



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

Katherine T.E. Taitano
Trustee

David M. O'Brien
Trustee

Albert H. Santos
Trustee

BOARD OF TRUSTEES
Regular Meeting
Friday, June 22, 2018, 12:00 Noon
Retirement Fund Conference Room

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 1:07 p.m. Friday, June 22, 2018, in the Retirement Fund Conference Room. Acting Chairman Wilfred P. Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Acting Chairman
Antolina S. Leon Guerrero, Secretary
Gerard A. Cruz, Treasurer
Albert H. Santos, Trustee

Board of Trustees Absent:

Joe T. San Agustin, Chairman (*Excused*)
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 Tajeron, Relationship Manager, Empower Retirement

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. May 25, 2018 Regular Meeting

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to approve the Minutes of the May 25, 2018 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 June 13, 2018 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

Financial Report

1. *Contributions* - Director Paula Blas stated that as of June 20, 2018, all agencies are current with their Fiscal Year 2018 employee and employer contributions with the exception of Guam Memorial Hospital Authority (GMHA). GMHA is currently in arrears in the amount of \$940,637.14. The combined total in arrears is \$1.83 Million.

Treasurer Gerard Cruz, seconded by Trustee Albert Santos, moved to approve to proceed with filing a Writ of Mandate against Guam Memorial Hospital Authority. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon Guerrero. With four (4) "Yes" votes, the motion passed. Chairman Joe T. San Agustin, Trustees David O'Brien and Katherine Taitano were absent.

2. *Financial Statements* - Director Blas stated that the books for the month ended May 31, 2018 are scheduled to close on June 26, 2018.

3. *Fiscal Year 2018 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of June 2018 will be paid by the end of the month.

4. *Fiscal Year 2018 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the June 2018 allotment from the General Fund and reimbursements were processed accordingly.

Actuarial - Director Blas informed the Board that Rich Wright of Milliman, Inc. will be presenting the draft actuarial report at the July Board Meeting. Treasurer Gerard Cruz and Secretary Antolina Leon Guerrero indicated that they will be off-island at the end of July. Director Blas stated that she will check with Mr. Wright on moving the date. Director Blas stated that she will inform the Board of the change.

VI. LEGAL COUNSEL'S REPORT

No report was made at this time.

VII. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Cruz stated that the Retirement Fund is operating within its current drawdown authority of up to \$5.5 Million monthly which continues through September 2018.

VIII. STANDING COMMITTEE REPORTS

A. Investment Committee

Acting Chairman Leon Guerrero reported that the Investment Committee Meeting was held on June 15, 2018. The Committee reviewed and approved the Investment Committee Meeting Minutes of May 24, 2018 and the Minutes of the November 15 and 16, 2017 Due Diligence Meetings. Acting Chairman Leon Guerrero stated that as of June 12, 2018, the size of the Retirement Fund's portfolio is \$2,011,041,109.

Next Quarterly Performance Meeting – Acting Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is tentatively scheduled for August 29 and 30, 2018.

B. Members and Benefits Committee

Secretary Leon Guerrero presented the Committee's June 2018 report to the Board of Trustees.

Secretary Antolina Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 1 through 15, based on the Committee's review and findings during their meeting of June 19, 2018. Without objection, the motion passed.

GMHA Employee - Director Blas mentioned that the situation with a GMHA employee came up during the closing of the election period for the DB 1.75 at which time the employee came to the Retirement Fund to find out which plan she's under. The employee was a former Defined Benefit Plan member from 1980 to 1989. In July 1989, the employee resigned and refunded her contributions then was reemployed at GMHA in December 1989. At the time of reemployment, the employee did not enroll in any retirement plan and since has not been contributing for the last 30 years. Director Blas stated that there is a provision in the DB Plan that gives Public Corporation employees the option of becoming members of the Retirement Fund and GMHA is a Public Corporation. Director Blas stated that Retirement Fund records show that the employee opted not to participate in the Government of Guam Retirement Fund. Director Blas informed the Board that this is a closed matter.

DISABILITY CASE NO. 18-002

Secretary Leon Guerrero stated that the applicant is a 53-year old Fire Captain with the Guam Fire Department with 23+ years of service. The date of application for disability is March 15, 2018. The reason for application is Confined to Wheelchair, Left Leg Amputation above Knee, and Right Side Paralysis. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. Patrick Santos on April 25, 2018, and Dr. E. Fred Schroeder on May 11, 2018. Dr. Santos gave a rating of 100% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Schroeder gave a rating of 93% whole-person impairment and also indicated that the impairment is permanent and precludes the applicant from gainful work.

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 indicated that no one came forward.

Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to approve a full disability pension for Disability Case No. 18-002, based on the findings of the two (2) Independent Medical Examiners (IMEs), and the review of records. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon Guerrero. With four (4) “Yes” votes, the motion passed. Chairman Joe San Agustin, Trustees David O'Brien and Katherine Taitano were absent.

DISABILITY CASE NO. 18-003

Secretary Leon Guerrero stated that the applicant is a 51-year old Fire Fighter I with the Guam Fire Department with 29+ years of service. The date of application for disability is April 9, 2018. The reason for application is Epilepsy, Atrial Fibrillation, Migraine Headaches, Dizziness, Tiredness and Poor Concentration. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. Patrick Santos on April 25, 2018, and Dr. E. Fred Schroeder on April 27, 2018. Dr. Santos gave a rating of 35% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Schroeder gave a rating of 59% whole-person impairment and also indicated that the impairment is permanent, but it does not preclude the applicant from gainful work. Secretary Leon Guerrero stated that the applicant is still working. Acting Chairman Leon Guerrero asked whether the applicant could retire at age 51. Director Blas stated that the applicant is in the DB 1.75 Plan and the minimum age for retirement is 55 years old, with a penalty of 6% per year.

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 indicated that no one came forward.

Secretary Antolina Leon Guerrero, seconded by Trustee Albert Santos, moved to disapprove Disability Case No. 18-003, based on the findings of the two (2) Independent Medical Examiners (IMEs), and the review of records. Votes as follows: Yes Votes - Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon

Guerrero. With four (4) "Yes" votes, the motion passed. Chairman Joe San Agustin, Trustees David O'Brien and Katherine Taitano were absent.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

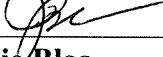
There being no further business before the Board for the Defined Benefit Plan, Trustee Albert Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:44 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of June 22, 2018 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on July 25, 2018.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas