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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**  
Thursday, May 8, 2008, 12:00pm  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee meeting was called to order at 12:10pm on Thursday, May 8, 2008, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred Leon Guerrero officiated.

**Board of Trustees Present:**

Wilfred Leon Guerrero, Chairman  
Gerry Cruz, Member  
James Taylor, Member  
Katherine Taitano, Ex-Officio  
Joe T. San Agustin, Ex-Officio

**Staff Present:**

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

**Others Present:**

Terry Dennison, Mercer  
Ashish Shrestha, Mercer

**II. ACTION ITEMS**

**1. Approval of Minutes – April 11, 2008**

A motion was made by Committee Member Cruz seconded by Committee Member Taylor, to approve the minutes of April 11, 2008, 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. Contracts Pending**

As reported by Director Blas:

##### **a. Custodial Bank Services**

Northern Trust has agreed with the language in the global custody contract & the committee is hoping to close everything by next week. Legal Counsel is working on their summary by section as requested by the Chairman. The target date is July 1, 2008; however from an audit stand point, it would be easier to have the effective date October 1, 2008, the beginning of the fiscal year, so that there aren't statements from 2 different firms. That decision would require Board approval. The Committee recommended that the services of the new custodian be effective October 1, 2008.

##### **b. REITS – Real Estate Investment Trusts**

##### **c. U.S. Domestic Small Cap Core Equity**

##### **d. U.S. Domestic Core Fixed Income**

##### **e. U.S. Domestic Large Cap Growth Equity**

Items b., c., d., and e. all have their investment management agreements, some have been returned, which are with Legal Counsel. Items c. & d. may be finalized next week. For items b. and e., the selection panel is waiting on comments back from the managers.

##### **f. U.S. Domestic Large Cap Value Equity**

The contract for Robeco has been completed and notification to Oppenheimer, based on the Board's' last meeting to terminate them, will be sent out. The 3 options given to Robeco were to assume Oppenheimer's entire portfolio and handle the liquidation on their side, or, they can pick what assets they want in the portfolio and the Fund will liquidate whatever they don't want and give them the cash, or, the Fund can liquidate the entire portfolio and give them the cash. With the last option, there is a cost factor that might reduce the amount of assets they get and so they are willing to take the entire portfolio and do the liquidation on their side so they can see what's in the best interest for everyone, which is the recommendation of Mercer. The Committee recommended that 100% of the assets in Oppenheimer's portfolio be transferred to Robeco who will sell those assets, which it does not want to hold.

##### **g. Proxy Voting**

The Investment Committee directed Management to prepare a draft proxy voting policy for review by the Committee.

## **2. Exchange Traded Funds**

There was a Public Hearing at 9am this morning on Exchange Traded Funds. It was on Bill 283, "An Act to Add a New Section to Section 5158.1 to Article 1, Chapter 8, Title 4 of the Guam Code Annotated Relative to Authorizing the Board of Trustees to Invest Retirement Fund Assets at Cost in Exchange Traded Funds."

## **3. 130-30 Funds**

According to Terry Dennison, none of the incumbent managers are authorized to invest in 130-30 funds.

## **VI. NEW BUSINESS**

None.

## **V. INFORMATIONAL ITEMS**

### **1. Asset Allocation Summary**

An asset allocation summary was provided to the Committee for informational purposes.

### **2. Investment Securities By Manager**

A list of investments by manager was provided to the Committee for informational purposes.

### **3. Investment- Fees and Income Summaries**

Investment fees and income summaries by manager were provided to the Committee for informational purposes.

### **4. Securities Concentration Report as of 5/05/08**

The securities concentration report as of 5/05/08 was provided to the Committee for informational purposes.

## **VI. OPEN DISCUSSION**

None.

## **VII. CORRESPONDENCE**

None.

## **VIII. ANNOUNCEMENTS**

None.

**IX. ADJOURNMENT**

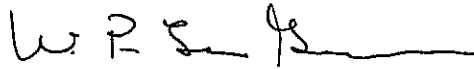
There being no further business before the Investment Committee, Committee Chairman Leon Guerrero, seconded by Committee Member Cruz moved to adjourn the meeting at 1:00pm.

Respectfully submitted,



**STEPHANIE A. HERRERA**  
Recording Secretary

**AFFIRMED:**



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**Wilfred Leon Guerrero, Chairman**