


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

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

Gerard A. Cruz
Treasurer
Audit & Operations Committee,
Chairman

George A. Santos
Members' & Benefits Committee,
Chairman

Katherine T.E. Taitano
Trustee

Antolina S. Leon Guerrero
Trustee

**INVESTMENT COMMITTEE MEETING
DEFINED BENEFIT PLAN**

Friday, June 29, 2007, 12:00pm
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 12:10 pm on Friday, June 29, 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
Stephanie Herrera, Recording Secretary

Public Present (for open discussion only):

Peter Sullivan, RCM
Edward Painvin, RCM

II. ACTION ITEMS

1. Approval of Minutes – May 25, 2007

The minutes of May 25, 2007 was approved

III. OPEN ITEMS

None.

IV. NEW BUSINESS

None.

V. INFORMATIONAL ITEMS

1. Claims Filed by FHB – Based on Bernstein’s 3/31/07 Report

Controller Bernardo gave an update to the Committee relative to Bernstein’s March 31, 2007 report, indicating that according to FHB, there are no known claims to be filed for June 2007. She indicated that the Fund had purchased stock in Consul Energy, which is on the list; however those stocks were purchased in 2005 and 2006, so they will not be part of the 2002 claim. Controller Bernardo indicated that she had reviewed the list to confirm that the Fund did not have any purchases that would be subject to claim filing for June 2007. As reported in the last Committee meeting, FHB filed claims on behalf of the Fund for El Paso, Mckenson and PNC Financial Services Group for May 2007 and those claims are pending settlement.

2. Proxy Voting

Controller Bernardo provided a proposal from Glass Lewis and Company explaining what kind of services they can provide and at what cost. She stated that based on the proposal Glass Lewis and Company has a system called ViewPoint and if the Fund should attain their services, FHB would provide Glass Lewis a listing of the Fund’s holdings and based on their guidelines for proxy voting, they would make recommendations as to how to the Fund should vote. The Fund would also be able to view Glass Lewis’ online platform and have access to their reports. She indicated that their policy guidelines are revised annually and the guidelines provided to the Committee are valid until October 2007. Controller Bernardo also indicated that there is a flat fee of \$22,500 based on the managers that the Fund currently has and there will be additional fees when the Fund has a change in investment managers, so this proposed fee is only good until such time there are changes in the Fund’s investment managers. The Committee members agreed to move forward with selecting a third party company to handle proxy voting. Director Blas explained that because the proposed fee is over \$15,000, the Fund would have to go out with an RFP and once the Fund has made a selection, the investment policy statement can be amended to include the addition of a third party company for proxy voting. As decided upon by the Committee, a recommendation will be made to the Board for an RFP and amendment to the current investment policy statement.

3. WorldCom Class Action Settlements

Controller Bernardo reported on the class action settlements for WorldCom for the managers involved indicating that the total loss was \$5.7million, recovery was \$2.3million and net overall loss was \$3.4million.

4. Fee Summary

Controller Bernardo provide a fee summary for informational purposes, with an amended sheet which includes interest and dividend income.

5. Investment Summaries by Manager

Controller Bernardo provided a listing of investment summaries by manager for information purposes. Dr. Leon Guerrero recommended that these summaries be included in the July 2007 Managers Meetings.

6. March 2007 Quarterly Performance Reports

Quarterly performance reports for March 2007 were provided to the Committee. Controller Bernardo indicated that Mercer Investment Consulting, our consultants, will be going over these reports during the July 2007 review meetings.

VI. OPEN DISCUSSION

1. RCM – Courtesy Visit

A presentation was made by Peter Sullivan and Edward Painvin, RCM to introduce Edward Painvin who was not able to attend the November 2006 meeting and to provide an update on the additions to the portfolio since the relaxation of the investment restrictions and how it has added value to the Fund.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

None.

XI. ADJOURNMENT

There being no further business before the Investment Committee, Committee Chairman Leon Guerrero adjourned the meeting at 1:50pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



Wilfred Leon Guerrero, Chairman