

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, June 12, 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, June 12, 2009, 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  
 Joe T. San Agustin, Ex-Officio

**Staff Present:**

Diana Bernardo, Acting Director  
 Rosalia Bordallo, General Accounting Supervisor  
 Stephanie Herrera, Recording Secretary

**II. ACTION ITEMS**

**1. Approval of Minutes – May 15, 2009**

A motion was made by Committee Chairman Leon Guerrero to approve the minutes of May 15, 2009. Without objection, the motion was passed.

*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

### **III. OPEN ITEMS**

#### **1. Funding of the Following Managers:**

##### **a. U.S. Domestic Small Cap**

- **Thomsom Hortsman & Bryant – Not Yet Funded**
- **Mandate Partially Funded via \$8M Exchange Traded Funds (ETF)**

At the last Committee Meeting, it was decided to maintain Thomson Hortsman & Bryant but hold off on funding. Instead an ETF has been partially funded.

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

Both items a. and b. were included in the agenda for informational purposes as manager's that have not been fully funded yet Both items will be discussed at the August 2009 Quarterly Meeting with Mercer.

#### **2. Securities Lending**

Item was tabled and will be discussed at the August 2009 Quarterly Meeting with Mercer.

### **IV. New Business**

#### **1. Bernstein 6/02/09 Letter RE: Aberdeen Investment**

Controller Bernardo stated that this is a follow up letter to the May 22 2009 letter which was discussed at the May 2009 Quarterly Performance Meeting with Mercer. The letter indicated that the Fund may have action against Aberdeen because they purchased three assets in violation of the guidelines, but they could not make a recommendation to the Board at that time because they had not reviewed the contract.

In the June 2, 2008 letter, BLBG indicates that they have reviewed the contract and the Fund may have action against Aberdeen for either breach of contract or compensatory relief. If the Fund pursues a breach of contract, the fund may recover \$906,000 in losses in addition to fees paid by Aberdeen. If the Fund pursues compensatory relief, in addition to the \$906,000 and fees, the Fund may also be able to seek interest on the amounts. BLBG is recommending that the Board review the letter to decide if they want to pursue it and if so, BLBG wants to first discuss how to approach the situation. They stated they could discuss it with Aberdeen before going out on a full on litigation. Committee Chairman

Leon Guerrero and Committee Member Cruz recommended advising BLBG to pursue this in a non-formal way and get back to the Committee.

## **V. INFORMATIONAL ITEMS**

### **1. Bernstein 1<sup>st</sup> Qtr 1009 Report**

The report was provided to the Committee for review and informational purposes.

### **2. Asset Allocation Summaries**

Asset allocation summary statements were provided to the Committee for review and informational purposes. Controller Bernardo stated that if the Fund receives money from the Government of Guam Bond proceeds for receivables due from GPSS and GMH, which is about \$35million a decision from the Committee could decide where the money goes. Committee Chairman Leon Guerrero and Member Cruz recommended using a portion to purchase ETF's. Controller Bernardo stated that the Fund needs about \$6million to cover current operations and payroll. It was recommended that \$6million go to cash, \$10million to non-US equities small cap and the remainder to ETF's. This item will be presented to the Board as an action item.

### **3. Income Summary**

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

### **4. Securities Concentration Report**

A securities concentration report was provided to the Committee for review and informational purposes.

### **5. Investment Manager Asset Holdings Lists**

A list of investment manager holdings was provided to the Committee for review and informational purposes. Committee Chairman Leon Guerrero indicated this report, along with the report on Item #4, only needs to be provided during the Annual Manger's Review meetings.

## **VI. OPEN DISCUSSION**

None.

**VII. CORRESPONDENCE**

None.

**VIII. ANNOUNCEMENTS**

None.

**IX. ADJOURNMENT**

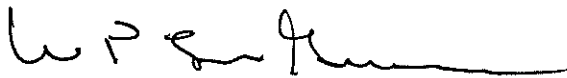
**There being no further business before the Investment Committee, Committee Chairman Leon Guerrero, moved to adjourn the meeting at 1:30pm.**

**Respectfully submitted,**



**STEPHANIE A. HERRERA  
Recording Secretary**

**AFFIRMED:**



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**Wilfred Leon Guerrero, Chairman**