

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, January 8, 2010, 12:00pm
 Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 12:20pm on Friday, January 8, 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 – December 16, 17 & 18, 2009

A motion was made by Committee Member Cruz to table the December 2009 minutes pending completion. Without objection, the motion was passed.

2. Due Diligence Meeting Minutes

- a. **March 2009 – 12/31/08 Quarterly Performance & Annual Manager Review**
- b. **May 2009 – 3/3/09 – Quarterly Performance**
- c. **August 2009 – 6/30/09 Quarterly Performance**

A motion was made by Committee Member Cruz to table the March, May and August 2009 due diligence meeting minutes pending review by Controller Bernardo.

3. Investment Committee Goals & Objectives

Committee Chairman Leon Guerrero indicated that the two items that need to be focused on under the Investment Committee Goals and Objectives are Item 10. Perform Feasibility Study for a New Building and Item 12. Staff Development and is looking to Director Blas to guide the Committee on it. Director Blas stated that the RFP for the feasibility study will be done by the end of the month. Committee Chairman Leon Guerrero also recommended changing item 11. "Review Line of Succession" to "Staff Development" and change item 12 from "Staff Development" to "Autonomous Agency Standards" with the rationale being so the Board may hire, fire and set salaries for professional personnel that is needed in the Fund with the overall goal being to obtain an autonomous agency status. Committee Member Cruz recommended breaking down item 12 into smaller deliverables over a shorter period of time with the first step being to seek advice from legal counsel as to what the options for a plan would be.

III. OPEN ITEMS

1. Increase in Emerging Markets Target Allocation From 3% to 5.75

Controller Bernardo indicated that after discussion with Terry Dennison of Mercer Investment Consulting, the Board approved an increase of the target allocation for emerging markets from 3% to 5.75%. She stated that the increase would result in a decrease in another category and was waiting on word from Terry Dennison as to where that increase would come from, adding that it should come from Fisher International because that category should be at 7.25% and is currently over. At the last Board Meeting, the Board had also instructed the Committee to rebalance Fisher who is currently at 11.75% down to 10%, which would make them still over by 2.75% and to terminate AXA Rosenberg and put those amounts into REITs as a way to fully fund REITs which was also approved by the Board. General Accounting Supervisor Bordallo added that Terry Dennison stated that he does not feel comfortable with Fisher having so much money and recommended bringing them down to target, noting that in doing so, the overall exposure will still be the same. Controller Bernardo stated that \$21million needs to be taken away from

Fisher and recommended as an option, taking what is needed from them to put into the REITs account which is short by \$17million while waiting on Terry Dennison's recommendation as to where the additional 2.75% increase for the emerging markets target allocation should come from.

A motion was made by Committee Member Cruz, seconded by Committee Member Aflague, to reduce the target allocation for Fisher from 10% to 7.25% which would balance out the international mandate and it would remain at 20%. A second motion was made by Committee Member Cruz, seconded by Committee Member Aflague, to fully fund the REITs mandate to 10%; with \$17million to be put into REITs and the excess to go to ETFs. Without objection, both motions were passed subject to final Board approval.

2. Request for Proposal For:

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

Director Blas stated that the RFPs for a U.S. Domestic Small Cap Equity and International Large Cap Equity Manager have already been approved and she would need to meet with the Committee Members who are on the selection panel after the meeting for discussion.

3. Securities Lending

This item remains an open item.

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.

2. Income Summary

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

VI. OPEN DISCUSSION

1. Quarterly Performance Meetings

A draft agenda for the Quarter Ended 12/31/09 Performance Meetings and Annual Managers Reviews scheduled for March 24, 25, and 26, 2010 was presented to the Committee for approval. Since the last meeting held in December 2009 was lengthy, Director Blas suggested breaking down the meetings to four managers each quarter instead of the eight that are scheduled. The Committee approved and requested for the international managers to be scheduled for the March 2009 meetings.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

None.

IX. ADJOURNMENT

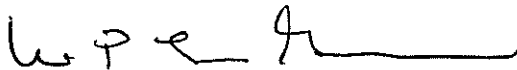
There being no further business before the Investment Committee, Committee Chairman Leon Guerrero, moved to adjourn the meeting at 1:40pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



Wilfred Leon Guerrero, Chairman