

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 13, 2010, 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, August 13, 2010, in the Retirement Fund Conference Room. Investment Committee Acting Chairman Cruz officiated.

Board of Trustees Present:

Gerard A. Cruz, Acting Chairman
Wilfred Aflague, Member
Joe T. San Agustin, Ex-Officio

Staff Present:

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

II. ACTION ITEMS

1. Approval of Minutes:

- a. July 9, 2010 – Investment Committee Meeting
- b. March 24 & 25, 2010 – Investment Committee Meeting/Due Diligence Meeting (Qtr Ended 12/31/09)
- c. May 27, 2010– Due Diligence Meeting (Qtr Ended 3/31/10)

A motion was made by Committee Member Aflague, seconded by Acting Committee Chairman Cruz to approve the minutes of July 9, 2010 and March 24 & 25, 2010, subject to correction and to table the May 27, 2010 minutes. Without objection, the motion was passed.

III. OPEN ITEMS

1. BLBG's Countrywide Revised Retainer Agreement

Director Blas stated that one of the concerns the Fund had was placing a cap on administrative expenses. In the initial letter there wasn't a cap placed, but in the retainer agreement provided by BLBG and after speaking with Blair Nicholas, there is now a cap not to exceed 1% of the total cost incurred, which is to be applied at all stages, whether it is settled out of court or goes to litigation. Director Blas indicated that one of the things she did ask Blair Nicholas was his expectations for recovery and he stated that BLBG averages anywhere from 3-9 times the estimated class action recoveries. Based on that, the Fund could settle for what is offered or opt out of the settlement case and engage BLBG to pursue litigation. Blair Nichols is recommending that the Fund opt out and pursue separately from the \$52,560 recovered from Countrywide Securities. The Committee recommended a change in the language to include in the first paragraph, "The intent is to obtain the highest possible settlement." The exact language will be provided by Committee Acting Chairman Cruz and Director Blas will notify Blair Nichols.

2. Request for Proposal - International Large Cap Equity Manager

Director Blas stated that the Fund is in the process of awarding the RFP, but has not yet announced it. She stated it should be done by the next Board Meeting.

3. Investment Committee 5 Year Plan

The Investment Committee 5 year plan is still on track.

IV. NEW BUSINESS

None.

V. INFORMATIONAL ITEMS

1. NYTimes Article "Market Drop Worldwide Signals Fears on Recovery"

Article was provided for informational purposes.

2. Asset Allocation Summaries

Asset allocation summary statements were provided to the Committee for review and informational purposes. Committee Acting Chairman Cruz recommended planning a strategy based on the current managers and coming up with a schedule for the funding of the small cap managers.

3. Income Summary

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

4. Next Quarterly Performance Meetings – August 26 and 27, 2010

The Quarterly Performance Meetings are scheduled for August 26 and 27, 2010 with Mercer Investment Consulting, Inc. No managers will be presenting; however Northern Trust is tentatively scheduled to present and discuss securities lending.

VI. OPEN DISCUSSION

None.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

None.

IX. ADJOURNMENT


There being no further business before the Investment Committee, Committee Acting Chairman Cruz, moved to adjourn the meeting at 1:20pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



Gerard A. Cruz, Acting Chairman