



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, February 19, 2010, 12:00pm
 Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 12:25pm on Friday, February 19, 2010, 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 – January 8, 2010

A motion was made by Committee Member Cruz, seconded by Committee Member Aflague to approve the minutes of January 8, 2010, subject to correction. Without objection, the motion was passed.

III. OPEN ITEMS

1. Due Diligence Meeting Minutes

- a. December 2009 – 9/30/09 Quarterly Performance and Annual Manager Reviews**
- b. August 2009 – 6/30/09 Quarterly Performance**
- c. May 2009 – 3/31/09 Quarterly Performance**
- d. March 2009 – 12/31/08 Quarterly Performance and Annual Manager Reviews**

The Committee approved the recordings of the Due Diligence Meetings for public review. Approval of hardcopy of the Due Diligence Meetings is tabled until the March 2010 Investment Committee Meeting, pending review by Controller Bernardo.

2. Request for Proposal For:

- a. U.S. Domestic Small Cap**
- b. International Large Cap Equity Manager**

Director Blas indicated that evaluations for U.S. Domestic Small Cap Equity are going to start and discussions for offers will begin next week. The RFP for International Large Cap Equity Manager was issued and will close on March 12, 2010.

3. Securities Lending

A handout regarding Northern Trust's securities lending lawsuit was sent by Terry Dennison, Mercer Investment Consulting, as information for the Committee.

4. Investment Committee 5 Year Plan

The Investment Committee 5 Year Plan was approved by the Committee and was approved at the last Board Meeting.

Director Blas stated the RFP for the feasibility study has been issued and that Captain Real Estate Advisors is working on the study which is due by March 1, 2010.

Committee Chairman Leon Guerrero indicated that he had met the people who are doing the analysis for the REITs managers and discussed with them the expected build up on Guam. He stated that Terry Dennison is going to get back to the Committee regarding a REIT manager who might be interested in investing on Guam.

In regards to the personnel issues, Director Blas stated that she is waiting on the Hay Study to be released to see what kind of pay grades, reassignments or increments were going to be awarded and will be seeking autonomy as a status for the entire agency, which the Committee requested Legal Counsel's opinion on.

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.

As of February 17, 2010, the portfolio was at \$1.17 billion.

Director Blas stated that one of the issues with regards to raising the money to fund the mandates was when AXA was given notice to liquidate the Large Cap portfolio, the Fund found out they were no longer under AXA Rosenberg and that it had been taken over by Schwab. When the Fund instructed AXA to terminate the fund and remit the money, we were told to go directly to Schwab, although the contract was with AXA Rosenberg and no notice was given to the Fund on the change in ownership. She added that the issue was resolved due to Northern Trust coming in and liquidating the account for the Fund.

Because the Fund had only terminated the Large Cap account and still holds the AXA Rosenberg Small Cap account, Controller Bernardo indicated that she sent notice to AXA Rosenberg of the upcoming March 2010 Due Diligence Meeting and they will be present.

The issue of re-allocating the Large Cap Domestic account which is 3.15% over, will be discussed with Terry Dennison of Mercer Investment Consulting, Inc., at the March 2010 Due Diligence Meetings.

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 1:00pm.

Respectfully submitted,



**STEPHANIE A. HERRERA
Recording Secretary**

AFFIRMED:



Wilfred Leon Guerrero, Chairman