salary. Director Blas stated that her salary was not affected by the passage of Public Law 34-9.

Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve the Minutes of the May 26, 2017 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

IV. CORRESPONDENCE

A. June 29, 2017 Letter from Dean Cruz Soriano Re: Dispute of the 4.5% Interest Payment of \$19,400.61

Director Paula Blas stated that Chairman San Agustin received a letter from Dean Soriano regarding his dispute of the 4.5% interest payment which amounts to \$19,400.61. Vice Chairman Leon Guerrero recommended to refer Mr. Soriano's letter to the Members and Benefits (M&B) Committee for review. Chairman San Agustin agreed to refer Mr. Soriano's letter the M&B Committee. Director Blas agreed to ask Legal Counsel to review the matter for the M&B Committee's consideration.

V. INFORMATIONAL ITEMS

None

VI. 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 June 22, 2017 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.

- **Apollo Education Group**
- **MF Global**

Director Blas stated that the Court has scheduled a hearing for July 19, 2017 on the Defendants' motion to dismiss the Amended Complaint on the Apollo Education Group lawsuit. Vice Chairman Leon Guerrero inquired about the proceeds on the MF Global settlement. Director Blas stated that the Retirement Fund has not received any settlement money on MF Global.

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

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

Director Blas stated that the RFP does not have to be reissued. The Selection Panel may reconvene. The Selection Panel consists of Joe San Agustin, Chairman; Gerard Cruz, Treasurer; and Rosalia Bordallo, General Accounting Supervisor.

Financial Report

1. ***Contributions*** - Director Blas stated that as of June 27, 2017, 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 May 31, 2017 were closed on June 19, 2017.

3. ***Fiscal Year 2017 Retirees' Supplemental Benefits*** - Director Blas stated that supplemental benefits for retirees and survivors for the month of June 2017 were paid.

4. ***Fiscal Year 2017 Medicare Reimbursements*** - Director Blas stated that the Retirement Fund received the June 2017 allotment from the General Fund and reimbursements were processed accordingly. Director Blas stated that if the supplemental appropriation is not passed, the July allotment will be less than half of what it normally is and the FY 2017 allotment will be totally exhausted. Director Blas stated that Speaker B.J. Cruz has identified a funding source.

VII. LEGAL COUNSEL'S REPORT

No report was made at this time.

VIII. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Gerard Cruz stated that the Retirement Fund is still operating within its current drawdown authority.

IX. STANDING COMMITTEE REPORTS

A. Investment Committee

Vice Chairman Leon Guerrero reported that the Investment Committee Meeting was held on June 16, 2017. The Committee reviewed and approved the Investment Committee Meeting Minutes of May 25, 2017 and the February 22 and 23, 2017 Due Diligence Meeting Minutes for the Quarter Ended December 31, 2016. Vice Chairman Leon Guerrero stated that as of June 13, 2017, the size of the Retirement Fund's portfolio is \$1,713,091,116.

Chairman San Agustin inquired about the Retirement Fund's return. Director Blas stated that as of March 31, 2017 the Retirement Fund's return was 3.72% and the Benchmark was 4.11%. Director Blas further stated that the Retirement Fund's return as of April 30, 2017 was 1.36% and the Benchmark Return was 1.25%. The Fiscal Year to Date Return as of April 30, 2017 was 6.17% and the Benchmark Return was 6.05%. Vice Chairman Leon Guerrero stated that we're beginning to see results from Maggie Ralbovsky's approach to diversification. Treasurer Cruz stated that Ms. Ralbovsky's approach is to further diversify. Vice Chairman Leon Guerrero inquired about being in the 25th percentile. Secretary Antolina Leon Guerrero stated that it was just for the quarter. Secretary Leon Guerrero stated that Ms. Ralbovsky had noted that for the quarter ended March 31, 2017, the Retirement Fund's portfolio underperformed its benchmark index, ranking at the 70th percentile, but for the Fiscal Year to Date, the Fund outperformed the benchmark.

Next Quarterly Performance Meeting – Vice Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is scheduled for August 23 and 24, 2017.

B. Members and Benefits Committee

Secretary Leon Guerrero presented the Committee's June 2017 report to the Board of Trustees.

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 1 through 13, based on the Committee's review and findings during their meeting of June 21, 2017. Without objection, the motion passed.

DISABILITY CASE NO. 17-002

Secretary Leon Guerrero stated that the applicant is a 52 year old Accounting Technician III with the Department of Education with 27+ years of service. The date of application for disability is April 20, 2017. The reason for application is a Stroke. The applicant was examined by two Independent Medical Examiners (IMEs); Dr. E. Fred Schroeder on May 15, 2017, and by Dr. Patrick Santos on April 29, 2017. Dr. Schroeder gave a rating of 59% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Santos gave a rating of

57% whole-person impairment and also indicated that the impairment is permanent and precludes the applicant from gainful work. The applicant's primary physician, Dr. Doris Lim, gave a rating of 40% whole-person impairment.

Chairman San Agustin stated for the record that the Retirement Fund does not currently have a Medical Consultant to review the two IME's reports. Chairman San Agustin stated that it is up to the Board to evaluate the whole disability package. Secretary Leon Guerrero stated that the rating by both physicians is below the 75% threshold. The impairment of the body may be less than 75%, but some of the things affected is the applicant's ability to communicate and the applicant's mental status. Director Blas stated that the two IMEs do not think that the applicant will progress to recovery. Treasurer Cruz pointed out that Dr. Schroeder indicated in his report that he does not think that accommodations would allow the applicant to perform his/her previous job or any other job and Dr. Santos indicated that the applicant is at risk for personal injury due to physical limitations. Chairman San Agustin inquired about recovery effort. Treasurer Cruz stated that Dr. Santos had indicated that the applicant's condition is not likely to change substantially.

Chairman San Agustin 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.”***

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.

Albert Garcia appeared before the Board and stated that the applicant is his wife Lola. Mr. Garcia stated that he will speak on behalf of his wife since it is very difficult for his wife to communicate. Secretary Leon Guerrero asked what Lola's day is like. Mr. Garcia stated that she attempts to do things at home, but is very limited in what she can do. Mr. Garcia stated that he helps her get dressed, get out of the shower and helps her with simple cooking. Her dominant hand is affected and her oral communication is also affected.

Vice Chairman Leon Guerrero asked whether the applicant could retire with 27 years of service. Mr. Garcia stated that she could retire but, she will be penalized due to her age. Chairman San Agustin stated that he is concerned about the physicians' percentage of impairment. Treasurer Cruz stated that notwithstanding the numbers, it's determining total and permanent disability. Trustee Albert Santos stated that he is concerned of the applicant being at risk of having further strokes. Treasurer Cruz asked whether the applicant only had one (1) stroke. Mr. Garcia stated that the applicant suffered only one as far as he knows, but Dr. Ramel Carlos had stated that one is in a development mode and that she had previously suffered a silent stroke.

Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve a full disability pension for Disability Case No. 17-002. Votes as follows: Yes Votes – Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Vice Chairman Wilfred Leon Guerrero, Trustee Albert Santos, and Chairman Joe San Agustin. With five (5) “Yes” votes, the motion passed. Trustees David O'Brien and Katherine Taitano were absent.

X. OLD BUSINESS

None

XI. NEW BUSINESS

None

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

There being no further business before the Board for the Defined Benefit Plan, Treasurer Gerard Cruz moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:55 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 30, 2017 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 28, 2017.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas