

GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY • SECURITY • REWARDS

Felix P. Camacho
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Michael W. Cruz, M.D.
Lieutenant Governor

Paula M. Blas
Director

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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, November 14, 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 Friday, November 14, 2008, in the Retirement Fund Conference Room. Investment Committee Chairman 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
Rosalia Bordallo, General Accounting Supervisor
Stephanie Herrera, Recording Secretary

II. ACTION ITEMS

1. Approval of Minutes – October 31, 2008

A motion was made by Committee Chairman Leon Guerrero, seconded by Committee Member Cruz to approve the minutes of October 31, 2008, subject to correction of Item I. Without objection, the motion was passed.

III. OPEN ITEMS

1. Future Funding of the Remaining Managers “REITS, U.S. Domestic Small Cap, and U.S. Domestic Large Cap”

Item is pending and will be re-visited in December 2008 when Mercer is here.

IV. New Business

1. INTECH/JANUS Agreement

a. Petition

b. Additional Changes Requested by INTEC/JANUS

INTECH submitted a petition regarding the investment mandates of section 8157, the 75% test of common stocks. Attachment A is the explanation of the petition and attachment B is INTECH's approval. Director Blas explained that because INTECH's strategy is not your typical top down strategy, they can't monitor on a daily basis whether or not they are meeting the test with regards to each equity that they hold, whether they are dividend or non-dividend and they want to rely on the Fund to advise them and with INTECH, there could be times where they have a portfolio in which 50% of the stocks may not comply with 8157. General Accounting Supervisor Bordallo stated that by statute, 50% doesn't need to comply with 8157, it can be non-paying dividend companies and our IPS brings it down to 25%. According to Joanne Grimes email explanation, the statute applies to all the managers as one pool and so at no given time will the Fund violate the statute because not all the managers will exceed the threshold. The Committee requested that the email from Joanne Grimes be put in letter form. A motion was made by Committee Member Cruz, seconded by Committee Member Taylor to accept Attachments A&B, but not to accept their request for changes in Attachment C, which would be consistent with Legal Counsel's recommendation and that it be recommended to the Board for approval.

V. INFORMATIONAL ITEMS

1. Bernstein's 2008 Third Quarter Report

As reported by Controller Bernardo, on pages 5-7, Bernstein has provided background cases where they recommended action or provided advice on; however the Fund doesn't own any of those holdings. Pages 8 and 9 summarizes pending settlements, which the Fund has claims including Xerox Corporation with MetWest; Cardinal Health with MetWest, Oppenheimer, Davis Hamilton and RCM; MBIA, Inc. with Invesco, Oppenheimer and Atalanta; and Bridgestone Corporation with Aberdeen. General Accounting Supervisor explained that what normally happens is the managers will send the pending litigation forms to the Fund and the Fund will forward it to the custodian bank to handle it.

Committee Chairman Leon Guerrero provided an update on Lehman Brothers, stating that he met with the attorney who is litigating Lehman Brothers and because they had declared bankruptcy, there is more delay, paper filing that needs to be done in January 2009 and that agencies including the FBI are now investigating Lehman Brothers.

2. Asset Allocation Summary

An asset allocation summary as of October 28, 2008 was provided to the Committee for informational purposes.

3. Investment – Summaries by Manager

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

4. Investments – Fee and Income Summaries

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

5. Agenda for December 3, and 4, 2008 “Quarterly Performance and Annual Manager Reviews”

The agenda for the Annual Manager Reviews was presented to the Committee for approval.

VI. OPEN DISCUSSION

None.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

None.

IX. ADJOURNMENT

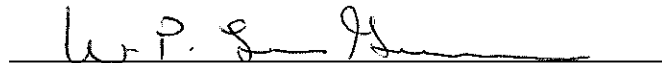
There being no further business before the Investment Committee, Committee Member Cruz, seconded by Committee Chairman Leon Guerrero moved to adjourn the meeting at 1:30pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



Wilfred Leon Guerrero, Chairman