

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, February 13, 2009, 12:00pm  
Retirement Fund Conference Room

**MINUTES**

**I. CALL TO ORDER**

The Retirement Fund Investment Committee meeting was called to order at 12:50pm on Friday, February 13, 2008, in the Retirement Fund Conference Room. Investment Committee Member Taylor officiated.

**Board of Trustees Present:**

James Taylor, Member  
Gerry Cruz, Member

**Staff Present:**

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

**Other Present:**

Joe T. San Agustin, Ex-Officio

**II. ACTION ITEMS**

**1. Approval of Minutes – January 9, 2009**

A motion was made by Committee Member Cruz, seconded by Committee Member Taylor to approve the minutes of January 9, 2009, 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. Funding of the Following Managers:**

##### **a. U.S. Domestic Small Cap – Thomson Hortsman & Bryant**

Controller Bernardo indicated that the contract has been signed, but it has not been funded yet.

##### **b. REITS – Security Capital and Cornerstone**

Director Blas stated that REITS was partially funded by 2.5%, with a 60/40 split, 60% to Security Capital and 40% to Cornerstone.

Controller Bernardo stated that these two items would be discussed when Mercer is here for the Due Diligence Meetings in March.

#### **2. IRM 12/23/08 Email Requesting to:**

##### **a. Transfer \$19M from the IRM portfolio to the Transition Portfolio**

##### **b. Extend the Guideline Waiver**

Controller Bernardo stated that this item was a request made by IRM that was addressed in the January 9, 2009 Investment Committee meeting and that it was decided by the Committee to defer any decisions until the March 2009 Due Diligence meetings.

### **IV. New Business**

#### **1. Robeco Ltr “Guideline Change”**

General Accounting Supervisor stated that Robeco had sent this letter early last year through the mail & was not sure if it was received however, Kimo Blaisedale is following up on it. She indicated that what they are requesting is a waiver to the policy on the 5% limitation that any individual corporation stock can be no more than 5% held in a manager’s portfolio. Their basis for the request of the waiver is that it would be difficult to beat the index if the index is at 7% and they are restricted to purchasing only 5%, so they will never be able to truly mimic the index or go over it. GAS Bordallo also stated that Janus was given waivers and that Legal Counsel stated that at no point will the Fund be able to violate the law because if given a waiver, all the managers combined will not be able to meet it because it’s 5% of the total Fund, on a consolidated basis. Committee Member Cruz stated that the methodology that Janus uses for stock

picking is different from Robeco and the other managers in that they are quantitative in process so they don't have the mechanism in place to be able to monitor the 5% concentration, whereas Robeco and the other managers are fundamental to the extent where they can pick stocks and have the ability to monitor concentration. He recommended that Management request for Robeco to run an analysis to support their position, for example, this is what it would look like if given this waiver and this is what it would look like without, in terms of portfolio mix and then Mercer could come up with an expected return to determine if the additional yield is worth the waiver.

## **V. INFORMATIONAL ITEMS**

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

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

### **2. Investment – Summaries by Manager**

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

### **3. Investments – Fee and Income Summaries**

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

### **4. Agenda for March 4 and 5, 2009 “Quarterly Performance and Annual Manager Reviews”**

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

## **VI. OPEN DISCUSSION**

Committee Member Taylor indicated that at the last Board meeting, the question as to whether or not the previous bond managers could be sued was to be explored. Director Blas indicated that the request was forwarded to Blair at Bernstein, the Fund's securities portfolio attorneys and he is specifically reviewing the periods in which Aberdeen held assets.

## **VII. CORRESPONDENCE**

None.

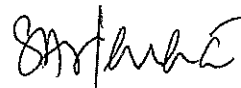
**VIII. ANNOUNCEMENTS**

None.

**IX. ADJOURNMENT**

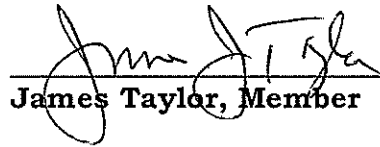
**There being no further business before the Investment Committee, Committee Member Taylor, seconded by Committee Member Cruz moved to adjourn the meeting at 1:35pm.**

**Respectfully submitted,**



**STEPHANIE A. HERRERA  
Recording Secretary**

**AFFIRMED:**



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**James Taylor, Member**