

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, August 4, 2006, 12:00pm
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 12:30 pm on Friday, August 4, 2006, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred P. Leon Guerrero officiated.

Board of Trustees Present:

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

Staff Present:

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

II. ACTION ITEMS

**I. Approval of Minutes – June 2, 2006 and July 7, 2006
Investment Committee Meetings**

Committee Chairman Wilfred Leon Guerrero moved to approve the Investment Committee Meeting Minutes of June 2, 2006 and July 7, 2006, subject to correction. Without objection, the motion was passed.

III. DC Third Party Administrator

Acting Director Paula Blas stated that all the changes made were incorporated and are now just waiting for approval from the committee to proceed. Committee Member Gerard Cruz inquired

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

as to how the advertisement is done and Acting Director Blas informed him that it will be in Pensions and Investments and that the ad usually runs for about 45 days.

IV. Watch List Policy

Acting Director Blas stated that the Watch List Policy is still in draft form. Included were samples, as requested by the committee, from other states and organizations. Committee Chairman Leon Guerrero recommended submitting it to the Board for review.

V. OPEN ITEMS

As reported by Acting Director Paula Blas:

1. Legal Services – Transaction Monitoring Services

The panel met with the top three (3) firms yesterday and will report to the Board in the next meeting for recommendation and approval.

2. DC Investment Consultant

The panel is ready to evaluate and have received four (4) offers. The panel is suppose to be headed by Committee Member James Taylor with two (2) staff members, but will be held off until his return on August 13, 2006. Committee Chairman Leon Guerrero asked that Controller Diana Bernardo work with Committee Member Taylor on this item.

3. Global Custody Search

This item had been brought forward to the Board, however, as per his request, Committee Member Taylor had reviewed and suggested changes, which Acting Director Blas had made and given back to him for his review. Due to his absence, Acting Director Blas will provide to Committee Chairman Leon Guerrero, a copy of what she had given to Committee Member Taylor to review.

VI. INFORMATIONAL ITEMS

1. Funding of Managers – Fisher, DFA, AXA, and Capital

Controller Bernardo gave an update from the last Investment Committee Meeting reporting that Fisher and DFA have been funded, and a letter is expected to be sent to First Hawaiian Bank for funding of Capital. She also noted that Appendix A of the AXA Contract has been revised and AXA has requested that the performance benchmark be changed from MSCI EAFE Small Capitalization Equity Index to the S&P Citigroup World ex US EMI Index. She indicated that based on discussions with Mercer the change can be made. Committee Member Gerard Cruz suggested that Controller Bernardo obtain more information from Mercer as to how the index is chosen, which would be a more accurate index to use and the

difference between the two. He also suggested that she review the historical index on a 10, 5, 3 and 1 year basis to determine which one was higher before she contacts Mercer.

2. Transition Manager

Committee Chairman Leon Guerrero inquired as to whether the Fund can issue an RFP to have a transition manager on board. Committee Member Cruz inquired as to whether the Fund can use an existing manager. Acting Director Blas stated that she will confirm with Legal Counsel.

3. Forum for Investment Advisors – Sept. 13 and 14, 2006

Item was included for informational purposes.

4. Bill 295 and 296 (PL 28-135 and 136)

Item was included for informational purposes.

3. Mercer's Agenda – August 9 and 10 Meetings

Item was provided to the Committee Members and Staff.

VII. OPEN DISCUSSION

None.

VIII. CORRESPONDENCE

None.

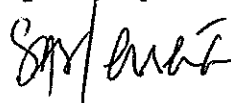
IX. ANNOUNCEMENTS

None.

VIII. ADJOURNMENT

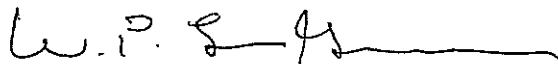
There being no further business before the Investment Committee, Committee Chairman Leon Guerrero adjourned the meeting at 1:30pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



WILFRED P. LEON GUERRERO, Chairman