



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
 Friday, January 26, 2007, 12:00pm
 Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 12:25 pm on Friday, January 26, 2007, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred Leon Guerrero officiated.

Board of Trustees Present:

Wilfred Leon Guerrero, Chairman
 James Taylor, Member
 Gerard A. Cruz, Member
 Joe T. San Agustin, ex-officio

Staff Present:

Paula M. Blas, Director
 Diana Bernardo, Controller
 Rosalie Bordallo, General Accounting Supervisor
 Stephanie Herrera, Recording Secretary

II. ACTION ITEMS

1. Approval of Minutes - December 29, 2007

Committee Member Gerard Cruz, seconded by Committee Chairman Wilfred Leon Guerrero moved to approve the Investment Committee Meeting Minutes of December 29, 2006 subject to correction (page 2). Without objection, the motion was passed.

Trustees:

Joe T. San Agustin
 Chairman

Wilfred P. Leon Guerrero, Ed. D.
 Vice-Chairman
 Investment Committee, Chairman

James J. Taylor, Ph.D.
 Secretary
 Investment Committee, Vice-Chairman

Gerard A. Cruz
 Trustee
 Treasurer

George A. Santos
 Trustee
 Members' & Benefits Committee, Chairman

Anthony C. Blaz
 Trustee
 Audit & Operations Committee, Chairman

Katherine T.E. Taitano
 Trustee

III. OPEN ITEMS

1. Proxy Voting

Controller Diana Bernardo stated that she spoke with Glass Lewis and Company and they are requesting for additional information such as how many custodians the Fund has. Controller Bernardo indicated that they had a long list of questions and she spoke with Winton Young, FHB to get the requested information. If the Fund could provide the information, Glass Lewis and Company would be able to provide a quotation. Glass Lewis helps companies with proxy voting and the Fund is trying to obtain information on the services they provide for presentation to the Board. The Board currently does not have a policy on proxy voting. Controller Bernardo also indicated that Mercer is going to provide information on proxy voting which they will include in the March meetings. Committee Chairman Leon Guerrero recommended that this item remain an open item until additional information is obtained.

2. GovGuam Receivables

Committee Member Cruz requested clarification on Item 1, Note 1 (Employer Contributions) and inquired as to whether this would prompt Board action. General Accounting Supervisor Rosie Bordallo explained that this was already clarified in a prior Board meeting when the Board was informed that these agencies were not paying the correct rates. She explained that this is due to the differential between what the Fund believes should be paid and what General Fund and GPSS insists on what should be paid, as per BBMR. The Board has a policy regarding contributions not paid and the agencies have been notified, in December 2006, that they cannot retire employees. The Fund executed a promissory note with GMH in March 1988 representing contributions owed to the Fund to include interest and penalties at that time. GMH currently pays contributions due to the Fund as employees retire. GAS Bordallo stated that due to this interest included, it is difficult for GMH employees to retire because they could be paying out large amounts in order for one individual to retire. Controller Bernardo indicated that relative to Note 5 (Medical and Dental Premiums for General Fund), she spoke with the Controller at DOA who is going to research this item because she is not familiar with this note. Also under Note 5 (Supplemental and COLA payments for GMH, GWA and GPA), GAS Bordallo explained that with GMH and GWA they do not have the money to pay and GPA has a dispute about not being responsible for prior retirees. Committee Members Cruz and Taylor suggested a period of action for each of the items. It was decided in the last Committee Meeting that this report will be reviewed on a quarterly basis. The next review will be during the Committee Meeting in March.

IV. NEW BUSINESS

None.

V. INFORMATIONAL ITEMS

1. WorldCom Class Action Settlements

Controller Bernardo received an email from Fund Manager Aberdeen advising of a cash deposit of \$719,677.23 which is from litigation proceeds from the WorldCom Class action settlement. She indicated that there were also WorldCom litigation proceeds for Fiduciary of \$1,581,533.54 and of MetWest of \$4,591.00. GAS Bordallo explained that WorldCom was originally purchased by then Fund Managers Scudder Stevens, which has since been taken over by Aberdeen, and Fiduciary Trust as a bond security, and Metropolitan West as an equity security. She stated that because there are several bonds in the portfolio and it has been 20 years since the item was purchased, the Fund has asked the custodian bank to provide information as to which bonds the Fund is receiving proceeds from. She also indicated that when the Fund received the news that the money was received, the custodian bank was advised to move the money into the Fund's administrative account. Management recommended that the Committee authorize a drawdown of the \$2,305,801.00 to meet daily cash flow needs. Committee Member James Taylor stated that this recommendation should be put in writing and presented to the Board.

2. Capital International – Long Term Capital Gains

The asset statement for Capital International as of November 30, 2006 and December 31, 2006 reflecting a \$10million dollar gain was presented to the Committee. Controller Bernardo indicated that she spoke with Terry Dennison, Mercer and requested for an explanation in writing which she will forward to the Committee.

VI. OPEN DISCUSSION

1. Agenda for March 2007 Quarterly Performance and Annual Manager Reviews

A draft agenda was presented to the Committee for approval. The Committee Members agreed on the scheduled dates of Wednesday, March 7, 2007 from 1:00pm – 5:00pm and Thursday, March 8, 2007 from 8:15am-5:00pm.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

Director Paula Blas informed the Committee that the Fund received only 1 proposal for the RFP for Conducting a Study Related to Alternative Options for Investing in Real Estate in Guam, which closed on January 16, 2007. She stated that it was advertised in Pensions and Investments along with the other RFP's the Fund had listed at that time.

XI. ADJOURNMENT

There being no further business before the Investment Committee, Committee Chairman Leon Guerrero adjourned the meeting at 1:45pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



WILFRED P. LEON GUERRERO, Chairman