



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Felix P. Camacho
Governor

Kaleo S. Moylan
Lieutenant Governor

Paula M. Blas
Acting Director

April 19, 2006

To: Joe T. San Agustin, Board Chairman
From: Wilfred Leon Guerrero, Investment Committee Chairman
Subject: Investment Committee Meeting of April 7, 2006

The Fund held its regular Investment Committee meeting for the month of April. In attendance were Trustees Dr. Taylor, Jerry Cruz, and I. Other attendees were Paula Blas, Rosalia Bordallo, Vince Camacho, and Ken Morris of Great West

The following DB items were discussed and approved by the committee for Board action.

1. Principal Drawdown Schedule (Attachment I):

The Committee reviewed and discussed the projected cash draw down schedule presented by management. The committee recommends approval of the monthly drawdown for April of \$6.2 million, June of \$5.5 million, July of \$6.2 million, August of \$6.3 million, and September of \$6.2 million.

2. Metropolitan West – Request of Contract Assignment (Attachment II):

The committee reviewed MetWest's request for the Retirement Fund to continue as a client under its management agreement following the proposed transaction between Met West Capital and Evergreen, as described in their letter dated March 27, 2006. Mercer has been asked to review the agreement. Their response is expected shortly. The committee recommends approval of assignment of the contract at this time, but in the event Mercer, the Fund's Investment Consultant, recommends that the Fund revisit this matter, the committee will do so.

Trustees:

Joe T. San Agustin
Chairman

Dr. Wilfred P. Leon Guerrero
Vice-Chairman
Investment Committee, Chairman

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

Katherine T.E. Taitano
Trustee
Treasurer

George A. Santos
Trustee
Members' & Benefits Committee, Chairman

Anthony C. Blaz
Trustee
Audit & Operations Committee, Chairman

Gerard A. Cruz
Trustee

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3. Global Custody Search (Attachment III):

The committee was provided a copy of the draft RFP and a letter from the Chair outlining his concerns. The Committee agreed it was best to move the RFP to the Board level for clarification and discussion of the Chair's concerns.

Informational Items

1. Fisher Investments – Request to Open New Accounts for Foreign Countries (Attachment IV)

The Committee was informed, by the custodian bank, of Fisher's request to open accounts for the following countries, Poland, Hungary, Korea, and Brazil. Committee requested that Mercer review the request to determine if such countries were within the investment mandate for Fisher. Mercer has responded at this time, agreeing that Fisher's mandate is developed market large cap and as such, proposing investments in these countries are beyond the scope of their mandate. Committee agrees with Mercer's response.

2. Funding of Capital Investments and GMO (Attachment V):

Committee was informed that Capital cannot be funded at this time due to the nature of the investment vehicle they are proposing to use. Current investment statute does not allow for the use of commingled fund investments.

In regards to GMO, funding has been delayed due to request by the Chairman for an Attorney General's opinion. He requested clarification on whether under section 8137, the criteria for purchase of common stock also applies to the purchase of foreign stock/mutual. Funding of this manager is of great concern, considering that the actuarial report, assumes that the Fund is currently investing its assets in the new target allocation mix. The non-funding of GMO, who will manage about \$90 million of the Fund's asset, will have an impact on the ability of the Fund to meet its assumed actuarial interest rate. The Committee acknowledges the concern the Chair has, but approval for funding of the above manager has been made at this time.

The committee has directed management to proceed with funding of GMO without further delay.

3. Request for Proposal (RFPs)

Legal Services- Transaction Monitoring Services
Closed as of April 17, 2006