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GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

Paula M. Blas
Director

**INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN**
Friday, January 25, 2008, 12:00pm
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 12:00pm on Friday, January 25, 2008, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred Leon Guerrero officiated.

Board of Trustees Present:

Wilfred Leon Guerrero, Chairman
Gerard A. Cruz, Member

Staff Present:

Paula M. Blas, Director
Diana Bernardo, Controller
Rosie Bordallo, General Accounting Supervisor
Stephanie Herrera, Recording Secretary

II. ACTION ITEMS

1. Approval of Minutes – November 30, 2007

A motion was made by Committee Member Cruz seconded by Committee Chairman Leon Guerrero, to approve the minutes of November 30, 2007, subject to correction. Without objection, the motion was passed.

Trustees:

Joe T. San Agustin
Chairman

Wilfred P. Leon Guerrero, Ed.D.
Vice-Chairman
Investment Committee, Chairman

James J. Taylor, Ph.D.
Secretary
Investment Committee, Vice-Chairman

Gerard A. Cruz
Treasurer
Audit & Operations Committee,
Chairman

George A. Santos
Members' & Benefits Committee,
Chairman

Katherine T.E. Taitano
Trustee

Antolina S. Leon Guerrero
Trustee

III. OPEN ITEMS

1. RFP's Pending

As reported by Director Blas:

a. Custodial Bank Services

If everything works out, the selection panel should soon be in the negotiation stage with Northern Trust.

b. REITS – Real Estate Investment Trusts

Discussions will be held on February 6, 2008 beginning at 9am.

c. U.S. Domestic Small Cap Core Equity

The selection panel did evaluations on January 16, 2008 and is in the selection phase.

d. U.S. Domestic Core Fixed Income

The selection panel is in the evaluation stage.

e. U.S. Domestic Large Cap Growth Equity

The selection panel meets on February 7, 2008 for discussions/interviews.

f. U.S. Domestic Large Cap Value Equity

The selection panel is in the contract stage.

g. Proxy Voting

RFP closes on January 28, 2008.

IV. NEW BUSINESS

1. FHB “Change in “Money Market Fund List of Custody Accounts”

Controller Bernardo indicated that the Fund received a letter from First Hawaiian Bank with a list of alternate money market funds to choose from as a replacement for the SEI account used by the Investment Managers. For SEI, the Fund had the SEI Prime Obligation account, which First Hawaiian Bank had removed from their approved list. Committee Member Cruz suggested having Black Rock Temp Fund for both the cash account and the SEI account. The Black Rock Temp Fund was previously approved as the sweep account for the cash account. General Accounting Supervisor Bordallo suggested having the Investment Managers help with the decision stating that it is their account; when the Fund pays manager fees, those fees are paid on that account, it is

used as a component on the portfolio, the managers make money off any interest on the account; the Fund has never swept back the interest made on the account. Committee Chairman Leon Guerrero recommended advising the Investment Managers that SEI is no longer available and getting their input on the alternate funds that were provided by First Hawaiian Bank.

2. 144A

Director Blas explained that 144A are the registration requirements on certain securities; there is a shorter process for some and more extensive for the public securities. She stated that according to the Fund's statute, Aberdeen stated that they do not pick up any 144A securities because the statute is clear in that they are restricted against doing it. She along with Controller Bernardo reviewed the statute and the policy and because it is silent, agree that it is not something that the Fund can invest in. She added that the way the statute reads is very specific as far as what can be invested in, that to go with allowing things that are silent, it may as well be opened up to everything. Committee Chairman Leon Guerrero stated that the Investment Committee should recommend to the Board that they recommend to the Legislature to change the law so that the Fund could invest in these securities. He requested that Management prepare legislation and forward to legal counsel for review.

V. INFORMATIONAL ITEMS

1. Investments - Fee and Income Summaries

A fee and income summary was provided to the Committee for information purposes.

2. Investment Summaries By Manager

Investment summaries by manager were provided to the Committee for information purposes.

3. Asset Allocation Summary

Asset allocation summary by manager were provided to the Committee for information purposes.

4. Securities Concentration Report as of 1/22/08

Securities concentration report by manager was provided to the Committee for information purposes.

VI. OPEN DISCUSSION

1. February 27 and 28, 2008 Meetings:

- a. **Annual Review of Fixed Income and International Managers, and**
- b. **December 2007 Quarterly Performance Meeting**

Committee Chairman Leon Guerrero recommended moving the dates of the meetings to March 2008 during the week of the Board Meeting. He also requested that Aberdeen and Fiduciary be removed from the agenda because they had just met in November 2007.

VII. CORRESPONDENCE

None.

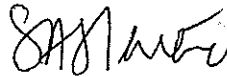
VIII. ANNOUNCEMENTS

None.

IX. ADJOURNMENT

There being no further business before the Investment Committee, Committee Chairman Leon Guerrero adjourned the meeting at 1:10pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



Wilfred Leon Guerrero, Chairman