

**BOARD OF TRUSTEES**

**Regular Meeting**

Friday, September 8, 2006, 12:00 p.m.

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 12:30 p.m. Friday September 8, 2006, 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  
Gerard A. Cruz, Treasurer  
James J. Taylor, Secretary  
Anthony C. Blaz, Trustee  
George A. Santos, Trustee  
Katherine T.E. Taitano, Trustee

**Staff Present:**

Paula Blas, Director  
Diana Bernardo, Controller  
Rosalia Bordallo, General Accounting Supervisor  
Mike Perez, Great West Retirement Services  
Jackie Blas, Recording Secretary

**Public Present:**

George Castro, Certified Court Reporter

Secretary James Taylor suggested that the Board of Trustees adopt a policy to have the Board meeting packets distributed, with the Board meeting minutes included, on the Monday prior to Friday's meeting. Vice-Chairman Wilfred Leon Guerrero suggested moving the Investment Committee meeting to the last Friday of each month to be able to include the Investment Committee report in the packet. The Investment Committee members agreed on moving the Investment Committee meeting to the last Friday of each month.

**Secretary James Taylor, seconded by Treasurer Gerard Cruz, moved to approve to adopt a policy to have the Board meeting packets distributed no later than Monday afternoon prior to the Friday meeting. Without objection, the motion passed.**

## **II. REVIEW AND APPROVAL OF BOARD MINUTES**

### **A. May 12, 2006, June 9, 2006, July 14, 2006 and August 11, 2006 Regular Meetings**

**Secretary James Taylor, seconded by Treasurer Gerard Cruz, moved to defer approval of the Minutes of May 12, 2006, June 9, 2006, July 14, 2006 and August 11, 2006 Regular Meetings. Without objection, the motion passed.**

## **III. EXECUTIVE SESSION**

**Vice-Chairman Wilfred Leon Guerrero, seconded by Treasurer Gerard Cruz, moved to approve that the Board of Trustees go into Executive Session. Without objection, the motion passed.**

**EXECUTIVE SESSION: 12:35 P.M.**

**RECONVENED: 2:06 P.M.**

At this time Chairman San Agustin announced that the Board is back to its regular meeting.

## **IV. CORRESPONDENCE**

None

## **V. DIRECTOR'S REPORT - EXECUTIVE SUMMARY**

**1. *William Don Parkinson vs. Government of Guam, Guam Memorial Hospital Authority (GMHA) and Guam Public School System (GPSS)* – Director Paula Blas stated that this case remains status quo since the August 11, 2006 Board meeting.**

**2. *Candelaria Rios, et al. vs. Joseph Ada, et al. (Special Proceedings Case No. SP206-98)* – Director Blas stated that a copy of Attorney David Dooley's letter dated September 7, 2006 is provided, at this meeting, to keep the Board abreast of the case. Director Blas stated that the judge heard all the motions filed by the Governor's Office and Attorney Mike Phillips and is expected to issue a ruling sometime this month.**

**3. *Organic Act / Trust Agreement* – Director Blas stated that the recommended changes received by Secretary James Taylor have been incorporated into the Trust Agreement. Director Blas stated that she would like to know whether the Board is ready to take action on this Trust Agreement.**

4. **Request for Proposal (RFP): Custodial Bank Services** – Director Blas stated that the approved RFP for Custodial Bank Services by the Board has not been issued due to additional concerns that need to be addressed. Director Blas stated that Management was requested to hold back the issuance of the RFP until the concerns have been addressed.
5. **Request for Proposal (RFP): Medical Consultant Services** – Director Blas stated that the RFP for Medical Consultant Services will be entertained at the September 2006 Members and Benefits Committee meeting.
6. **Request for Proposal (RFP): Legal Services – Securities Litigation and Portfolio Monitoring Services** – Director Blas stated that the Law Firm of Bernstein, Litowitz, Berger & Grossmann (BLB&G) has accepted the draft contract for Securities Litigation and Portfolio Monitoring Services. Director Blas stated that the Legal Services Agreement between the Retirement Fund and BLB&G will be circulated for the Board to sign. Chairman San Agustin asked whether the contract stipulates all the proposals that were discussed which includes having no fees. Director Blas stated that nothing will be paid out unless there is a recovery. Director Blas stated that the fee structure has a cap of no more than 17% on any cases pursued, but each case is subject to negotiation by the Board. Chairman San Agustin stated that the normal fee locally is usually 33.3%. Chairman San Agustin stated that the contract does not show the stipulated cap of 17%. Director Blas stated that BLB&G’s proposal which includes their fee schedule is incorporated. Chairman San Agustin stated, for the record, that the fee agreement was stipulated by BLB&G.
7. **Public Law 28-38**- Director Blas stated that the Fund is continuing to process applications for retirement for Guam Memorial Hospital Authority (GMHA) and Guam Public School System (GPSS) eligible employees. Director Blas stated that monthly interest payments for GMHA and GPSS are current.
8. **Public Law 28-66** – Director Blas stated that this public law appropriated \$1.4 Million from the General Fund to the Retirement Fund as follows:
- \$660,000 for Guam Memorial Hospital Authority (GMHA) past due contributions for Fiscal Year 2005 and
  - \$800,000 for outstanding retirement contributions for GMHA employees waiting to retire, who have filed notices of intent to retire with the Fund.

Director Blas stated that \$300,000 from the outstanding retirement contributions was received by the Fund on May 4, 2006. No additional funds have been received by the Fund.

9. **Century 21, Realty Management Company, Inc. – Parking Lot Use Agreement** - Director Blas stated that Management is asking for the Board’s review of the use of the parking lot by First Hawaiian Bank (FHB). Director Blas stated that the number of parking stalls used by FHB and its tenants has almost doubled which is now creating a parking problem for Retirement Fund employees and constituents. Secretary Taylor asked whether the agreement was signed. Director Blas replied, “no, as their lawyer is tackling over the liability limit.” Secretary Taylor stated that one good way to get someone to move on an agreement is to say: “During the interim, we will charge double the rate.” Chairman San Agustin stated that the Fund’s parking lot is presently being utilized rent-free.

Treasurer Gerard Cruz suggested that Management write a letter to FHB informing them that because of an increase in use of the parking lot by the Fund's employees and members, the Fund will not be able to accommodate parking for FHB. Chairman San Agustin stated that Management should send a letter to FHB informing them that the front parking lot is strictly for the Fund and to have FHB park their vehicles in the rear parking lot and at the same time push for the agreement. Treasurer Cruz recommended including a deadline in the letter to FHB. Absent an agreement, FHB would not be allowed to utilize the parking lot.

**10. Health Insurance Open Enrollment** – Director Blas stated that the Government of Guam Health Insurance Program Open Enrollment is ongoing and will close on September 21, 2006. Director Blas stated that two orientations for retirees and survivors (August 30, 2006 and September 6, 2006) have already been conducted. The last orientation for retirees and survivors is scheduled for September 12, 2006 at the Legislative Public Hearing Room from 9:00 a.m. to 11:00 a.m. Director Blas stated that the Fund will assist the Department of Administration (DOA) at the orientation for retirees and survivors. Chairman San Agustin mentioned that at least 1,200 people have already opted not to have health insurance because the 500 Plan and 1,500 Plan are no longer offered.

### **Financial Report**

**1. Contributions** – Director Blas stated that all agencies are current with their Fiscal Year 2006 employee and employer contributions.

**2. Financial Statements** – Director Blas stated that the books for the month ending August 2006 will be closed on September 12, 2006.

**3. FY2006 Retirees' Supplemental Benefits** – Director Blas stated that the Fiscal Year 2006 supplemental benefits for retirees and survivors for the month of August 2006 have been paid by the General Fund.

**4. Medicare Reimbursements** – Director Blas stated that the Fiscal Year 2005 and Fiscal Year 2006 Medicare Reimbursements have not been received.

## **VI. LEGAL COUNSEL'S REPORT**

### **A. People vs. Rios and Gutierrez: Executive Session Transcripts Dated March 24, 2006**

Director Blas stated that the time in which the March 24, 2006 Executive Session transcript is kept sealed expires on September 24, 2006. Director Blas stated that the Fund's Legal Counsel would have to file a Motion in Court to extend the sealing of the transcript for another six months.

**Treasurer Gerard Cruz, seconded by Trustee George Santos, moved to approve to have the Retirement Fund's Legal Counsel file a Motion in Court to extend the sealing of the March 24, 2006 Executive Session Transcript for another six months. Without objection, the motion passed.**

### **B. Candelaria Rios et al. vs. Retirement Fund et al. (SP206-93)**

Director Blas stated that a copy of Attorney David Dooley's letter dated August 29, 2006 is provided, at this meeting, to keep the Board abreast on the COLA case.

## **VII. TREASURER'S REPORT OF FINANCIAL STATUS**

Treasurer Cruz reported to the Board that the budget discussions will be conducted next week Thursday, September 14, 2006. Treasurer Cruz mentioned that the Fund is proposing stipend raises for the Board. Chairman San Agustin stated that the Fund should move on getting the changes in the budget to be included in the Legislative Budget. Director Blas stated that no monetary increases will be recommended, it will be in the way the language is written. Director Blas stated that the statute presently states that the Board compensation is subject to what is already established for all Boards and Commissions in Title 5, 4GCA. Director Blas stated that the Fund is trying to get an exemption on the moratorium on that section. Director Blas stated that there will be a \$50.00 and \$100.00 cap to include committee compensation.

## **VIII. STANDING COMMITTEE REPORTS**

### **A. Members and Benefits Committee**

Trustee George Santos reported to the Board of Trustees on his Committee's August 2006 end of the month report. Trustee Santos stated that the number of estimated annuities is now below one hundred (100). Vice-Chairman Leon Guerrero asked whether there is any action being taken to amend the law on the degree of disability. Vice-Chairman Leon Guerrero stated that the Committee has a tendency of looking at all or nothing which is not fair in some cases. Treasurer Cruz stated that the different degrees of disability are based on the AMA Guidelines. Chairman San Agustin asked about the status of getting all disabilities under Standard Insurance. Trustee Santos stated that the Members and Benefits Committee is working on it.

**Trustee George Santos, seconded by Trustee Anthony Blaz, moved to approve the recommendation of the Members and Benefits Committee contained on Pages 4 through 11, including the attached Annuity Worksheets, based on the Committee's review and findings during their meeting of August 16, 2006 and subsequent meetings thereafter. Without objection, the motion passed.**

### **B. Investment Committee**

No report was made at this time.

### **C. Audit Committee**

Trustee Anthony Blaz reported to the Board that a proposal will be provided at the next Board meeting.

### **D. Governmental Liaison**

No report was made at this time.

## **IX. TRAVEL REPORT**

None

**X. OLD BUSINESS**

None

**XI. RECESS**

**The Board of Trustees meeting for the Defined Benefits Plan recessed at 2:34 p.m. and will reconvene at 12:00 Noon on Friday, September 15, 2006.**

**I hereby certify that the foregoing is a full, true and correct copy of the Minutes of September 8, 2006 Regular Meeting duly adopted and approved by the Government of Guam Retirement Fund Board of Trustees on February 9, 2007.**

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**James J. Taylor, Board Secretary**

**RECORDING SECRETARY:**

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**Jackie Blas**