

GOVERNMENT OF GUAM
RETIREMENT FUND
 STABILITY · SECURITY · REWARDS

Lourdes A. Leon Guerrero
 Governor

Joshua F. Tenorio
 Lieutenant Governor

Paula M. Blas
 Director

Trustees:

Wilfred P. Leon Guerrero, Ed.D.
 Chairman

Antolina S. Leon Guerrero
 Vice Chair

Katherine T.E. Taitano
 Secretary
 Chair, Members and Benefits Committee

Gerard A. Cruz
 Treasurer
 Chair, Investment Committee

Artemio R.A. Hernandez, Ph.D.
 Trustee

Thomas H. San Agustin
 Trustee

George A. Santos
 Trustee

BOARD OF TRUSTEES
Regular Meeting
 Friday, November 15, 2019, 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 12:32 p.m. Friday, November 15, 2019, in the Retirement Fund Conference Room. Chairman Wilfred P. Leon Guerrero officiated.

Board of Trustees Present:

Wilfred P. Leon Guerrero, Chairman
 Antolina S. Leon Guerrero, Vice Chair
 Gerard A. Cruz, Treasurer
 Artemio R.A. Hernandez, Trustee
 Thomas H. San Agustin, Trustee
 George A. Santos, Trustee

Board of Trustees Absent:

Katherine T.E. Taitano, Secretary (*Excused*)

Staff Present:

Paula Blas, Director
 Jackie Blas, Recording Secretary

Investment Consultant Present:

Maggie Ralbovsky, Wilshire Associates

Public Present:

Jesse Aguon and Frankie Aguon
 Sherry Aguon

II. REVIEW AND APPROVAL OF BOARD MINUTES

A. October 29, 2019 Regular Meeting

Trustee George Santos, seconded by Vice Chair Antolina Leon Guerrero, moved to approve the Minutes of the October 29, 2019 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 November 7, 2019 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**
- **EQT Corporation**

Financial Report

1. *Contributions* - Director Paula Blas stated that as of November 12, 2019, all agencies are current with their Fiscal Year 2020 employee and employer contributions.

2. *Financial Statements* - Director Blas stated that the books for the month ended September 30, 2019 are scheduled to close on November 29, 2019.

3. *Fiscal Year 2020 Retirees' Supplemental Benefits* - Director Blas stated that supplemental benefits for retirees and survivors for the month of November 2019 will be paid at the end of the month.

4. *Fiscal Year 2020 Medicare Reimbursements* - Director Blas stated that the Retirement Fund received the November 2019 allotment from the General Fund and reimbursements were processed accordingly.

V. LEGAL COUNSEL'S REPORT

No report was made at this time.

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 2020. Treasurer Cruz pointed out that contributions have been current this year.

VII. STANDING COMMITTEE REPORTS

A. Investment Committee

Treasurer Cruz reported that the Quarterly Performance Meeting for the Quarter Ended September 30, 2019 was held on November 13 and 14, 2019. The Investment Committee Meeting was also held on November 14, 2019. The Committee reviewed and approved the Investment Committee Meeting Minutes of October 28, 2019. Treasurer Cruz stated that as of November 8, 2019, the size of the Retirement Fund's portfolio is \$2,013,202,257.

Treasurer Cruz stated that Maggie Ralbovsky of Wilshire Associates provided an overview of the DB Plan's Investment performance and noted that for the quarter ended September 30, 2019, the Retirement Fund's portfolio underperformed its benchmark index, ranking at the 50th percentile of Wilshire's peer group universe for the quarter:

- GGRF Return 3.17%
- Benchmark Return 4.67%

Ms. Ralbovsky stated that annual reviews were conducted for the following managers:

- Dimensional Fund Advisors
- Invesco
- Panagora

Ms. Ralbovsky stated that the reports were satisfactory and there are no recommendations on the three (3) managers.

Recommendations for Board Action:

1. Numeric Investors

Ms. Ralbovsky stated that due to significant underperformance, the Investment Committee's recommendation is to terminate Numeric Investors and place the funds in the Russell 2000 Index Fund until a new US Small Cap Manager has been selected; and for Management to proceed with the Request for Proposal (RFP) process.

Treasurer Gerard Cruz, seconded by Trustee Artemio Hernandez, moved to approve the Investment Committee's recommendation to terminate Numeric Investors and to reallocate the funds to the Russell 2000 Index Fund; and for Management to begin the search for a new US Small Cap Manager. Without objection, the motion passed.

2. Listed Infrastructure Allocation

Ms. Ralbovsky stated that with the termination of the Master Limited Partnership (MLP) allocation, the Investment Committee's recommendation is to repurpose the allocation of 3% (\$60 Million) to a Listed Infrastructure allocation and to issue a Request for Proposal (RFP) in search of a Listed Infrastructure Manager.

Treasurer Gerard Cruz, seconded by Trustee Artemio Hernandez, moved to approve the Investment Committee's recommendation to repurpose the allocation of 3% to a Listed Infrastructure allocation; and for Management to begin the search for a Listed Infrastructure Manager. Without objection, the motion passed.

Fisher Investments - Director Blas stated that the Board will revisit Fisher Investments during next month's Board meeting. Treasurer Cruz recommended to document the process. Vice Chair Antolina Leon Guerrero stated that a decision will be made in December 2019.

Next Quarterly Performance Meeting – Treasurer Cruz stated that the next Quarterly Performance Meeting is tentatively scheduled for February 26 and 27, 2020.

Trustee Artemio Hernandez asked to be excused from the meeting at this time (1:00 p.m.)

B. Members and Benefits Committee

Vice Chair Leon Guerrero presented the Committee's November 2019 report to the Board of Trustees.

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 1 through 16, based on the Committee's review and findings during their meeting of November 7, 2019. Without objection, the motion passed.

DISABILITY CASE NO. 19-003

Vice Chair Leon Guerrero stated that the applicant is a 57 year old Recreation Leader with the Mayors' Council of Guam with approximately 23 years of service. The date of application for disability is July 31, 2019. The reason for application is Large B-Cell Lymphoma. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. E. Fred Schroeder on September 12, 2019 and Dr. Vincent Duenas on October 18, 2019. Dr. Schroeder gave a rating of 77% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Schroeder also noted additional impairments related to the Central Nervous System and Venous insufficiency. Dr. Duenas gave a rating of 64% whole-person impairment and also indicated that the impairment is permanent and precludes the applicant from gainful work.

Vice Chair Leon Guerrero stated that upon her review of the reports, it appears that the applicant has a condition of mental retardation since birth and it has worsened over time. Treasurer Cruz inquired about the Lymphoma. Vice Chair Leon Guerrero stated that it is Stage 4.

At this time 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. Chairman Leon Guerrero recognized an individual who came forward. Chairman Leon Guerrero asked the individual to please state his name for the record.

The individual stated that his name is Jesse Aguon. He is the brother and caretaker of the applicant Frankie Aguon. Jesse Aguon stated that Dr. Coty, the applicant's Oncologist, said that the Lymphoma grew around the artery which caused swelling on his leg. Treasurer Cruz asked whether the applicant is currently being treated. Mr. Aguon stated that he brings in his brother every three months for follow up. Treasurer Cruz asked when was the applicant's last treatment. Mr. Aguon stated that it was in February 2019 for a six-week radiation chemo at GRMC. Vice Chair Leon Guerrero asked Mr. Aguon what makes it difficult for the applicant to continue working. Mr. Aguon stated that it's prolonged standing, walking and climbing. Chairman Leon Guerrero asked what does a Recreation Leader do. Mr. Aguon stated that the applicant does everything from setting up canopies and chairs, bush cutting and other maintenance work.

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to approve a full disability pension for Disability Case No. 19-003, based on the findings of the two (2) Independent Medical Examiners (IMEs), the review of records, and interview of caretaker. Votes as follows: Yes Votes - Vice Chair Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee Thomas San Agustin, and Chairman Wilfred Leon Guerrero. With five (5) "Yes" votes, the motion passed. Trustees Artemio Hernandez and Katherine Taitano were absent.

Treasurer Cruz stated for the record that the numbers from the IME's had it at the threshold that the Board normally looks at to consider an applicant totally and permanently disabled.

DISABILITY CASE NO. 19-004

Vice Chair Leon Guerrero stated that the applicant is a 57 year old Municipal Clerk with the Mayors' Council of Guam with nearly 9 years of service. The date of application for disability is August 16, 2019. The reason for application is Brain Damage. The applicant was examined by two Independent Medical Examiners (IMEs): Dr. Vincent Duenas on September 5, 2019 and Dr. E. Fred Schroeder on October 7, 2019. Dr. Duenas gave a rating of 26% whole-person impairment and indicated that the impairment is permanent and precludes the applicant from gainful work. Dr. Duenas also noted additional impairments including obstructive sleep apnea and diabetes. Dr. Schroeder gave a rating of 59% whole-person impairment and indicated that the impairment is permanent but it does not preclude the applicant from gainful work. Dr. Schroeder noted additional impairments including Kidney Disease, Hypertension and Diabetes Neuropathy. Dr. Schroeder also noted that the applicant is pending treatment for sleep apnea.

At this time 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. Chairman Leon Guerrero recognized an individual who came forward. Chairman Leon Guerrero asked the individual to please state her name for the record.

The individual stated that her name is Sherry Aguon. Ms. Aguon stated that she fell down and didn't know why she fell but thought it was from her arthritis. Ms. Aguon stated that she has brain damage which made one side of her body crash out. Ms. Aguon stated that from there on she's been forgetting things. Ms. Aguon stated that her boss is constantly yelling at her because of her condition of feeling sleepy all the time. Vice Chair Leon Guerrero asked Ms. Aguon where she works. Ms. Aguon replied, "Umatac Mayor's Office." Chairman Leon Guerrero asked whether Ms. Aguon is on sick leave or annual leave. Ms. Aguon stated that she is currently using sick leave. Vice Chair Leon Guerrero asked Ms. Aguon how did she get to Retirement Fund. Ms. Aguon stated that she drove herself here. Vice Chair Leon Guerrero asked how does Ms. Aguon spend her day. Ms. Aguon stated that she doesn't do anything. She can't remember what she's suppose to do. She can't remember how to cook.

Vice Chair Leon Guerrero asked Ms. Aguon what did the Doctor say about her fall. Ms. Aguon stated that Dr. Lom ordered a CAT Scan and that's when she was informed she has brain damage. Ms. Aguon mentioned that she needs a sleep apnea machine but that she can't afford it. Vice Chair Leon Guerrero asked Ms. Aguon when did she fall. Ms. Aguon stated that it was in April 2019. Treasurer Cruz asked Ms. Aguon if Dr. Lom prescribed any medication for her. Ms. Aguon replied, "No, there's nothing they can do." Treasurer Cruz asked Ms. Aguon if she's taking any medication. Ms. Aguon stated that she is on insulin for her diabetes. Vice Chair Leon Guerrero asked who does the cleaning and cooking. Ms. Aguon replied, "Herself."

Chairman Leon Guerrero stated that Ms. Aguon's primary physician gave a rating of 10% which basically means that the applicant is still able to work. Vice Chair Leon Guerrero stated that the law states that the applicant must be totally and permanently disabled and based on the physicians' rating, the applicant does not meet the threshold of 75%. Ms. Aguon stated that she can not go back to work. Vice Chair Leon Guerrero stated that the applicant does not have to go back to work at the Mayor's Office, she could work somewhere else. Ms. Aguon stated that she can't because she is always sleepy. Vice Chair Leon Guerrero stated that it's because the applicant does not have the sleep apnea machine and once Ms. Aguon gets the machine, it will help with fatigue and memory.

Vice Chair Antolina Leon Guerrero, seconded by Trustee George Santos, moved to disapprove a disability pension at this time for Disability Case No. 19-004, based on the findings of the two (2) Independent Medical Examiners (IMEs), the review of records, and conversation with the applicant. Votes as follows: Yes Votes - Vice Chair Antolina Leon Guerrero, Trustee George Santos, Treasurer Gerard Cruz, Trustee Thomas San Agustin, and Chairman Wilfred Leon Guerrero. With five (5) "Yes" votes, the motion passed. Trustees Artemio Hernandez and Katherine Taitano were absent.

DISABILITY CASE NO. 19-002

Vice Chair Leon Guerrero stated that, at the August 29, 2019 Board Meeting, the Board disapproved Disability Case No. 19-002. Vice Chair Leon Guerrero stated that the applicant is appealing the Board's decision. Disability Case No. 19-002 was referred back to the M&B Committee and the Committee recommended to refer the applicant to a 3rd Independent Medical Examiner (IME). Director Blas stated that she will refer the applicant to a 3rd IME.

VIII. TRAVEL REPORT

- A. Trustees Thomas San Agustin, George Santos and Artemio Hernandez: IFEBP 65th Annual Employee Benefits Conference - October 19-23, 2019, San Diego, California**

Chairman Leon Guerrero stated that Trustees San Agustin, Santos and Hernandez submitted their travel reports, for the Board's information, on the conference they attended.

IX. OLD BUSINESS

None

X. NEW BUSINESS

None

XI. OPEN DISCUSSION / GENERAL PUBLIC INPUT

None

XII. ANNOUNCEMENTS

None

XIII. ADJOURNMENT

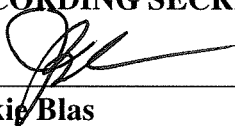
There being no further business before the Board for the Defined Benefit Plan, Trustee George Santos moved to adjourn the meeting. Without objection, the meeting was adjourned at 1:50 p.m. Motion passed.

I hereby certify that the foregoing is a full, true and correct copy of the Minutes of November 15, 2019 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on December 20, 2019.



KATHERINE T.E. TAITANO, Board Secretary

RECORDING SECRETARY:



Jackie Blas