

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, September 14, 2006, 1:00pm
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 1:20 pm on Friday, September 14, 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
James Taylor, Member

Staff Present:

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

II. OPEN DISCUSSION

Letter From Atalanta Sosnoff

At the September 8, 2006 Investment Committee Meeting, a motion was made to approve the request from Atalanta Sosnoff. This item will be on the agenda for the next Board Meeting.

Transition Manager

The Committee Members requested clarification on the course of action of the transition manager and how pricing of the stocks is to be determined. When the assets are transferred from Invesco to Atalanta Sosnoff, the book value also transfers to Atalanta Sosnoff. Controller Diana Bernardo explained that the move is from one manager to another at the same cost.

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

Because there is a question of audit, Committee Member Gerard Cruz requested that Controller Bernardo get an opinion from the Fund's Auditor Dave Burger. Committee Member James Taylor questioned how this will be reconciled. General Accounting Supervisor Rosalie Bordallo explained that a cost value and a market value will always show, so that when asset comes in, it is going come in and be carried at cost. She also explained that the record keeping is done by the Custodian. Committee Member Cruz suggested that the cleanest way to do this would be to liquidate and make a transfer. He also stated that if that were to be done, Lynch Jones and Ryan would act like a Transition Manager to the extent that they will be acquiring assets that Atalanta will not keep, liquidating it and then transferring it back to the account. General Accounting Supervisor further explained that the Investment Manager gives direction to the Custodian to buy or sell, the Investment Manager does not hold the asset, the Custodian must execute a buy or sell transaction. The Managers never actually had physical rights to the assets, all assets are still in the name of the Fund. The Investment Manager has the right to direct the Custodian Bank to buy or sell an asset and they must record the transaction when it occurs. Although this is not a buy and/or sell transaction, it is not a transfer of assets, it is a transfer of who manages the assets. It was decided that the Fund would go forward with an RFP for a Transition Manager and that changes would be made to the current RFP to be more specific with the role of the Transition Manager for future reference.

RFP for REITS/RFP Process

Committee Member Cruz recommended that the RFP for REITS be open enough to allow for the Fund to be able to hire a fund directly and not a manager. Director Paula Blas explained that the Fund receives all the proposals and then forwards them to Mercer who does the analysis on all the firms. A database, with a list of questions, is used by Mercer which is open to anyone who wants to issue a proposal, however the Fund does not have access to the database. The Committee Members expressed concerned that Mercer is acting more than an Investment Consultant, and in control of the entire RFP process. Controller Bernardo is to obtain information on the database on Mercer's website so that the Committee Members and staff may review the questions that the firms are required to answer.

Watch List Policy

The Watch List was reviewed by the Committee Members and staff. Committee Chairman Leon Guerrero suggested that the policy be re-drafted so that it is easily explanatory and there is better organization of the policy.

VIII. ADJOURNMENT

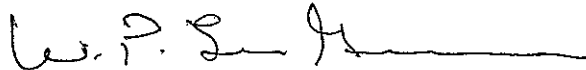
There being no further business before the Investment Committee, Committee Chairman Leon Guerrero adjourned the meeting at 3:05pm.

Respectfully submitted,



STEPHANIE A. HERRERA
Recording Secretary

AFFIRMED:



WILFRED P. LEON GUERRERO, Chairman