



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

Antolina S. Leon Guerrero
Secretary

Gerard A. Cruz
Treasurer
Audit & Operations Committee,
Chairman

George A. Santos
Members' & Benefits Committee,
Chairman

Katherine T.E. Taitano
Trustee

Wilfred G. Aflague
Trustee

**INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN**

Friday, September 11, 2009, 12:00pm
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 12:30pm on Friday, September 11, 2009, in the Retirement Fund Conference Room. Investment Committee Chairman Leon Guerrero officiated.

Board of Trustees Present:

Wilfred Leon Guerrero, Chairman
Gerry Cruz, Member
Wilfred Aflague, Member

Staff Present:

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

II. ACTION ITEMS

1. Approval of Minutes – August 14, 2009

A motion was made by Committee Chairman Leon Guerrero, seconded by Committee Member Aflague to approve the minutes of August 14, 2009, subject to correction. Without objection, the motion was passed.

III. OPEN ITEMS

1. Funding of the Following Managers:

a. U.S. Domestic Small Cap

- Thomsom Hortsmann & Bryant (THB) – Partially Funded

Committee Member Cruz indicated that Mercer had recommended the delay in fully funding THB and to put more into U.S. Domestic Small Cap due to the market not being prepared. General Accounting Supervisor Bordallo stated that at the last quarterly meeting with Mercer, the Board approved to put out an RFP for a second small cap manager and the total allocated amount to be given to small cap is about \$100million with \$45million going to THB, \$16million to ETFs and the difference going to the new manager selected. Controller Bernardo stated that what has happened in the last year with funding REITs and Domestic Small Cap is the Fund has waited for Mercer to make a recommendation at the quarterly performance meetings before making a decision. Director Blas added that Terry Dennison, Mercer, stated that he is not comfortable with fully funding THB at this time.

- Mandate Partially Funded via Exchange Traded Funds (ETF)

b. REITS – Security Capital and Cornerstone Partially Funded

Both items a. and b. remain an open items and will be discussed during the December 16 and 17, 2009 Quarterly Meetings with Terry Dennison of Mercer Investment Consulting, Inc.

2. Securities Lending

At the last quarterly meeting, Terry Dennison recommended that the Board make a decision of whether or not to go into securities lending with Northern Trust and that Northern Trust should provide an analysis. An analysis based on the Fund's portfolios in Northern Trust's custody, was submitted for the Committee's review. After discussing the risk involved with the proposal Northern Trust had provided, Committee Chairman Leon Guerrero recommended requesting that Northern Trust provide another analysis that would be restricted to U.S. securities, or one that would be the most conservative for the Committee to review.

3. Investment Committee Goals & Objectives

The Committee reviewed the list of goals and objectives for the Committee to accomplish over the next 5 years. Committee Chairman Leon Guerrero indicated that this is ongoing and the Committee is in the process of identifying the items that will be a part of the 5 year plan and included staff and Board development items. The plan includes an asset allocation study based on the Fund's current assets and on future liabilities and what the current asset allocation should be.

It will also include an assessment of the possible DB/DC Plan hybrid options for the DC Plan with goals and objectives that will be set in order to be reached within a certain time frame.

The time line for the Committee's goals and objectives will be reviewed during the next Investment Committee meeting.

IV. New Business

None.

V. INFORMATIONAL ITEMS

1. Asset Allocation Summaries

Asset allocation summary statements were provided to the Committee for review and informational purposes. Controller Bernardo indicated that as of September 8, 2009, the allocation of \$45million to THB has not been done, but the letter authorizing transfer will be sent out today. General Accounting Supervisor added that letters to both THB and Cornerstone will be sent out and funding is expected to be done on September 16, 2009.

2. Income Summary

An income summary report was provided to the Committee for review and 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, moved to adjourn the meeting at 1:35pm.

Respectfully submitted,



**STEPHANIE A. HERRERA
Recording Secretary**

AFFIRMED:



Wilfred Leon Guerrero, Chairman