

  
GOVERNMENT OF GUAM  
**RETIREMENT FUND**  
STABILITY · SECURITY · REWARDS

**Felix P. Camacho**  
Governor

**Kaleo S. Moylan**  
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**  
Trustee  
Treasurer

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

**Anthony C. Blaz**  
Trustee  
Audit & Operations Committee, Chairman

**Katherine T.E. Taitano**  
Trustee

October 20, 2006

**To: Joe T. San Agustin, Board Chairman**  
**From: Wilfred Leon Guerrero, Investment Committee Chairman**  
**Subject: Investment Committee Meetings on October 6 and 17, 2006**

The Fund held its regular Investment Committee meeting on October 6 and 17, 2006. In attendance were Trustees Dr. James Taylor, Gerard Cruz and Joe T. San Agustin. Other attendees were Paula Blas, Diana Bernardo and Rosalia Bordallo. I was also in attendance during the October 17, 2006 meeting.

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

**I. Investment Manager Petition Letters**

During the August 11, 2006 Board of Trustees meeting the Board Chairman was authorized to advise Investment Managers of the relaxation of section 8157 provisions as a result of Public Law 28-136. As such, the Fund sent a letter to the Managers indicating the following:

“With the written petition and subsequent written approval of the Trustees, a minimum of 75% of investments in Common Stock must meet the requirements of Guam Code Annotated Title 4, Chapter 8, Article 1, Section 8157.

In response to the Fund’s notification letter, petition letters were received from the following Investment Managers, requesting that they be allowed to invest up to 25% in stocks of companies that do not meet the requirements of Section 8157.

1. Davis Hamilton Jackson & Associates (dated 9/15/06),
2. Metropolitan West (dated 9/15/06),
3. RCM Capital Management (dated 10/03/06)

**Recommendations:**

1. The Committee recommends that the Board grant the aforementioned requests by the three Investment Managers to invest up to 25% in stocks of companies that do not meet the requirements of Section 8157.
2. In addition, in response to RCM’s petition letter the Committee recommends that the letter specifically indicate that the Board is not authorizing a “25% exclusion from the existing statutory requirements”. Rather, the Board is allowing RCM to invest up to 25% in stocks of companies that do not meet the requirements of Section 8157.

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## **II. Request for Proposals**

During the August 11, 2006 Board of Trustees meeting, the Board authorized the issuance of Requests for Proposals (RFPs) for new investment Managers. As such RFPs were prepared for the following, which have been reviewed by the Investment Committee:

1. Real Estate Investment Trusts (REITs),
2. Domestic Small Cap Equity

In addition, since potential offerors must enter or update their firm and relevant investment product information on Mercer's Global Investment Manager Database (GIMD) a "Non-Disclosure of Confidential Information Letter" was also drafted and reviewed by the Investment Committee.

### **Recommendations:**

The Committee recommends that the Board approve the release of the aforementioned RFPs and the issuance of the Non-Disclosure of Confidential Information Letter to Mercer.

## **III. Watch List Policy**

The enclosed Defined Benefit Plan Draft Watch List Policy was reviewed by the Investment Committee.

### **Recommendation:**

The Committee recommends that the Board approve the Draft Watch List Policy. Upon approval by the Board, it will be finalized and included in the existing DB Plan Investment Policy Statement under the section entitled "Monitoring of Investment Managers".

## **Other Information**

### **1. Investment Committee Minutes**

The Committee has reviewed and approved the minutes for the August 4, 2006 meeting.

### **2. RFP for Feasibility Study**

The Draft RFP for a Feasibility Study was reviewed and discussed by the Committee and is pending revisions by Management.

### **3. RFP for Transition Manager**

The Draft RFP for a Transition Manger is pending review by the Committee.

### **4. RFP for DC Investment Consultant**

The RFP Committee Members have reviewed the four proposals submitted. However, their decision is still pending.