

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, August 14, 2009, 12:00pm
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 1:05pm on Friday, August 14, 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 – July 10, 2009

A motion was made by Committee Chairman Leon Guerrero to approve the minutes of July 10, 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 – Not Yet Funded

Committee Member Cruz stated that the delay in funding THB was due to U.S. Domestic Small Cap mandate being shaky when the Fund was in the process of funding it back in January 2009, indicating that the Fund was the middle of an economic financial crisis and the largest impacted firms are those with the smaller market cap, which would be this mandate. The other reason is that there were some institutional changes with THB at the time and Mercer cautioned the Fund to wait until the dust settles before investing with them. This item remains an open item and will be further discussed at the August 27 and 28, 2009 Quarterly Meeting with Mercer.

- Mandate Partially Funded via \$16.8M Exchange Traded Funds (ETF)

b. REITS – Security Capital and Cornerstone (Partially Funded Dec. 2008)

Both items a. and b. will be discussed at the August 27 and 28, 2009 Quarterly Meeting with Terry Dennison of Mercer Investment Consulting, Inc.

2. Securities Lending

Committee Member Cruz stated that he received an email from Northern Trust's securities lending department requesting to come out and discuss the issue of securities lending, which he will forward to Management. Securities lending remains an open item and will be discussed at the August 27 and 28, 2009 Quarterly Meeting with Terry Dennison of Mercer Investment Consulting, Inc.

3. THB 6/12/09 Letter

Controller Bernardo indicated that there is an email from Terry Dennison, where he addresses the letter received from THB dated 6/12/09 recommending the Board consider partially funding THB. This item is to be discussed at the August 27 and 29 Quarterly Meeting with Mercer.

IV. New Business

1. Bernstein's 8/03/09 Letter "Genzyme Corporation Securities Class Action"

The Fund received a letter dated 8/03/09 from Bernstein advising the Fund that there is a new securities fraud class action lawsuit on behalf of Genzyme Corporation investors. The letter indicated that Bernstein's analysis of the Fund's portfolio showed the Fund had incurred a loss of approximately \$1.75million as a result of serious misconduct and securities fraud committed by Genzyme Corporation. Bernstein has recommended that the Fund be Lead Plaintiff and the deadline to file is September 28, 2009. Committee Chairman Leon Guerrero recommended bringing this to the Board for Board action.

2. Investment Committee Goals & Objectives

Committee Chairman Leon Guerrero stated that part of the reason he wanted to start goals and objectives for the Investment Committee is that currently the Committee is relying on Mercer to advise them on what to do and when to do it and he would like to know in advance what it is the Committee is aiming for and should be looking for.

Being a new Board, the goals and objectives the Committee would like to accomplish over the next 5 years include, trying to reach a rate of return of at least 7%, revisiting the actuarial rate of return to be discussed with Mercer in the August 28 and 29, 2009 Quarterly Performance Meeting, continuing Quarterly Investment Performance Meetings and Annual Manager Reviews, revisiting the asset allocation policy every 3 years and investment related contracts that are over 5 years old, re-balancing the portfolio to meet targeted asset allocation levels, performing a feasibility study for construction of a new building.

3. Metropolitan West 8/07/09 Letter

Metropolitan West issued a letter dated 8/07/09 to the Investment Committee indicating that they would like to purchase a 3% position in XLF (Fin'l Select Sector Spdr), to serve as a substitute for the Banco Stantander and Mitsubishi UFJ ADRs and inquired whether this will violate the Fund's investment guidelines. This item was deferred for discussion during the Quarterly Performance Meeting on August 27 and 28, 2009 with Mercer Investment Consulting, Inc.

V. INFORMATIONAL ITEMS

1. Asset Allocation Summaries

Asset allocation summary statements were provided to the Committee for review and informational purposes.

2. Income Summary

An income summary report was provided to the Committee for review and informational purposes.

VI. OPEN DISCUSSION

1. Presentation by Terence Lam, Managing Director, Head of Sales North Asia BNP Paribas Asset Management Asia Ltd.

A presentation was made by Terence Lam of BNP Paribas Asset Management Asia Ltd.

2. AGENDA for Quarter Ended 6/30/09 Due Diligence Meeting (Aug 27 and 28, 2009)

The agenda for the Due Diligence Meeting was presented to the Committee for approval.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

None.

IX. ADJOURNMENT

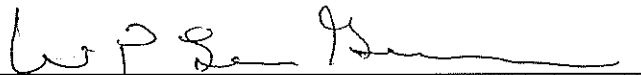
There being no further business before the Investment Committee, Committee Chairman Leon Guerrero, moved to adjourn the meeting at 2:05pm.

Respectfully submitted,



**STEPHANIE A. HERRERA
Recording Secretary**

AFFIRMED:



Wilfred Leon Guerrero, Chairman