



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

Felix P. Camacho
Governor

Kaleo S. Moylan
Lieutenant Governor

Paula M. Blas
Acting Director

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Joe T. San Agustin
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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

June 9, 2006

To: Joe T. San Agustin
Chairman of the Board

From: Dr. Wilfred Leon Guerrero
Investment Committee Chairman

Subject: Investment Committee Meeting of June 2, 2006 - **DB PLAN**

The Fund held its regular Investment Committee meeting for the month of May. In attendance were the following trustees: Dr. Taylor, Gerry Cruz, and I. Other attendees were Paula Blas, Diana Bernardo, Rosalia Bordallo, and Mike Perez of Great West.

The following DB PLAN items were discussed:

I. OPEN ITEMS

Requests for Proposals:

1. Legal Services – Transaction Monitoring Services – Pending review/selection
2. Global Custody Search – Pending revisions / finalization of the RFP.

II. INFORMATIONAL ITEM – GMO

1. As of June 2, 2006 (the date of the Investment Committee meeting) GMO had been notified that funding of the three investment components will be in accordance with the percentages indicated in Appendix A of the Contract. However, funding had not occurred as GMO needed to obtain their legal counsel's opinion re: whether we can proceed with the funding process.

2. On June 7, 2006, the Fund was notified by GMO that: (1) an amendment to the Contract is needed to ensure that GMO will not be responsible for rebalancing of the three investment components, and (2) GMO is prepared to fund the three components prior to execution of a formal amendment.
3. In response to item #2 above, the Fund notified GMO via telephone and email that: (1) based on the terms of the Contract an amendment is not necessary, and (2) funding is not likely to occur until this issue is resolved.
4. Terry Dennison (Mercer) has concurred with our position noting that he would not permit funding until the contract, including all amendments are signed. He also noted that funding before that would eliminate our leverage.
5. We are currently awaiting the following:
 - a) **GMO legal counsel's** response to our email which indicated that based on the terms of the contract an amendment is not required.
 - b) **Mercer's** recommendations regarding our options.
 - c) **GGRF legal counsel's** opinion on the matter.
6. Based on the above, we will not fund GMO until this "amendment issue" is resolved.