



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**

Thursday, November 15, 2007, 8:30am
Retirement Fund Conference Room

MINUTES

I. CALL TO ORDER

The Retirement Fund Investment Committee meeting was called to order at 8:30 am on Thursday, November 15, 2007, in the Retirement Fund Conference Room. Investment Committee Chairman Wilfred Leon Guerrero officiated.

Board of Trustees Present:

Wilfred Leon Guerrero, Chairman
Gerard A. Cruz, Member
James Taylor, Member

Staff Present:

Paula M. Blas, Director
Diane Bernardo, Controller
Rosie Bordallo, General Accounting Supervisor

II. ACTION ITEMS

1. Approval of Minutes – September 28, 2007

A motion was made by Committee Chairman Leon Guerrero to approve the minutes of September 28, 2007. Without objection, the motion was passed.

III. OPEN ITEMS

1. Proxy Voting RFP

The draft RFP for Proxy Voting provided to the Committee Members by Controller Bernardo for review was approved without objection and will be presented to the Board in the next Board Meeting on November 16, 2007.

2. RFPs Pending

As reported by Director Blas:

a. Custodial Bank Services

Department of Revenue & Taxation has communicated with Northern Trust with regards to the type of application forms that they need to submit by the end of the month to provide services to the Fund and do business on Guam. Director Blas stated that Northern Trust submitted their application to the Fund as a Trust Company, but they are a Bank and she has left it to Department of Revenue & Taxation because it is their jurisdiction as far as licensing. She also indicated that this was reviewed by the Fund's Legal Counsel and she does feel that Northern Trust meets the Fund's mandates with regards to the requirements for a Custodial Bank, however the licensing is something that the firm needs to obtain from Department of Revenue & Taxation itself. Director Blas stated that she will follow up with Department of Revenue & Taxation to find out where they are with Northern Trust and get a date as to when they are going to make a decision.

b. REITS – Real Estate Investment Trusts

Committee Member Cruz suggested putting this on hold because of the expected change within the next 12-18 months in the domestic real estate industry changing their complexion. Committee Chairman Leon Guerrero suggested that the Committee doesn't wait too long because what will happen is the stock prices will go down in this category and the time to buy is when the prices are down and once everything is clear, the manager's can be ready to make purchases. Committee Member Cruz agreed with Committee Chairman Leon Guerrero and they suggested a time frame of 3-6 months.

c. U.S. Domestic Small Cap Core Equity

The selection panel decided to meet on November 20, 2007.

d. U.S. Domestic Core Fixed Income

The selection panel decided to meet on November 20, 2007.

e. U.S. Domestic Large Cap Growth Equity

The selection panel headed by Committee Member Taylor will meet the week after next.

f. U.S. Domestic Large Cap Value Equity

The selection panel will meet on November 20, 2007

For Large Cap Growth and Large Cap Value, GAS Bordallo stated that the Fund is looking for replacements. Committee Member Cruz added that the Fund is not adding managers and the current managers have submitted and may still be considered. Director Blas stated that the Fund also wanted to establish a reserve list for those categories.

IV. NEW BUSINESS

1. Asset Allocation Summary

Controller Bernardo provided the Committee with an asset allocation summary which reflected actual versus policy allocations as of November 14, 2007.

2. Capital International Inc. 207 Distributions

Controller Bernardo indicated that the Fund received a letter from Capital International Inc. stating that there will be distributions later in the year based on the number of shares that the Fund holds as of October. For dividend income they expect to pay distributions of .30 to .50 cents per share, for long term capital gains \$2 to \$5 per share, and for short term capital gains .30 to .50 cents. The dividend income range will be \$900,000 to \$1.5 million as opposed to the 2006 amount of \$964,000; for long term capital gains, it could range from \$6 million to \$15 million versus the \$10 million the Fund received last year; for short term capital gains, it could range from \$900,000 to \$1.5million. There were no short term capital gains last year. Controller Bernardo indicated that Capital International was instructed to let the Fund know when the distributions are to be made so the Fund can decide whether to take it in or re-invest it. A motion was made by Committee Member Taylor, seconded by Committee Member Cruz to re-invest the short and long term capital gains. This item will be presented to the Board in the next Board meeting on November 17, 2007.

V. INFORMATIONAL ITEMS

1. Bernstein's 8/01/07 Report

Controller Bernardo indicated that according to First Hawaiian Bank, there were no claims filed on October 2007.

2. Investment Fee and Income Summaries

A fee and income summary was provided to the Committee for information purposes. Committee Chairman requested that the next time Mercer comes out, to prepare a lecture on fee disclosures because many Trustees don't recognize the various fees.

3. Investment Summaries by Manager

Investment summaries by manager were provided to the Committee for information purposes.

4. Annual Review of Domestic Equity Managers and Sept 2007 Quarterly Performance Meetings – Nov. 14, and 15, 2007

A presentation was made by the Domestic Equity Managers on November 14 and 15, 2007

VI. OPEN DISCUSSION

None.

VII. CORRESPONDENCE

None.

VIII. ANNOUNCEMENTS

None.

IX. ADJOURNMENT

There being no further business before the Investment Committee, Committee Chairman Leon Guerrero adjourned the meeting at 9:30am.

Respectfully submitted,



**STEPHANIE A. HERRERA
Recording Secretary**

AFFIRMED:



Wilfred Leon Guerrero, Chairman