

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
 Tuesday, October 17, 2006, 1:00pm
 Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 1:15 pm on Tuesday, October 17, 2006, 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
 Rosalia Bordallo, General Accounting Supervisor
 Stephanie Herrera, Recording Secretary

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

II. OPEN ITEMS (Continuation of the Investment Committee Meeting on Friday, October 6, 2006)

1. RFP for DC Investment Consultant

Committee Member James Taylor provided an update on the RFP for DC Investment Consult stating that 4 proposals were received and presentations were made by the four (4) companies. The companies who submitted bids were Merrill Lynch, Salomon Smith Barney, Mercer Consulting Group and RV Kuhns who are completely independent, only in business advising firms who manage funds. The Committee Members requested for clarification as to how the selection process is done, which was explained by both General Accounting Supervisor Rosalie Bordallo and Director Blas. A

selection panel evaluates and ranks each company. Director Blas stated that the procurement law requires the panel to rank the companies and whoever is ranked as number one (1) that is who the Fund negotiates with, adding that Mercer ranked first. The panel will then present the evaluations to the Board. Committee Member Taylor posed the question, if the Board rejected the recommendation, would there be another bid process for the RFP and requested for clarification on the law. The Committee expressed their concerns on how the selection process is done and how the Board doesn't take part in choosing. Director Blas further explained the process as to how it is written in the law. The Committee asked that Director Blas get more clarification and additional information.

2. Investment Manager Petition Letters

As requested in the last Investment Committee Meeting, Controller Bernardo presented the draft response for the managers. Fund Chairman Joe T. San Agustin recommended changing the wording to state, "investing up to 25% in non-dividend paying stocks" to allow for flexibility in dividend paying stocks, rather than non-dividend stocks. Committee Member Taylor explained that what the Committee wanted to make clear was that the Fund is not authorizing an exclusion from statutory requirements. Controller Bernardo is to make the recommended changes for presentation to the Board in the next scheduled meeting.

3. RFP for REITs

Controller Diane Bernardo indicated that she made the changes that were recommended during the last meeting, stating that the investments are to be federally insured. Committee Member Taylor stated that he is ready to bring this to the Investment Committee for approval with the exception of page 8, which should be changed to be consistent with the description of the work involved. Controller Bernardo is to make the recommended changes for presentation to the Board in the next scheduled meeting.

4. RFP for Transition Manager

Item was table until the next scheduled Investment Committee Meeting.

5. RFP for Feasibility Study

As discussed in the last Investment Committee Meeting, Controller Bernardo made the recommended changes. Committee Member Taylor moved to table this item for review in the next scheduled Investment Committee Meeting.

III. ADJOURNMENT

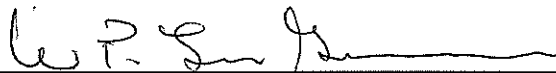
**There being no further business before the Investment Committee,
the meeting was adjourned at 2:15pm.**

Respectfully submitted,



**STEPHANIE A. HERRERA
Recording Secretary**

AFFIRMED:



WILFRED P. LEON GUERRERO, Chairman