

GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
STABILITY • SECURITY • REWARDS

**Felix P. Camacho**  
Governor

**Michael W. Cruz, M.D.**  
Lieutenant Governor

**Paula M. Blas**  
Director

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

**INVESTMENT COMMITTEE MEETING  
DEFINED BENEFIT PLAN**

Friday, September 19, 2008, 10:00am  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee meeting was called to order at 10:35am on Friday, September 19, 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

**Staff Present:**

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

**II. ACTION ITEMS**

None.

### **III. OPEN ITEMS**

None.

### **IV. NEW BUSINESS**

#### **1. Income Research Management – 9/17/08 Correspondence**

Controller Bernardo indicated that the Fund gave IRM a list of assets that would be transferred over from Aberdeen. After reviewing the list, IRM sent an email stating that some of the assets would not be in compliance with the guidelines. They requested a guideline waiver and the ability to create two portfolios, an IRM portfolio and a transition portfolio. However, they stated that they were prepared to accept the account as it currently stands. With the two separate portfolios, one will have assets that can go to the market right away and be sold, probably at a loss. The other portfolio will hold the bonds, which will not be sold right now, but will be sold in the future. Director Blas explained that at the time of purchase, the assets met the rating requirements and this is a transition so the Fund is still in compliance.

General Accounting Supervisor Bordallo further explained what IRM's concern is the Fund hired them as a manager, but is funding them with bonds that don't fit their management style and they can't do anything with the assets right now, so would it be fair to rate their performance based on such. At this time, the funds have not been transferred to IRM. Aberdeen has been terminated and the funds are in their old account; however, they are not managing the funds in the account. After discussing the request from IRM and the performance of Aberdeen, the Committee recommended the following:

1. That Management obtain Mercer's opinion on this issue,
2. That Northern provide an independent review of the market values provided by IRM, and
3. That Management compare the credit ratings provided by IRM to the credit ratings of the assets when they were purchased by Aberdeen.

#### **2. Franklin Templeton – 9/16/08 Correspondence**

Franklin Templeton issued a letter providing an update on the bankruptcy of Lehman Brothers and asking permission to continue to hold the bond. Committee Chairman Leon Guerrero stated that because there is a law suit, the bond should be held.

### **V. INFORMATIONAL ITEMS**

#### **1. Mercer – 9/16/08 Correspondence**

Mercer issued a letter to the Fund commenting on the financial market.

### **VI. OPEN DISCUSSION**

None.

**VII. CORRESPONDENCE**

None.

**VIII. ANNOUNCEMENTS**

None.

**IX. ADJOURNMENT**

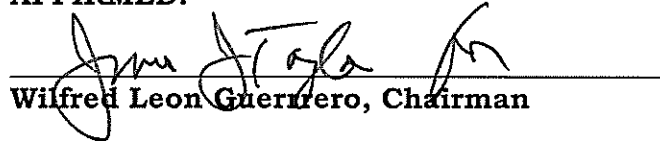
**There being no further business before the Investment Committee, Committee Chairman Leon Guerrero, seconded by Committee Member Cruz moved to adjourn the meeting at 11:40am.**

**Respectfully submitted,**



**STEPHANIE A. HERRERA**  
**Recording Secretary**

**AFFIRMED:**

  
\_\_\_\_\_  
**Wilfred Leon Guerrero, Chairman**