



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
Governor

Joshua F. 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, December 28, 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 12:50 p.m. Friday, December 28, 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
David M. O'Brien, Trustee
Albert H. Santos, Trustee
Katherine T.E. Taitano, Trustee

Board of Trustees Absent:

Joe T. San Agustin, Chairman (*Excused*)

Staff Present:

Paula Blas, Director
Jackie Blas, Recording Secretary

Public Present:

Cathleen Santos

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. November 16, 2018 Regular Meeting

Treasurer Gerard Cruz, seconded by Secretary Antolina Leon Guerrero, moved to approve the Minutes of the November 16, 2018 Regular Meeting, subject to technical corrections. Without objection, the motion passed.

III. CORRESPONDENCE

None

IV. 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 December 20, 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 December 27, 2018, all agencies are current with their Fiscal Year 2019 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended September 30, 2018 were closed in November 2018 and the books for the month ended October 31, 2018 were closed on December 20, 2018. Director Blas stated that the Fiscal Year 2018 audit has commenced and the final audit reports are scheduled to be issued by March 1, 2019 or earlier.

3. *Fiscal Year 2019 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of December 2018 were paid.

4. *Fiscal Year 2019 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the December 2018 allotment from the General Fund and reimbursements were processed accordingly.

V. LEGAL COUNSEL'S REPORT

Director Blas informed the Board that there is a provision in the Defined Benefit (DB) Plan statute that allows for the Governor and the Lieutenant Governor to take a pension at the end of their term based on an annual appropriation from the General Fund. That pension is fifty percent (50%) of their salary at the end of their term. The Governor and Lieutenant Governor has the option to choose that pension or the Defined Contribution (DC) Plan unless they are prior DB members. Director Blas stated that the current Governor and Lieutenant Governor are DC members and have been contributing to the DC

Plan. In the DC Plan, the member could only receive the employee share. The government share gets reverted to the General Fund.

Director Blas stated that the incoming Governor and Lieutenant Governor, prior to taking office, must make a choice.

VI. TREASURER'S REPORT OF FINANCIAL STATUS

Treasurer Gerard Cruz stated that the Retirement Fund is operating within its current drawdown authority of up to \$5.5 Million monthly which continues through March 2019.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Acting Chairman Leon Guerrero reported that the Investment Committee Meeting was held on December 14, 2018. The Committee reviewed and approved the Investment Committee Meeting Minutes of November 15, 2018. Acting Chairman Leon Guerrero stated that as of December 10, 2018, the size of the Retirement Fund's portfolio is \$1,873,735,899.

Next Quarterly Performance Meeting – Acting Chairman Leon Guerrero stated that the next Quarterly Performance Meeting is scheduled for February 20 and 21, 2019. Acting Chairman Leon Guerrero stated that the discussion, in the Defined Contribution Meeting, regarding the transcription of the due diligence meeting minutes also applies.

B. Members and Benefits Committee

Trustee Katherine Taitano presented the Committee's December 2018 report to the Board of Trustees.

Trustee Katherine Taitano, seconded by Trustee David O'Brien, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 20, based on the Committee's review and findings during their meeting of December 19, 2018. Without objection, the motion passed.

DISABILITY CASE NO. 18-005

Secretary Leon Guerrero stated that the applicant is a 56-year old School Aide III with the Department of Education with 29 years of service. The date of application for disability is August 6, 2018. The reason for application is oxygen dependent 24/7; out of breath when walking long distance; immune system low and susceptible to catching illness from others. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. E. Fred Schroeder on September 11, 2018 and Dr. Vincent Duenas on October 4, 2018. Dr. Schroeder gave a rating of 79% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Duenas gave a rating of 65% whole-person impairment and indicated that the impairment is also permanent and precludes the applicant from gainful work. Secretary Leon Guerrero pointed out that Dr. Duenas' rating was mainly for the applicant's pulmonary condition, which may account for the difference in rating. Secretary Leon Guerrero stated that Director Blas mentioned that the applicant has been in the Intensive Care Unit (ICU) for the past three weeks.

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 David O'Brien, moved to approve a full disability pension for Disability Case No. 18-005, based on the findings of the two (2) Independent Medical Examiners (IMEs), and the review of records. Votes as follows: Yes Votes - Trustee Katherine Taitano, Trustee David O'Brien, Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon Guerrero. With six (6) "Yes" votes, the motion passed. Chairman Joe San Agustin was absent.

DISABILITY CASE NO. 18-006

Secretary Leon Guerrero stated that the applicant is a 50-year old Commodity Inspector II with the Department of Agriculture with 21+ years of service. The date of application for disability is September 6, 2018. The reason for application is Multivessel Coronary Artery Disease; Degenerative Disc Disease; daily chronic pain as a result of the Degenerative Disc Disease. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. Doris Lim on October 19, 2018 and Dr. E. Fred Schroeder on November 8, 2018. Dr. Lim gave a rating of 52% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Schroeder gave a rating of 76% whole-person impairment and indicated that the impairment is also permanent and precludes the applicant from gainful work. The applicant's primary physician, Dr. Vincent Duenas, gave a rating of 50% whole-person impairment. Secretary Leon Guerrero pointed out that Dr. Duenas' report addressed the applicant's lumbar disease, but not on the Coronary Artery Disease and Dr. Lim also did not address the applicant's Coronary Artery Disease, which may account for the difference in rating. Secretary Leon Guerrero mentioned that the applicant had previously applied for disability. Director Blas stated that the previous application was in 2016.

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 recognized an individual that came forward. Acting Chairman Leon Guerrero asked the individual to please state her name for the record.

The individual stated that her name is Cathleen Santos and she is the spouse and caretaker of the applicant. Ms. Santos stated that the applicant has been determined to be disabled permanently by Government of Guam. There is a certificate in the applicant's medical file that stipulates that the applicant is disabled according to federal guidelines and that was for the purpose of determining whether to make the necessary modifications to their home to accommodate her husband's condition.

Ms. Santos stated that Dr. Lim did not perform a thorough examination. Ms. Santos stated that Dr. Schroeder did perform a thorough examination. Acting Chairman Leon Guerrero asked Ms. Santos if the applicant applied for disability before. Ms. Santos replied, "Yes, as suggested by the applicant's cardiologist for his heart condition and he has degraded since." Ms. Santos stated that it wasn't until 2017 that her husband was diagnosed with the Degenerative Disc Disease. Ms. Santos stated that it is

difficult finding a specialist for the Degenerative Disc Disease. Trustee David O'Brien inquired about the applicant not being able to make it here today. Ms. Santos stated that her husband is home in bed. Ms. Santos stated that the applicant underwent surgery earlier this year on his lower lumbar and he is scheduled for another surgery in January. Trustee O'Brien asked whether the lumbar surgery successful. Ms. Santos replied, "No." Ms. Santos stated that her husband has been given clearance from his cardiologist for his next surgery in January 2019. Trustee O'Brien inquired about the applicant's Coronary Artery Disease. Ms. Santos stated her husband had a stent procedure which was successful, but he still has chest pains.

Secretary Leon Guerrero asked Ms. Santos what is her husband's day like. Ms. Santos stated that her husband is highly medicated and it also depends on his pain level. Secretary Leon Guerrero inquired about the cage that Ms. Santos referred to in describing her husband's pending surgery. Ms. Santos stated that the cage is suppose to separate the narrowing of the disc areas which will help his mobility and also help alleviate his pain. Acting Chairman Leon Guerrero asked Ms. Santos when the last time was that her husband worked. Ms. Santos stated that her husband has been on medical leave a few years ago and has now exhausted all leave sharing. Secretary Leon Guerrero asked Ms. Santos if her husband is on leave without pay. Ms. Santos replied, "Yes."

Secretary Antolina Leon Guerrero, seconded by Trustee Katherine Taitano, moved to approve a full disability pension for Disability Case No. 18-006, based on the findings of the two (2) Independent Medical Examiners (IMEs), the review of records, and discussion with Ms. Cathleen Santos. Votes as follows: Yes Votes - Trustee Katherine Taitano, Trustee David O'Brien, Secretary Antolina Leon Guerrero, Treasurer Gerard Cruz, Trustee Albert Santos, and Acting Chairman Wilfred Leon Guerrero. With six (6) "Yes" votes, the motion passed. Chairman Joe San Agustin was absent.

VIII. TRAVEL REPORT

A. Trustee David O'Brien: APAFS 18th Annual Pacific Region Investment Conference November 29-30, 2018, Manila, Philippines

Acting Chairman Leon Guerrero stated that Trustee O'Brien submitted his travel report, for the Board's information, on the conference he attended.

Secretary Leon Guerrero pointed out that this is Trustee O'Brien's last meeting. Director Blas stated that, by law, Trustee O'Brien could remain a Trustee for no more than thirty (30) days, and that is if the candidate who received the next highest number of votes in the last Board Election takes the oath of office after 30 days.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

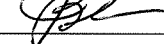
There being no further business before the Board for the Defined Benefit Plan, Treasurer Gerard Cruz moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:54 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of December 28, 2018 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on January 25, 2019.



ANTOLINA S. LEON GUERRERO, Board Secretary

RECORDING SECRETARY:



Jackie Blas