



Office of the Governor of Guam

P.O. Box 2950 Hagåtña, Guam 96932
TEL: (671) 472-8931 • FAX: (671) 477-4826 • EMAIL: governor@mail.gov.gu

Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

12 JUL 2006

The Honorable Mark Forbes
Speaker
Mina' Bente Ocho Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 295(EC), "AN ACT TO AMEND SECTION 8158, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE BOARD OF TRUSTEES TO INVEST UP TO THIRTY PERCENT (30%) OF RETIREMENT FUND ASSETS AT COST IN INVESTMENT FUNDS SUCH AS INVESTMENT TRUSTS, MUTUAL FUNDS, COMMON TRUST FUNDS AND COMMINGLED FUNDS," which I signed into law on July 11, 2006, as Public Law 28-135.

Sins eru yan Magåhet,

[Handwritten signature of Felix P. Camacho]

FELIX P. CAMACHO
I Maga'låhen Guåhan
Governor of Guam

Attachment: copy attached of signed bill

cc: The Honorable Eddie Baza Calvo
Senator and Legislative Secretary

Office of the Speaker

MARK FORBES

Date: 7/12/06
Time: 4:54pm
Rec'd by: SP
Print Name: SP

28-06-0939

836

Senator Edward J.B. Calvo
SECRETARY OF THE LEGISLATURE
ACKNOWLEDGEMENT RECEIPT
Rcv'd by: Nikole
Print Name & Initial
Time: 3:55 Date: 7-18-06

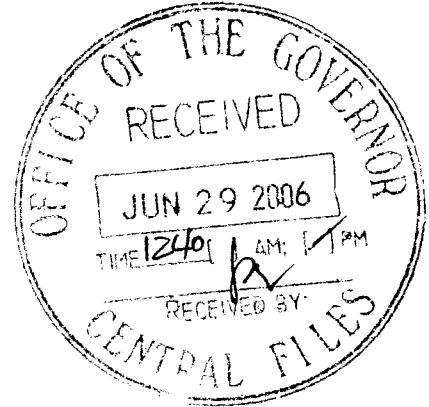


**MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN**  
TWENTY-EIGHTH GUAM LEGISLATURE  
155 Hessler Place, Hagåtña, Guam 96910

**FILE COPY**

June 28, 2006


The Honorable Felix P. Camacho  
*I Maga'lahen Guåhan*  
*Ufisinan I Maga'lahi*  
Hagåtña, Guam 96910



Dear *Maga'lahi* Camacho:

Transmitted herewith are Bill Nos. 182(EC), 256(LS), 268(EC), 278(EC), 295(EC), 296(EC), 308(EC), 309(EC) & 314(EC); and Substitute Bill Nos. 134(EC), 236(EC) & 307(EC) which were passed by *I Mina' Bente Ocho Na Liheslaturan Guåhan* on June 26, 2006.

Sincerely,

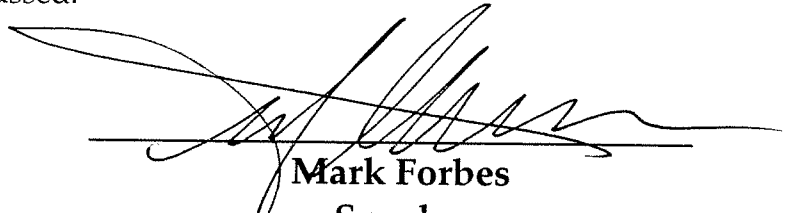
  
EDWARD J.B. CALVO  
Senator and Secretary of the Legislature

Enclosures (12)

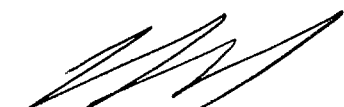
I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN  
2006 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

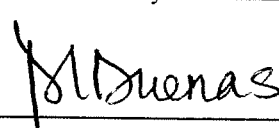
This is to certify that **Bill No. 295 (EC)**, "AN ACT TO AMEND SECTION 8158, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE BOARD OF TRUSTEES TO INVEST UP TO THIRTY PERCENT (30%) OF RETIREMENT FUND ASSETS AT COST IN INVESTMENT FUNDS SUCH AS INVESTMENT TRUSTS, MUTUAL FUNDS, COMMON TRUST FUNDS AND COMMINGLED FUNDS," was on the 26<sup>th</sup> day of June, 2006, duly and regularly passed.

  
Mark Forbes  
Speaker

Attested:

  
Edward J.B. Calvo  
Senator and Secretary of the Legislature

-----  
This Act was received by *I Maga'lahaen Guåhan* this 29 day of Jun, 2006, at 1240 o'clock P.M.

  
Assistant Staff Officer  
*Maga'lahaen's Office*

APPROVED:

  
FELIX P. CAMACHO  
*I Maga'lahaen Guåhan*

Date: 11 July 2006

Public Law No. 28-135

**MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN**  
**2006 (SECOND) Regular Session**

**Bill No. 295 (EC)**

As amended on the Floor.

Introduced by:

Mark Forbes  
A. R. Unpingco  
B. J.F. Cruz  
F. B. Aguon, Jr.  
J. M.S. Brown  
Edward J.B. Calvo  
Mike Cruz  
L. F. Kasperbauer  
R. Klitzkie  
J. A. Lujan  
A. B. Palacios, Sr.  
R. J. Respicio  
Ray Tenorio  
J. T. Won Pat

**AN ACT TO *AMEND* SECTION 8158, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE BOARD OF TRUSTEES TO INVEST UP TO THIRTY PERCENT (30%) OF RETIREMENT FUND ASSETS AT COST IN INVESTMENT FUNDS SUCH AS INVESTMENT TRUSTS, MUTUAL FUNDS, COMMON TRUST FUNDS AND COMMINGLED FUNDS.**

**BE IT ENACTED BY THE PEOPLE OF GUAM:**

**Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that the statutory restrictions governing investment of funds held in trust for the benefit of Defined Benefit Plan members and beneficiaries effectively exclude

1 investments in lower cost investment vehicles such as passively-managed index funds.  
2 *I Liheslaturan Guåhan* further finds that institutional investments in common trust  
3 funds and commingled funds often have lower costs than investments in mutual fund  
4 vehicles, with lower or little added risk.

5 *I Liheslaturan Guåhan* therefore intends to authorize the Trustees of the  
6 Defined Benefit Plan to invest up to thirty percent (30%) of Retirement Fund assets at  
7 cost in investments held in lower-cost investment vehicles to improve the overall  
8 return of the investment portfolio for the benefit of the Retirement Fund as a whole. *I*  
9 *Liheslaturan Guåhan* further intends that the thirty percent (30%) quantitative  
10 limitation will pertain *solely* to those investment vehicles described in Section 8158  
11 (investment funds) and is *not* intended to apply to, or impose further limits on, any of  
12 the other quantitative limitations in the Defined Benefit Plan statute pertaining to  
13 direct investments in specific asset classes such as common or capital stock, preferred  
14 stock, or bonds. Conversely, none of the quantitative limitations (e.g., maximum  
15 percentage investments) or qualitative requirements (e.g., dividend payout  
16 requirements) expressly applicable to direct investments in common or capital stock,  
17 preferred stock, or bonds are intended to apply to, or impose further limits on, the  
18 quantitative limitations (thirty percent (30%) maximum) or qualitative requirements  
19 for assets held in the investment fund vehicles described in Section 8158.

20 **Section 2. Section 8158, Article 1, Chapter 8, Title 4 of the Guam Code**  
21 **Annotated is hereby *amended* to read:**

22 **“§8158. Investment Funds.** (a) Common or capital shares  
23 of any investment trust or mutual fund registered with the Securities  
24 and Exchange Commission under the Investment Company Act of  
25 1940, as from time to time amended, provided that the cost of the

1 shares acquired is no greater than their net asset value on the date of  
2 acquisition.

3 (b) Units in any common trust fund or commingled fund  
4 maintained by a custodian meeting the requirements of Title 4 G.C.A.  
5 §8144 and advised or sub-advised by an investment management  
6 organization meeting the requirements of Title 4 G.C.A. §8145.

7 (c) Preferred shares of any investment trust or mutual fund  
8 registered with the Securities and Exchange Commission under the  
9 Investment Company Act of 1940, as from time to time amended,  
10 provided that:

11 (1) The number of issued and outstanding common or  
12 capital shares multiplied by their asset value per share, plus;

13 (2) The number of issued and outstanding preferred  
14 shares multiplied by their par or stated value, is at least fifty percent  
15 (50%) greater than the number of issued and out-standing preferred  
16 shares multiplied by their par or stated value. For purposes of this  
17 Section, the number of issued and outstanding shares shall be taken as  
18 of the latest available public report of such investment trust or mutual  
19 fund. Preferred shares as described in this Subsection shall *not* be  
20 subject to the provisions of §8156.

21 (d) The term 'net asset value' as used in this Section shall  
22 mean the total quoted or estimated market value of all securities or  
23 other assets owned, less that total of all determinable liabilities, as  
24 reported by such common trust fund, commingled fund, investment  
25 trust or mutual fund.

26 (e) Limitation:

1                   (1) The investment in units, preferred, common and  
2 capital stock of any one common trust fund, commingled fund,  
3 investment trust or mutual fund shall *not* exceed five percent (5%) of  
4 the Fund at cost; and

5                   (2) The aggregate of all investments under this Section  
6 shall *not* exceed thirty percent (30%) of the Fund at cost.”

7       **Section 3. Effective Date.** This Act shall become effective upon enactment.

8       **Section 4. Severability.** *If* any provision of this Act or its application to any  
9 person or circumstances is held invalid, the invalidity shall *not* affect other provisions  
10 or applications of this Act which can be given effect without the invalid provision or  
11 application, and to this end the provisions of this Act are severable.

# I MINA' BENTE OCHO NA LIHESLATURAN GUAHAN

2006 (SECOND) Regular Session

Date: 6/26/06

## VOTING SHEET

Bill No. 295(EL)

Resolution No. \_\_\_\_\_

Question: \_\_\_\_\_

| NAME                     | YEAS | NAYS | NOT VOTING/<br>ABSTAINED | OUT DURING<br>ROLL CALL | ABSENT        |
|--------------------------|------|------|--------------------------|-------------------------|---------------|
| AGUON, Frank B., Jr.     | ✓    |      |                          |                         | <del>EA</del> |
| BROWN, Joanne M.S.       | ✓    |      |                          |                         |               |
| CALVO, Edward J.B.       | ✓    |      |                          |                         |               |
| CRUZ, Benjamin J.F,      | ✓    |      |                          |                         |               |
| CRUZ, Michael (Dr.)      | ✓    |      |                          |                         |               |
| FORBES, Mark             | ✓    |      |                          |                         |               |
| KASPERBAUER, Lawrence F. | ✓    |      |                          |                         | <del>EA</del> |
| KLITZKIE, Robert         | ✓    |      |                          |                         |               |
| LUJAN, Jesse A.          | ✓    |      |                          |                         |               |
| PALACIOS, Adolpho B.     | ✓    |      |                          |                         |               |
| RESPICIO, Rory J.        | ✓    |      |                          |                         |               |
| TENORIO, Ray             | ✓    |      |                          |                         |               |
| UNPINGCO, Antonio R.     | ✓    |      |                          |                         |               |
| WON PAT, Judith T.       | ✓    |      |                          |                         |               |

TOTAL

12   0   0   0   2

CERTIFIED TRUE AND CORRECT:

\_\_\_\_\_  
Clerk of the Legislature

\* 3 Passes = No vote  
EA = Excused Absence





***I Mina' Bente Ocho Na Liheslaturan Guahan***  
**The 28<sup>th</sup> Guam Legislature**

155 Hesler Place  
Hagatna, Guam 96910  
Office (671) 472-3407 • Fax (671) 472-3510

**Speaker Mark Forbes**

**Speaker Mark Forbes**  
***I Mina' Bente Ocho Na Liheslaturan Guahan***  
**155 Hesler Place**  
**Hagatna, Guam 96910**

The Committee on General & Omnibus Matters to which Bill No. 295 was referred, wishes to report its findings and recommendations **TO DO PASS BILL No. 295 (EC):** "An Act To Amend Section 8158, Article 1, Chapter 8, Title 4 Of The Guam Code Annotated Relative To Authorizing The Board Of Trustees To Invest Up To Thirty Percent (30%) Of Retirement Fund Assets At Cost In Investment Funds Such As Investment Trusts, Mutual Funds, Common Trust Funds And Commingled Funds".

Transmitted herewith for your consideration and action is our committee report on the above subject matter.

The voting record is as follows:

  5   TO PASS  
  0   NOT TO PASS  
  0   TO REPORT OUT ONLY  
  0   ABSTAIN  
  0   INACTIVE FILE

Copies of the Committee Report and other pertinent documents are attached. Thank you and si Yu'os ma'ase for your attention to this matter.

  
MARK FORBES

Attachments

**MEMORANDUM**

**TO:** Committee Members

**FROM:** Chairman

**SUBJECT:** Committee Report- BILL No. 295 (EC): "An Act To Amend Section 8158, Article 1, Chapter 8, Title 4 Of The Guam Code Annotated Relative To Authorizing The Board Of Trustees To Invest Up To Thirty Percent (30%) Of Retirement Fund Assets At Cost In Investment Funds Such As Investment Trusts, Mutual Funds, Common Trust Funds And Commingled Funds".

Transmitted herewith for your information and action is the report on Bill No. 295 (EC) from the Committee on General and Omnibus Matters.

This memorandum is accompanied by the following:

1. Committee Voting Sheet
2. Committee Report
3. BILL No. 295 (EC)
4. Public Hearing Sign-In Sheet
5. Fiscal Note/ Fiscal Note Waiver
6. Notice of Public Hearing

Please take the appropriate action on the voting sheet. Your attention and cooperation in this matter is greatly appreciated.

Should you have questions regarding the report or accompanying documents, please do not hesitate to contact me.

Thank you and si Yu'os ma'ase.

**MARK FORBES**



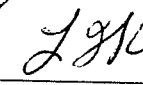
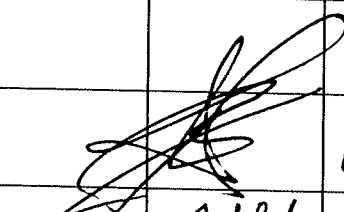
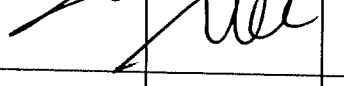
Attachments

# COMMITTEE ON GENERAL AND OMNIBUS MATTERS

*I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN*  
155 HESLER PLACE, HAGÅTNA, GUAM 96910

An Act To Amend Section 8158, Article 1, Chapter 8, Title 4 Of The Guam Code Annotated Relative To Authorizing The Board Of Trustees To Invest Up To Thirty Percent (30%) Of Retirement Fund Assets At Cost In Investment Funds Such As Investment Trusts, Mutual Funds, Common Trust Funds And Commingled Funds.

## VOTING SHEET

|                                | SIGNATURE   | TO PASS                             | NOT TO PASS              | TO REPORT OUT OF COMMITTEE | ABSTAIN                  | INACTIVE FILE            |
|--------------------------------|---|-------------------------------------|--------------------------|----------------------------|--------------------------|--------------------------|
| Mark Forbes, Chairman          |    | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Edward J.B. Calvo              |    | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Lawrence F. Kasperbauer, Ph.D. |   | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Jesse A. Lujan                 |   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Ray Tenorio                    |  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Michael Cruz, M.D.             |  | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Lou A. Leon Guerrero           |   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Judith T. Won Pat              |   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |
| Benjamin J.F. Cruz             |   | <input type="checkbox"/>            | <input type="checkbox"/> | <input type="checkbox"/>   | <input type="checkbox"/> | <input type="checkbox"/> |



***I Mina' Bente Ocho Na Liheslaturan Guahan***  
**The 28<sup>th</sup> Guam Legislature**

155 Hesler Place  
Hagatna, Guam 96910  
Office (671) 472-3407 • Fax (671) 472-3510

**Speaker Mark Forbes**

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**WAIVER OF FISCAL NOTE**

In accordance with §9105 Title 2 GCA, I hereby certify that prompt committee action on Bill 295 is necessary to the proper conduct of legislative business. Therefore, I am waiving requirement of a fiscal note on Bill 295.

MARK FORBES  
Speaker and Chairman,  
Committee on General and Omnibus Matters

**I MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN  
COMMITTEE ON GENERAL & OMNIBUS MATTERS  
SPEAKER MARK FORBES, CHAIRMAN**

**COMMITTEE REPORT  
ON  
BILL NO. 295 (EC)**

**AN ACT TO AMEND SECTION 8158, ARTICLE 1, CHAPTER 8,  
TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO  
AUTHORIZING THE BOARD OF TRUSTEES TO INVEST UP TO  
THIRTY PERCENT (30%) OF RETIREMENT FUND ASSETS AT  
COST IN INVESTMENT FUNDS SUCH AS INVESTMENT TRUSTS,  
MUTUAL FUNDS, COMMON TRUST FUNDS AND COMMINGLED  
FUNDS.**

## **I. OVERVIEW**

The Committee on General and Omnibus Matters held a public hearing at 9:00 a.m. on May 03, 2006 in the Session Hall, I Liheslaturan Guåhan. Public notice was given to all media (see facsimile confirmation page) on April 26 and May 01, 2006.

Senators present at the public hearing were:

Speaker Mark Forbes, Chairman  
Senator Benjamin J.F. Cruz, Member  
Senator Robert Klitzkie

## **II. SUMMARY OF TESTIMONY**

Individuals that appeared before the Committee to present oral and written testimony on the bill were as follows:

**Ms. Paula Blas**, Acting Director, Guam Retirement Fund, oral and written testimony in support of Bill No. 295. Ms. Blas said that Bill 295 will increase opportunity for investment and will also reduce the risk for diversifying funds. Ms. Blas presented written testimony (see attachments).

**Mr. Terry Dennison**, Investment Consultant, Mercer Investments, oral and written testimony in support of Bill 295. Mr. Dennison said that the intent of Bills 295 and 296 is to assist the fund by allowing additional investment vehicles to be part of the Retirement Fund's portfolio. Currently the Retirement Fund is using investment vehicles that have not changed since the 1950's. He further explained that since the passage of the current investment mandates the introduction of new investment vehicles that can provide better diversification and lower cost should be allowed to be part of the Retirement Fund's investment selection. He said that back then, people used to collect from dividends, today, that practice has changed. Mr. Dennison presented supporting documents in reference to investment opportunities.

**Mr. Vicente Pangelinan**, private citizen, oral testimony in support of Bill 295. Mr. Pangelinan said he is a member of the DC plan. Mr. Pangelinan said that he supports the theory behind Bills 295 and 296. He said he expects that there should be a greater fiduciary responsibility on the Retirement Fund, given the opportunity to invest in other investment vehicles, however, he cautioned lawmakers to act with due diligence when deliberating on these bills.

## **FINDINGS AND RECOMMENDATION**

The Committee on General and Omnibus Matters finds that Bill 295 lifts the restrictions on investment Funds held in trust by the Fund. Specifically, allowing the Fund to invest in lower cost investment vehicles such as index funds, common trust funds, and co-mingled funds that provide lower costs with little added risk to the Fund.

Accordingly, the Committee on General and Omnibus Matters to which BILL No. 295 (EC) was referred does hereby submit its findings and recommendations to I Mina' Bente Ocho Na Liheslaturan

Guåhan **TO DO PASS BILL No. 295 (EC)**, “An Act To Amend Section 8158, Article 1, Chapter 8, Title 4 Of The Guam Code Annotated Relative To Authorizing The Board Of Trustees To Invest Up To Thirty Percent (30%) Of Retirement Fund Assets At Cost In Investment Funds Such As Investment Trusts, Mutual Funds, Common Trust Funds And Commingled Funds.”

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN  
2006 (SECOND) Regular Session

Bill No. 295 (E)

Introduced by:

Mark Forbes

AN ACT TO AMEND SECTION 8158, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO AUTHORIZING THE BOARD OF TRUSTEES TO INVEST UP TO THIRTY PERCENT (30%) OF RETIREMENT FUND ASSETS AT COST IN INVESTMENT FUNDS SUCH AS INVESTMENT TRUSTS, MUTUAL FUNDS, COMMON TRUST FUNDS AND COMMINGLED FUNDS.

1        **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2        **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that the statutory restrictions governing investment of funds held in trust for  
4 benefit of Defined Benefit Plan members and beneficiaries effectively exclude  
5 investments in lower cost investment vehicles such as passively-managed  
6 index funds. *I Liheslaturan Guåhan* further finds that institutional investments  
7 in common trust funds and commingled funds often have lower costs than  
8 investments in mutual fund vehicles, with lower or little added risk.



1            *I Liheslaturan Guåhan* therefore intends to authorize the Trustees of the  
2 Defined Benefit Plan to exercise their discretion to invest up to thirty percent  
3 (30%) of Retirement Fund assets at cost in investments held in lower-cost  
4 investment vehicles, providing the additional opportunity to improve the  
5 overall risk/return of the investment portfolio for the benefit of the Retirement  
6 Fund as a whole. *I Liheslaturan Guåhan* further intends that the thirty percent  
7 (30%) quantitative limitation is to pertain solely to those investment vehicles  
8 described in Section 8158 (investment funds) and is not intended to apply to,  
9 or impose further limits on, any of the other quantitative limitations in the  
10 Defined Benefit Plan statute pertaining to direct investments in specific asset  
11 classes such as common or capital stock, preferred stock, or bonds.  
12 Conversely, none of the quantitative limitations (e.g., maximum percentage  
13 investments) or qualitative requirements (e.g., dividend payout requirements)  
14 expressly applicable to direct investments in common or capital stock,  
15 preferred stock, or bonds are intended to apply to, or impose further limits on,  
16 the quantitative limitations (thirty percent (30%) maximum) or qualitative  
17 requirements for assets held in the investment fund vehicles described in  
18 Section 8158.

19            **SECTION 2. Section 8158, Article 1, Chapter 8, Title 4 of the Guam**  
20 **Code Annotated is amended to read:**

21            **§ 8158. Investment Funds.** (a) Common or capital shares of any  
22 investment trust or mutual fund registered with the Securities and Exchange

1 Commission under the Investment Company Act of 1940, as from time to time  
2 amended, provided that the cost of the shares acquired is no greater than their  
3 net asset value on the date of acquisition.

4 (b) Units in any common trust fund or commingled fund maintained  
5 at a custodian meeting the requirements of §8144 (Custodian) and advised or  
6 sub-advised by an investment management organization meeting the  
7 requirements of §8145 (Investment Agent).

8 (bc) Preferred shares of any investment trust or mutual fund registered  
9 with the Securities and Exchange Commission under the Investment  
10 Company Act of 1940, as from time to time amended, provided that:

11 (1) The number of issued and outstanding common or capital  
12 shares multiplied by their asset value per share, plus;

13 (2) The number of issued and outstanding preferred shares  
14 multiplied by their par or stated value, is at least fifty percent (50%)  
15 greater than the number of issued and out-standing preferred shares  
16 multiplied by their par or stated value. For purposes of this Section, the  
17 number of issued and outstanding shares shall be taken as of the latest  
18 available public report of such investment trust or mutual fund.  
19 Preferred shares as described in this Subsection shall not be subject to  
20 the provisions of §8156.

21 (ed) The term "net asset value" as used in this Section shall mean the  
22 total quoted or estimated market value of all securities or other assets owned,

1 less that total of all determinable liabilities, as reported by such common trust  
2 fund, commingled fund, investment trust or mutual fund.

3 (de) Limitation:

4 (1) The investment in units, preferred, common and capital stock  
5 of any one common trust fund, commingled fund, investment trust or  
6 mutual fund shall not exceed five percent (5%) of the Fund at cost; and

7 (2) The aggregate of all investments under this Section shall not  
8 exceed ~~ten~~ thirty percent (~~10~~30%) of the Fund at cost.

9 **SECTION 3. Effective Date.** The provisions contained within this  
10 Chapter shall become effective upon enactment.

11 **SECTION 4. Severability.** If any provision of this Act or its  
12 application to any person or circumstances is held invalid, the invalidity shall  
13 not affect other provisions or applications of this Act which can be given effect  
14 without the invalid provision or application, and to this end the provisions of  
15 this Act are severable.

16



**AGENDA**  
**COMMITTEE ON GENERAL & OMNIBUS MATTERS**  
**EXECUTIVE COMMITTEE**

**Public Hearing**  
**Wednesday, May 3, 2006, 9:00 a.m.**  
**Session Hall**

**The following Appointments & Bills will be heard by the Committee on General & Omnibus Matters:**

**Appointments:**

Governor's appointment of Jay L. Lather to serve as a member of the Guam Land Use Commission

Governor's appointment of Lisa P. Arriola to serve as a member of the Guam Land Use Commission

Governor's appointment of Lawrence S. Rivera to serve as a member of the Guam Land Use Commission

Governor's appointment of Keith L. Camacho to serve as a member of the Guam Historic Preservation Review Board

**Bills:**

Bill No. 259 (EC)– by R. Klitzkie

An Act To Request The United States Congress To Add A New Subsection (C) To Section 7 Of The Organic Act Of Guam To Patriate The Organic Act And To Amend 3 Gca Ch.17 Art. 4 To Provide The Means To Amend The Patriated Organic Act.

Bill No. 278 (EC)– by Mark Forbes

An Act To Create A New Zone And To Zone Lot No. 10155-6 And Lot No. 10155-7 Municipality Of Dededo.

Bill No. 293 (EC) – Mark Forbes

An Act To Amend Sections 8201(M), 8206, 8206.1, And 8207 Of Article 2, Chapter 8, Title 4 Of The Guam Code Annotated, Relative To Clarifying Eligibility For Membership In The Defined Contribution Retirement System And Suspending Annuities Of Defined Benefit Plan Retirees Enrolled In The Defined Contribution Retirement System; To Amend Sections 8210 And 8211 To Clarify Vesting And Distribution Provisions; To Amend Section 8216 To Authorize Assignments Pursuant To Court Ordered Child Support And Alimony Payments; And To Amend Section 8217 To Clarify That Administrative Fees, Charges, And Forfeitures May Be Applied To Offset The Defined Contribution Retirement System Start Up Costs.

Bill No. 295 (EC) – Mark Forbes

An Act To Amend Section 8158, Article 1, Chapter 8, Title 4 Of The Guam Code Annotated Relative To Authorizing The Board Of Trustees To Invest Up To Thirty Percent (30%) Of Retirement Fund Assets At Cost In Investment Funds Such As Investment Trusts, Mutual Funds, Common Trust Funds And Commingled Funds.

Bill No. 296 (EC) – Mark Forbes

An Act To Amend Section 8157 Of Article 1, Chapter 8, Title 4 Of The Guam Code Annotated, Relative To Permitting Limited Investments In Companies Lacking Multi-Year Track Records For Profit And Dividends So As To Allow The Defined Benefit Plan To Own Stock In Multi-Sized And Growth Companies In Rough Proportion To The Weight They Collectively Represent In The Overall Market.

# Transmission Report

Date/Time  
Local ID  
Local Name  
Company Logo

4-26-06; 3:04PM  
4723510  
Speakers Office

This document was confirmed.  
(reduced sample and details below)  
Document Size Letter-S



**I Mina' Bente Ocho Na Liheslaturan Guahan**  
The 28<sup>th</sup> Guam Legislature

155 Hessler Place  
Hagatna, Guam 96910  
Office (871) 472-3407 • Fax (871) 472-3510

**Speaker Mark Forbes**

April 26, 2006

**MEMORANDUM**

**TO:** All Media:  
Pacific Daily News; 477-3079 KUAM; 637-9870  
Marianas Variety; 648-2007 K-57/Power 98; 477-3982  
K-Stereo; 477-6411 HR Radio 100; 472-7663  
Olimpico-Gu. Business 649-8883 Adventist World Radio 565-2983  
Harvest Family Radio 477-7136 KPRG 734-2958  
KISH 477-6411 Xtreme Live  
ABC 14 637-8819

**FROM:** Speaker  
Chairman, Committee on General & Omnibus Matters

**SUBJECT:** Notice of Public Hearing- Wednesday May 3, 2006

Please be informed that I have scheduled a public hearing on Wednesday, May 3, 2006, 9:00 a.m. at the Session Hall, Temporary Legislative Building, on the following appointments & bills:

The following Appointments & Bills will be heard by the Committee on General & Omnibus Matters:

Appointments:

- Governor's appointment of Jay L. Lather to serve as a member of the Guam Land Use Commission
- Governor's appointment of Liam P. Ariola to serve as a member of the Guam Land Use Commission
- Governor's appointment of Lawrence S. Rivera to serve as a member of the Guam Land Use Commission
- Governor's appointment of Keith L. Camacho to serve as a member of the Guam Historic Preservation Review Board

Bills:

Bill No. 259 (EC)- by R. Kikizik  
An Act To Request The United States Congress To Add A New Subsection (C) To Section 7 Of The Organic Act Of Guam To Parks To The Organic Act And To Amend 5 Gsa Ch.17 Art. 4 To Provide The Means To Amend The Patriated Organic Act.

Bill No. 278 (EC)- by Mark Forbes  
An Act To Create A New Zone And To Zone Lot No. 10155-6 And Lot No. 10155-7 Municipality Of Dededo.

Total Pages Scanned : 2 Total Pages Confirmed : 2

| No. | Doc | Remote Station | Start Time      | Duration | Pages | Mode | Comments | Results |
|-----|-----|----------------|-----------------|----------|-------|------|----------|---------|
| 1   | 902 | 4727663        | 4-26-06; 3:03PM | 31"      | 2 / 2 | EC   |          | CP 28.8 |

Notes :

EC: Error Correct  
BC: Broadcast Send  
CP: Completed  
HS: Host Scan  
HF: Host Fax

RE: Resend  
MP: Multi-Poll  
RM: Receive to Memory  
HP: Host Print  
HR: Host Receive

PD: Polled by Remote  
PG: Polling a Remote  
DR: Document Removed  
FO: Forced Output  
FM: Forward Mailbox Doc.

MB: Receive to Mailbox  
PI: Power Interruption  
TM: Terminated by user  
WT: Waiting Transfer  
WS: Waiting Send

# Transmission Report

Date/Time  
Local ID  
Local Name  
Company Logo

4-26-06; 2:37PM  
4723510  
Speakers Office

This document was confirmed.  
(reduced sample and details below)  
Document Size Letter-S



**I Mina' Bente Ocho Na Liheslaturan Guahan**  
**The 28<sup>th</sup> Guam Legislature**

155 Healer Place  
Hagatna, Guam 96810  
Office (871) 472-3407 • Fax (871) 472-3510

**Speaker Mark Forbes**

Facsimile

Date: April 26, 2006 Time:  
Fax No.: 477-3079 No. of Pages:  
To: PDN Government Meetings  
From: The Office of Speaker Mark Forbes  
Re: Public Hearing Notice- Wednesday, May 3, 2006  
Note: We would like to reserve space in the government meeting notice section of the Pacific Daily News for Thursday, April 27, Friday, April 28, Sunday, April 30, Monday, May 01, Tuesday, May 02, and Wednesday, May 03, 2006 to read:

"Committee on General & Omnibus Matters: Public Hearing, Wednesday, May 3, 2006, 9:00 a.m., Session Hall, Temporary Legislative Building, Hagatna, Guam. The following Appointments & Bills will be heard;

Appointments:

Governor's appointment of Jay L. Lather to serve as a member of the Guam Land Use Commission

Governor's appointment of Lisa P. Arriola to serve as a member of the Guam Land Use Commission

Governor's appointment of Lawrence S. Rivera to serve as a member of the Guam Land Use Commission

Governor's appointment of Keith L. Carnacho to serve as a member of the Guam Historic Preservation Review Board

Bills:

Bill No. 259 (EC)- by R. Klitzke  
An Act To Request The United States Congress To Add A New Subsection (C) To Section 7 Of The Organic Act Of Guam To Patriate The Organic Act And To Amend 3 Gca Ch.17 Art. 4 To Provide The Means To Amend The Patriated Organic Act.

Total Pages Scanned : 2 Total Pages Confirmed : 2

| No. | Doc | Remote Station | Start Time      | Duration | Pages | Mode | Comments | Results |
|-----|-----|----------------|-----------------|----------|-------|------|----------|---------|
| 1   | 891 | 4773079        | 4-26-06; 2:36PM | 1'03"    | 2/ 2  | EC   |          | CP 14.4 |

Notes :

|                    |                       |                          |                        |
|--------------------|-----------------------|--------------------------|------------------------|
| EC: Error Correct  | RE: Resend            | PD: Polled by Remote     | MB: Receive to Mailbox |
| BC: Broadcast Send | MP: Multi-Poll        | PG: Polling a Remote     | PI: Power Interruption |
| CP: Completed      | RM: Receive to Memory | DR: Document Removed     | TM: Terminated by user |
| HS: Host Scan      | HP: Host Print        | FO: Forced Output        | WT: Waiting Transfer   |
| HF: Host Fax       | HR: Host Receive      | FM: Forward Mailbox Doc. | WS: Waiting Send       |

# Activity Report

Date/Time  
Local ID  
Local Name  
Company Logo

4-26-06; 2:32PM  
4723510  
Speakers Office

\*\* Calling \*\*

| No. | Doc | Remote Station     | Start Time       | Duration | Pages | Mode | Comments | Results |
|-----|-----|--------------------|------------------|----------|-------|------|----------|---------|
| 1   | 802 | executive director | 4-20-06; 3:25PM  | 20"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 2   | 802 | clerks             | 3:26PM           | 22"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 3   | 802 | sergeant at arms   | 3:27PM           | 36"      | 1 / 1 | EC   | BC       | CP 9600 |
| 4   | 804 | sen. jesse lujan   | 3:47PM           | 1'46"    | 2 / 2 | EC   |          | CP 9600 |
| 5   |     |                    | 4-24-06; 9:38AM  |          |       |      |          | PI      |
| 6   | 845 | sen. joanne brown  | 11:13AM          | 1'46"    | 2 / 2 | EC   |          | CP 9600 |
| 7   | 847 | executive director | 11:15AM          | 28"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 8   | 847 | clerks             | 11:15AM          | 34"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 9   | 847 | sergeant at arms   | 11:16AM          | 1'02"    | 2 / 2 | EC   | BC       | CP 9600 |
| 10  | 848 | executive director | 11:18AM          | 30"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 11  | 848 | sergeant at arms   | 11:18AM          | 1'05"    | 2 / 2 | EC   | BC       | CP 9600 |
| 12  | 856 | executive director | 2:29PM           | 20"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 13  | 856 | clerks             | 2:30PM           | 25"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 14  | 856 | sergeant at arms   | 2:31PM           | 37"      | 1 / 1 | EC   | BC       | CP 9600 |
| 15  | 858 | GUAM LEGISLATURE   | 2:42PM           | 19"      | 1 / 1 | EC   |          | CP 28.8 |
| 16  | 861 | sen. joanne brown  | 4-25-06; 10:10AM | 55"      | 1 / 1 | EC   |          | CP 9600 |
| 17  | 864 | 4771173            | 10:17AM          | 2'04"    | 8 / 8 | EC   |          | CP 28.8 |
| 18  | 866 | 4771173            | 10:20AM          | 1'15"    | 5 / 5 | EC   |          | CP 28.8 |
| 19  | 867 | 4771173            | 10:21AM          | 53"      | 4 / 4 | EC   |          | CP 28.8 |
| 20  | 877 | 4771173            | 3:29PM           | 1'01"    | 4 / 4 | EC   |          | CP 28.8 |
| 21  | 886 | pdn                | 4-26-06; 2:06PM  | 40"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 22  | 886 | marianas variety   | 2:07PM           | 41"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 23  | 886 | k stereo           | 2:08PM           | 40"      | - / 2 |      | BC       | 0510    |
| 24  | 886 | glimpses           | 2:09PM           | 37"      | 2 / 2 | EC   | BC       | CP 26.4 |
| 25  | 886 | harvest radio      | 2:10PM           | 22"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 26  | 886 | kuam               | 2:10PM           | 33"      | 2 / 2 | EC   | BC       | CP 26.4 |
| 27  | 886 | power ninty eight  | 2:11PM           | 39"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 28  | 886 | hit radio          | 2:12PM           | 22"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 29  | 886 | adventist radio    | 2:13PM           | 50"      | 2 / 2 | EC   | BC       | CP 9600 |
| 30  | 886 | kprg               | 2:14PM           | 1'08"    | 2 / 2 | G3   | BC       | CP 9600 |
| 31  | 886 | riene live         | 2:16PM           | 42"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 32  | 886 | abc fourteen       | 2:17PM           | 22"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 33  | 888 | sen. frank aguon   | 2:18PM           | 31"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 34  | 888 | sen. joanne brown  | 2:18PM           | 1'38"    | 2 / 2 | EC   | BC       | CP 9600 |
| 35  | 888 | sen. eddie calvo   | 2:20PM           | 41"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 36  | 888 | sen. b.j. cruz     | 2:21PM           | 40"      | 2 / 2 | EC   | BC       | CP 31.2 |
| 37  | 888 | sen. mike cruz     | 2:22PM           | 30"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 38  | 888 | sen. kasperbauer   | 2:23PM           | 60"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 39  | 888 | sen. kiltzie       | 2:25PM           | 1'14"    | 2 / 2 | G3   | BC       | CP 14.4 |
| 40  | 888 | sen. jesse lujan   | 2:26PM           | 1'39"    | 2 / 2 | EC   | BC       | CP 9600 |
| 41  | 888 | sen. palacios      | 2:29PM           | 37"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 42  | 888 | sen. respicio      | 2:30PM           | 31"      | 2 / 2 | EC   | BC       | CP 28.8 |

Total 85

\*\* Called \*\*

| No. | Doc | Remote Station | Start Time       | Duration | Pages | Mode | Comments | Results |
|-----|-----|----------------|------------------|----------|-------|------|----------|---------|
| 1   | 831 | 671 647 0241   | 4-21-06; 7:39AM  | 26"      | 1     | EC   |          | CP 26.4 |
| 2   | 833 | 671            | 8:47AM           | 29"      | 1     | EC   |          | CP 26.4 |
| 3   | 835 | 671 477 3184   | 11:22AM          | 28"      | 2     | EC   |          | CP 26.4 |
| 4   | 837 | 671            | 2:30PM           | 31"      | 1     | EC   |          | CP 9600 |
| 5   | 839 | 7344130        | 3:47PM           | 1'31"    | 3     | EC   |          | CP 9600 |
| 6   | 843 | 671 632 8116   | 4-24-06; 10:35AM | 46"      | 1     | EC   |          | CP 9600 |
| 7   | 852 | UOG EMSS       | 12:37PM          | 1'09"    | 4     | EC   |          | CP 26.4 |
| 8   | 854 | 6490712        | 2:06PM           | 21"      | 1     | EC   |          | CP 26.4 |
| 9   | 873 | +6716482787    | 4-25-06; 11:39AM | 51"      | 3     | EC   |          | CP 21.6 |
| 10  | 875 | +6716482787    | 2:20PM           | 57"      | 3     | EC   |          | CP 21.6 |
| 11  | 880 | 7340317        | 4-26-06; 10:54AM | 1'02"    | 1     | EC   |          | CP 9600 |
| 12  | 882 | 6378609        | 11:02AM          | 40"      | 1     | EC   |          | CP 14.4 |

Total 22

Notes :

|                    |                       |                          |                        |
|--------------------|-----------------------|--------------------------|------------------------|
| EC: Error Correct  | RE: Resend            | PD: Polled by Remote     | MB: Receive to Mailbox |
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*I Mina' Bente Ocho Na Liheslaturan Guahan*  
The 28<sup>th</sup> Guam Legislature

155 Hesler Place  
Hagatna, Guam 96910  
Office (671) 472-3407 • Fax (671) 472-3510

**Speaker Mark Forbes**

Facsimile

**Date:** May 01, 2006      **Time:**  
**Fax No.:** 477-3079      **No. of Pages:**  
**To:** PDN Government Meetings  
**From:** The Office of Speaker Mark Forbes  
**Re:** **Public Hearing Notice- Wednesday, May 3, 2006**  
**Note:** **We would like to reserve space in the government meeting notice section of the Pacific Daily News for Tuesday, May 02, and Wednesday, May 03, 2006 to read:**

“Committee on General & Omnibus Matters: Public Hearing, Wednesday, May 3, 2006, 9:00 a.m., Session Hall, Temporary Legislative Building, Hagatña, Guam. The following Appointments & Bills will be heard;

**Appointments:**

Governor’s appointment of Jay L. Lather to serve as a member of the Guam Land Use Commission

Governor’s appointment of Lisa P. Arriola to serve as a member of the Guam Land Use Commission

Governor’s appointment of Lawrence S. Rivera to serve as a member of the Guam Land Use Commission

Governor’s appointment of Keith L. Camacho to serve as a member of the Guam Historic Preservation Review Board

**Bills:**

Bill No. 259 (EC)– by R. Klitzkie  
An Act To Request The United States Congress To Add A New Subsection (C) To Section 7 Of The Organic Act Of Guam To Patriate The Organic Act And To Amend 3 Gca Ch.17 Art. 4 To Provide The Means To Amend The Patriated Organic Act.

# Transmission Report

Date/Time  
 Local ID  
 Local Name  
 Company Logo

5- 1-06; 9:39AM  
 4723510  
 Speakers Office

This document was confirmed.  
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 Document Size 5.5x8.5"

Total Pages Scanned : 2 Total Pages Confirmed : 2

| No. | Doc | Remote Station | Start Time      | Duration | Pages | Mode | Comments | Results |
|-----|-----|----------------|-----------------|----------|-------|------|----------|---------|
| 1   | 967 | 4773079        | 5- 1-06; 9:38AM | 45"      | 2 / 2 | EC   |          | CP 14.4 |

**Notes :**

|                    |                       |                          |                        |
|--------------------|-----------------------|--------------------------|------------------------|
| EC: Error Correct  | RE: Resend            | PD: Polled by Remote     | MB: Receive to Mailbox |
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*I Mina' Bente Ocho Na Liheslaturan Guahan*  
The 28<sup>th</sup> Guam Legislature

155 Hesler Place  
Hagatna, Guam 96910  
Office (671) 472-3407 • Fax (671) 472-3510

**Speaker Mark Forbes**

May 01, 2006

**MEMORANDUM**

**TO:** **All Media:**  
Pacific Daily News; 477-3079 KUAM; 637-9870  
Marianas Variety; 648-2007 K-57/Power 98; 477-3982  
K-Stereo; 477-6411 Hit Radio 100; 472-7663  
Glimpses-Gu. Business 649-8883 Adventist World Radio 565-2983  
Harvest Family Radio 477-7136 KPRG 734-2958  
KISH 477-6411 Rlene Live  
ABC 14 637-8819

**FROM:** Speaker ~~Mark Forbes~~  
Chairman, Committee on General & Omnibus Matters

**SUBJECT:** Notice of Public Hearing- **Wednesday May 3, 2006**

Please be informed that I have scheduled a public hearing on Wednesday, May 3, 2006, 9:00 a.m. at the Session Hall, Temporary Legislative Building, on the following appointments & bills:

**The following Appointments & Bills will be heard by the Committee on General & Omnibus Matters;**

**Appointments:**

Governor's appointment of Jay L. Lather to serve as a member of the Guam Land Use Commission  
Governor's appointment of Lisa P. Arriola to serve as a member of the Guam Land Use Commission  
Governor's appointment of Lawrence S. Rivera to serve as a member of the Guam Land Use Commission  
Governor's appointment of Keith L. Camacho to serve as a member of the Guam Historic Preservation Review Board

**Bills:**

Bill No. 259 (EC)- by R. Klitzkie  
An Act To Request The United States Congress To Add A New Subsection (C) To Section 7 Of The Organic Act Of Guam To Patriate The Organic Act And To Amend 3 Gca Ch.17 Art. 4 To Provide The Means To Amend The Patriated Organic Act.

Bill No. 278 (EC)- by Mark Forbes  
An Act To Create A New Zone And To Zone Lot No. 10155-6 And Lot No. 10155-7 Municipality Of Dededo.

# Activity Report

Date/Time  
Local ID  
Local Name  
Company Logo

5- 1-06;11:31AM  
4723510  
Speakers Office

\* Calling \*\*

| No. | Doc | Remote Station    | Start Time      | Duration | Pages | Mode | Comments | Results |
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| 1   | 967 | 4773079           | 5- 1-06; 9:38AM | 45"      | 2 / 2 | EC   |          | CP 14.4 |
| 2   | 969 | pdn               | 9:39AM          | 59"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 3   | 969 | marianas variety  | 9:41AM          | 60"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 4   | 969 | k stereo          | 9:42AM          | 39"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 5   | 969 | glimpses          | 9:43AM          | 43"      | 2 / 2 | EC   | BC       | CP 26.4 |
| 6   | 969 | harvest radio     | 9:44AM          | 33"      | 2 / 2 | EC   | BC       | CP 26.4 |
| 7   | 969 | kuam              | 9:45AM          | 42"      | 2 / 2 | EC   | BC       | CP 26.4 |
| 8   | 969 | power ninty eight | 9:46AM          | 57"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 9   | 969 | hit radio         | 9:47AM          | 31"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 10  | 969 | adventist radio   | 9:48AM          | 1'18"    | 2 / 2 | EC   | BC       | CP 9600 |
| 11  | 969 | kprg              | 9:50AM          | 2'01"    | 2 / 2 | G3   | BC       | CP 9600 |
| 12  | 969 | riene live        | 9:52AM          | 1'01"    | 2 / 2 | EC   | BC       | CP 14.4 |
| 13  | 969 | abc fourteen      | 9:53AM          | 31"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 14  | 972 | sen. frank aguon  | 9:54AM          | 32"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 15  | 972 | sen. joanne brown | 9:55AM          | 1'38"    | 2 / 2 | EC   | BC       | CP 9600 |
| 16  | 972 | sen. eddie calvo  | 9:57AM          | 34"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 17  | 972 | sen. b. j. cruz   | 9:58AM          | 29"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 18  | 972 | sen. mike cruz    | 9:59AM          | 31"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 19  | 972 | sen. kasperbauer  | 10:00AM         | 60"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 20  | 972 | sen. klitzie      | 10:01AM         | 1'14"    | 2 / 2 | G3   | BC       | CP 14.4 |
| 21  | 972 | sen. jesse lujan  | 10:03AM         | 1'39"    | 2 / 2 | EC   | BC       | CP 9600 |
| 22  | 972 | sen. palacios     | 10:05AM         | 37"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 23  | 972 | sen. respicio     | 10:06AM         | 31"      | 2 / 2 | EC   | BC       | CP 28.8 |
| 24  | 972 | sen. tenorio      | 10:07AM         | 2'18"    | 2 / 2 | G3   | BC       | CP 9600 |
| 25  | 972 | sen. unpingco     | 10:10AM         | 56"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 26  | 972 | sen. won pat      | 10:11AM         | 56"      | 2 / 2 | EC   | BC       | CP 14.4 |
| 27  | 973 | 4773079           | 10:12AM         | 36"      | 1 / 1 | EC   |          | CP 14.4 |
| 28  | 974 | pdn               | 10:13AM         | 34"      | 1 / 1 | EC   | BC       | CP 14.4 |
| 29  | 974 | marianas variety  | 10:14AM         | 35"      | 1 / 1 | EC   | BC       | CP 14.4 |
| 30  | 974 | k stereo          | 10:15AM         | 40"      | - / 1 |      | BC       | 0510    |
| 31  | 974 | glimpses          | 10:16AM         | 25"      | 1 / 1 | EC   | BC       | CP 26.4 |
| 32  | 974 | harvest radio     | 10:17AM         | 37"      | - / 1 |      | BC       | 053F    |
| 33  | 974 | kuam              | 10:18AM         | 26"      | 1 / 1 | EC   | BC       | CP 26.4 |
| 34  | 974 | power ninty eight | 10:18AM         | 34"      | 1 / 1 | EC   | BC       | CP 14.4 |
| 35  | 974 | hit radio         | 10:19AM         | 21"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 36  | 974 | adventist radio   | 10:20AM         | 1'08"    | 1 / 1 | EC   | BC       | CP 9600 |
| 37  | 974 | kprg              | 10:22AM         | 1'01"    | 1 / 1 | G3   | BC       | CP 9600 |
| 38  | 974 | riene live        | 10:23AM         | 34"      | 1 / 1 | EC   | BC       | CP 14.4 |
| 39  | 974 | abc fourteen      | 10:24AM         | 20"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 40  | 975 | sen. frank aguon  | 10:25AM         | 21"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 41  | 975 | sen. joanne brown | 10:25AM         | 52"      | 1 / 1 | EC   | BC       | CP 9600 |
| 42  | 975 | sen. eddie calvo  | 10:27AM         | 26"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 43  | 975 | sen. b. j. cruz   | 10:27AM         | 30"      | 1 / 1 | EC   | BC       | CP 31.2 |
| 44  | 975 | sen. mike cruz    | 10:28AM         | 20"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 45  | 975 | sen. kasperbauer  | 10:29AM         | 37"      | 1 / 1 | EC   | BC       | CP 14.4 |
| 46  | 975 | sen. klitzie      | 10:30AM         | 47"      | 1 / 1 | G3   | BC       | CP 14.4 |
| 47  | 975 | sen. jesse lujan  | 10:31AM         | 52"      | 1 / 1 | EC   | BC       | CP 9600 |
| 48  | 975 | sen. palacios     | 10:33AM         | 24"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 49  | 975 | sen. respicio     | 10:34AM         | 20"      | 1 / 1 | EC   | BC       | CP 28.8 |
| 50  | 975 | sen. tenorio      | 10:34AM         | 1'14"    | 1 / 1 | G3   | BC       | CP 9600 |
| 51  | 975 | sen. unpingco     | 10:36AM         | 35"      | 1 / 1 | EC   | BC       | CP 14.4 |
| 52  | 975 | sen. won pat      | 10:37AM         | 34"      | 1 / 1 | EC   | BC       | CP 14.4 |

Total 76

\* Called \*\*

| No. | Doc | Remote Station | Start Time      | Duration | Pages | Mode | Comments | Results |
|-----|-----|----------------|-----------------|----------|-------|------|----------|---------|
| 1   | 963 | 671 7341003    | 4-28-06; 3:56PM | 43"      | -     | G3   |          | 053F    |
| 2   | 965 | 671 7341003    | 3:58PM          | 50"      | 1     | G3   |          | CP 9600 |

Total 1

Notes :

|                   |                       |                          |                        |
|-------------------|-----------------------|--------------------------|------------------------|
| C: Error Correct  | RE: Resend            | PD: Polled by Remote     | MB: Receive to Mailbox |
| C: Broadcast Send | MP: Multi-Poll        | PG: Polling a Remote     | PI: Power Interruption |
| P: Completed      | RM: Receive to Memory | DR: Document Removed     | TM: Terminated by user |
| S: Host Scan      | HP: Host Print        | FO: Forced Output        | WT: Waiting Transfer   |
| F: Host Fax       | HR: Host Receive      | FM: Forward Mailbox Doc. | WS: Waiting Send       |



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

Felix P. Camacho  
 Governor

Kaleo S. Moylan  
 Lieutenant Governor

Paula M. Blas  
 Acting Director

Trustees:

Joe T. San Agustin  
 Chairman

March 29, 2006

**Office of the Speaker**

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

MARK FORBES

Date: 3/29/06

Time: 12:00 pm.

Rec'd by: [Signature]

Print Name: [Signature]

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

The Honorable Mark Forbes  
 Speaker  
 Chairman, Committee on General and Omnibus Matters  
*I Mina' Bente Ocho Na Liheslaturan Guåhan*  
 324 W. Soledad Avenue  
 Hagåtña, Guam 96910

Katherine T.E. Taltano  
 Trustee  
 Treasurer

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

Re: Government of Guam Retirement Fund Omnibus Bill  
 to 4 G.C.A., Chapter 8, Article 1 (Defined Benefit Plan) and  
 Article 2 (Defined Contribution Plan)

Anthony C. Blaz  
 Trustee  
 Audit & Operations Committee, Chairman

Dear Speaker Forbes:

Gerard A. Cruz  
 Trustee

At its March 10, 2006 Board Meeting, the Government of Guam Retirement Fund Board of Trustees passed Resolution No. 2006-001 in support of the attached omnibus bill. I am transmitting the necessary statutory amendments as approved by the Retirement Fund Board of Trustees to be considered and passed by the 28<sup>th</sup> Guam Legislature.

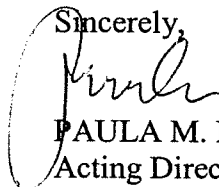
Enclosed is the required statutory language:

AN ACT TO AMEND SECTIONS 8201(m), 8206, 8206.1, AND 8207 OF, ARTICLE 2, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO CLARIFYING ELIGIBILITY FOR MEMBERSHIP IN THE DEFINED CONTRIBUTION RETIREMENT SYSTEM AND SUSPENDING ANNUITIES OF DEFINED BENEFIT PLAN RETIREES ENROLLED IN THE DEFINED BENEFIT PLAN RETIREES ENROLLED IN THE DEFINED CONTRIBUTION RETIREMENT SYSTEM; TO AMEND SECTIONS 8210 AND 8211 TO CLARIFY VESTING AND DISTRIBUTION PROVISIONS; TO AMEND SECTION 8216 TO AUTHORIZE ASSIGNMENTS PURUSANT TO COURT ORDERED CHILD SUPPORT AND ALIMONY PAYMENTS; AND TO AMEND SECTION 8217 TO CLARIFY THAT ADMINISTRATIVE FEES, CHARGES, AND FORFEITURES MAY

BE APPLIED TO OFFSET THE DEFINED CONTRIBUTION RETIREMENT SYSTEM START UP COSTS; AND TO AMEND SECTIONS 8140, 8140.1 AND 8141 PERTAINING TO RETIREMENT FUND PERSONNEL; AND TO AMEND SECTION 8157 OF ARTICLE 1, CHAPTER 8 TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO PERMITTING LIMITED INVESTMENTS IN COMPANIES IN LACKING MULTI-YEAR TRACK RECORDS FOR PROFIT AND DIVIDENDS SO AS TO ALLOW THE DEFINED BENEFIT PLAN TO OWN STOCK IN MULTI-SIZED AND GROWTH COMPANIES IN ROUGH PROPORTION TO THE WEIGHT THEY COLLECTIVELY REPRESENT IN THE OEVERALL MARKET; AND TO AMEND SECTION 8158 ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO AUTHORIZING THE BOARD OF TRUSTEES TO INVEST UP TO THIRTY PERCENT (30%) OF RETIREMENT FUND ASSETS AT COST IN INVESTMENT FUNDS SUCH AS INVESTMENT TRUSTS, MUTUAL FUNDS, COMMON TRUST FUNDS AND COMMINGLED FUNDS

If you require additional information or have any questions please do not hesitate to contact me at 475-8900/01 or by email at [pmbblas@ite.net](mailto:pmbblas@ite.net).

Sincerely,



PAULA M. BLAS  
Acting Director

GOVERNMENT OF GUAM RETIREMENT FUND

RESOLUTION NO. 2006 - 001

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND:

WHEREAS, the Board of Trustees in its capacity as the Board of Trustees for the Defined Contribution Retirement System (DCRS), supports legislation to amend the DCRS statute to clarify participation in the DCRS, to minimize "double dipping" by GovGuam retirees, to reflect the authorization of assignments pursuant to court-ordered child support and alimony payments, and to clarify that administrative fees, charges and forfeitures may be applied to offset DCRS start-up costs; and

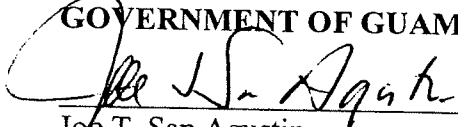
WHEREAS, the Board of Trustees in its capacity as the Board of Trustees for the Defined Benefit Plan (DB Plan) supports legislation to amend the DB Plan to enhance their ability to attract and retain personnel for key positions; and

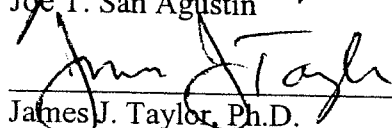
WHEREAS, the Board of Trustees in its capacity as the Board of Trustees for the DB Plan supports legislation to amend the DB Plan to increase the amount of funds that may be invested in companies lacking multi-year track records for profit and dividends so as to allow the DB Plan to own stock in multi-sized and growth companies in rough proportion to the weight they collectively represent in the overall market; and

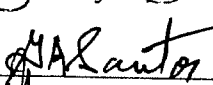
WHEREAS, the Board of Trustees in its capacity as the Board of Trustees for the DB Plan supports legislation to amend the DB Plan to increase the amount of funds that may be invested in investment funds such as investment trusts, mutual funds, common trust funds and commingled funds, to provide the DB Plan with an opportunity to improve the overall risk/return of the investment portfolio for the benefit of the Retirement Fund as a whole; and

NOW, THEREFORE, BE IT RESOLVED, that effective upon the adoption of this Resolution, the Board of Trustees of the Government of Guam Retirement Fund in exercise of its duties, hereby resolves to support the attached draft omnibus bill for the purposes set forth therein.

DULY AND REGULARLY ADOPTED BY THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND, ON THE 10<sup>th</sup> DAY OF MARCH, 2006.

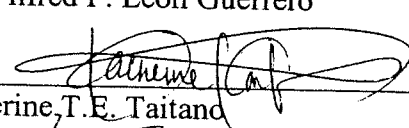
  
\_\_\_\_\_  
Joe T. San Agustin

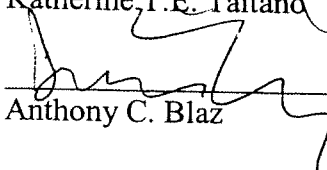
  
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James J. Taylor, Ph.D.

  
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George A. Santos

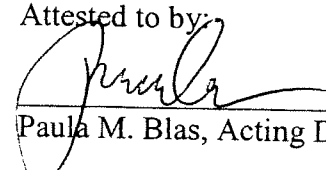
  
\_\_\_\_\_  
Gerard A. Cruz

  
\_\_\_\_\_  
Dr. Wilfred P. Leon Guerrero

  
\_\_\_\_\_  
Katherine T.E. Taitand

  
\_\_\_\_\_  
Anthony C. Blaz

Attested to by:

  
\_\_\_\_\_  
Paula M. Blas, Acting Director



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

**Felix P. Camacho**  
Governor

**Kaleo S. Moylan**  
Lieutenant Governor

**Paula M. Blas**  
Acting Director

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

May 2, 2006

The Honorable Mark Forbes  
Speaker  
I Mina' Bente Ocho Na Liheslaturan Guåhan  
155 Hesler Place  
Hagåtña, Guam 96910

Re: Testimony on Bills 295 and 296

Mr. Speaker and Committee Members of the Committee on General and Omnibus Matters. I, Paula M. Blas, Acting Director along with members from the Board of Trustees of the Government of Guam Retirement Fund, thank you for this opportunity to appear before you in full support of Bills 295 and 296.

These bills amend sections 8157 and 8158 and are intended to provide an increased opportunity for the defined benefit plan's portfolio to generate additional investment returns to improve the security of benefit payments while controlling the Fund's risk position. The Fund intends to control risk by diversifying its investments in a variety of different investment vehicles.

And, these bills address the issue of controlling risk through the use of diversification and to assist the Fund in reducing management fees while being able to provide options for short-term investments.

When passed, Bill 295 will lift the restrictions of investment funds held in trust by allowing the Fund to invest in lower cost investment vehicles such as passively managed index funds. Additionally, this amendment allows the Fund to invest in common trust funds and co-mingled funds that also provide lower costs with little added risk.

When passed, Bill 296 will also address the issue of providing greater diversification options by removing its current restrictions, and allowing the Fund to invest in investment vehicles that have a potential for growth. To illustrate, the Fund currently can only invest in dividend paying companies, therefore limiting the pool of companies from which our investment managers can select. This is contrary to our objective of allowing true diversification within the Fund's portfolio, and

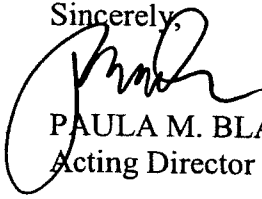
424 Route 8  
Maite, Guam 96910  
Tel: 671.475.8900  
Fax: 671.475.8922  
www.ggrf.com



limiting our potential rate of return. Although the Fund experience a positive rate of return of 9.3% per year for 3 years on investments as of 12.31.05, with the current investment restrictions, further evidence also shows that the performance of the GGRF portfolio continues to lag in comparison to its peers, US-based public pensions, where the median is 14.7%.

Thank you for your consideration and we look forward to your favorable response and passage of Bills 295 and 296.

Sincerely,



PAULA M. BLAS  
Acting Director

**Government of Guam Retirement Fund: AAPL Analysis**

| Symbol | Transaction | Date       | Quantity | Unit Price | Amount           |
|--------|-------------|------------|----------|------------|------------------|
| AAPL   | Buy         | 11/20/2001 | 100,000  | \$19.77    | \$1,978,740.00 * |
| AAPL   | Buy         | 11/21/2001 | 7,000    | \$19.60    | \$137,356.80 *   |
| AAPL   | Sell        | 11/9/2004  | 17,000   | \$53.93    | \$915,935.14 *   |
| AAPL   | Sell        | 12/7/2004  | 22,000   | \$65.23    | \$1,433,983.61 * |
| AAPL   | Sell        | 1/13/2005  | 13,000   | \$71.95    | \$934,827.82 *   |
| AAPL   | Sell        | 2/18/2005  | 8,000    | \$86.94    | \$695,068.31 *   |
| AAPL   | Sell        | 1/5/2006   | 34,000   | \$74.31    | \$2,525,741.63   |

\*Split-adjusted price: stock split 2 for 1 on 02/25/2005

**Total Return Analysis (by year):**

| Beginning Date | Price   | Ending Date | Price   | Total Return |
|----------------|---------|-------------|---------|--------------|
| 12/31/2004     | \$64.40 | 12/31/2005  | \$71.89 | 123.75%      |
| 12/31/2003     | \$21.37 | 12/31/2004  | \$64.40 | 200.45%      |
| 12/31/2002     | \$14.33 | 12/31/2003  | \$21.37 | 49.13%       |
| 12/31/2001     | \$21.90 | 12/31/2002  | \$14.33 | -34.57%      |

**Total Return Analysis (since AAPL first purchase):**

| Beginning Date     | Price   | Ending Date | Price   | Total Return      |
|--------------------|---------|-------------|---------|-------------------|
| 11/20/01 Inception | \$19.77 | 12/31/2006  | \$71.89 | 62.03% annualized |

The Government of Guam Retirement Fund (GGRF) purchased a total of 107,000 shares at a total cost of \$2,116,096.80. GGRF has sold 94,000 shares for a total of \$6,505,556.51. The value of the remaining 60,000 shares (adjusted for stock split) held as of 3/31/06 is \$3,763,200



**MERCER**

Investment Consulting

# **How To Make Use of an Additional 20% Bucket for Investment In Commingled Funds -- Part 2**

**For the Government of Guam Retirement Fund  
November, 2005**

**By Terry Dennison, Rich Nuzum, Ashish Shrestha, Ian Shea**



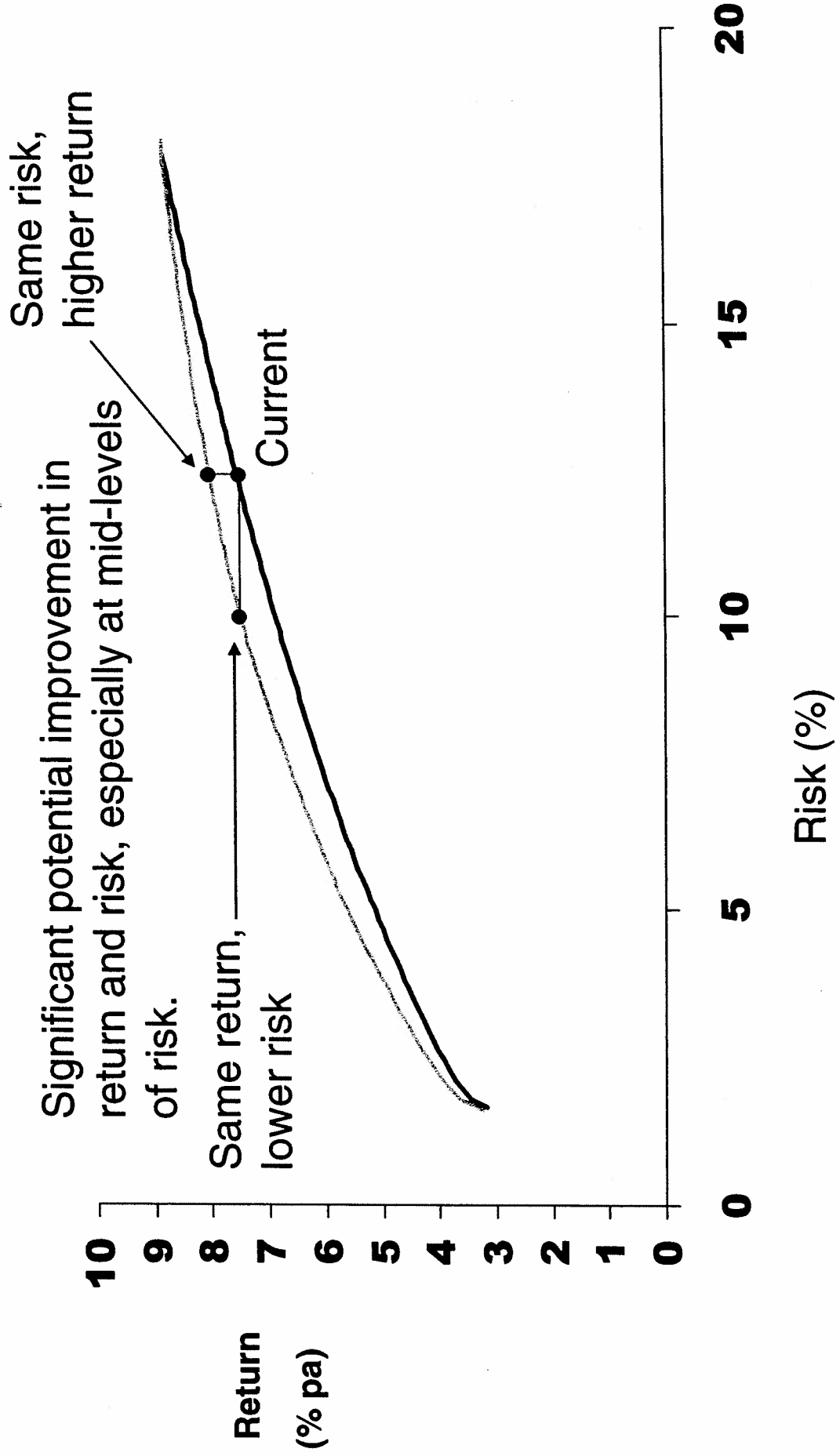
Marsh & McLennan Companies

## Which Asset Classes Does the Board Wish to Consider? (September Discussion Results)

Yes / No?

- Shares in US small companies Yes
- Shares in under-represented segments of the market Yes
- US and global high yield debt Yes
- Emerging market debt
- Real estate Yes
- Private equity Yes
- Hedge funds
- Tactical asset allocation
- Currency management
- Commodities
- Others

# Potential Improvement to Risk/Return Profile (Conceptual Example)



## Summary of Liability Structure

- Nature of Liabilities:
  - A defined benefit (DB) plan that is closed to new entrants
  - Liabilities are linked to highest 3 years salary and accrued service

- Composition of liabilities\*:

|                  | Active Members | Inactive Members |
|------------------|----------------|------------------|
| % of Liabilities | 32.3%          | 67.7%            |
| Number           | 5,113          | 7,034            |
| Average Age      | 46.1           | 63.4             |
| Average Service  | 17.0           | N/A              |

\*Based on 30/09/04 Actuarial Report

## **Summary of Liability Structure (Cont'd)**

- Financial status as of 30 September 2004:
  - Assets = \$1,245 million
  - Liabilities = \$2,560 million
  - Security Ratio = 47.9%
- For the \$1,245 million in unfunded liabilities, beneficiaries are effectively exposed to the credit of the Government of Guam
- If the 7.0% assumed investment return on fund assets is not achieved, or if assumed future contributions are not made, the exposure of beneficiaries is increased

## Summary of Liability Structure (Cont'd)

- The Fund's actuary estimated\* that the Fund's liabilities have the following sensitivities to changes in the assumed interest and salary increase rates:
  - 1% increase in interest rate      9.2% decrease in liability
  - 1% increase in salary increase rate      0.9% increase in liability
  - 1% increase in both      8.4% decrease in liability
- In other words, if the actual rate of return that is achieved is 1.0% below the actuarial rate of return objective, then approximately \$250 million in contributions (in today's dollars) would be needed to make up for this

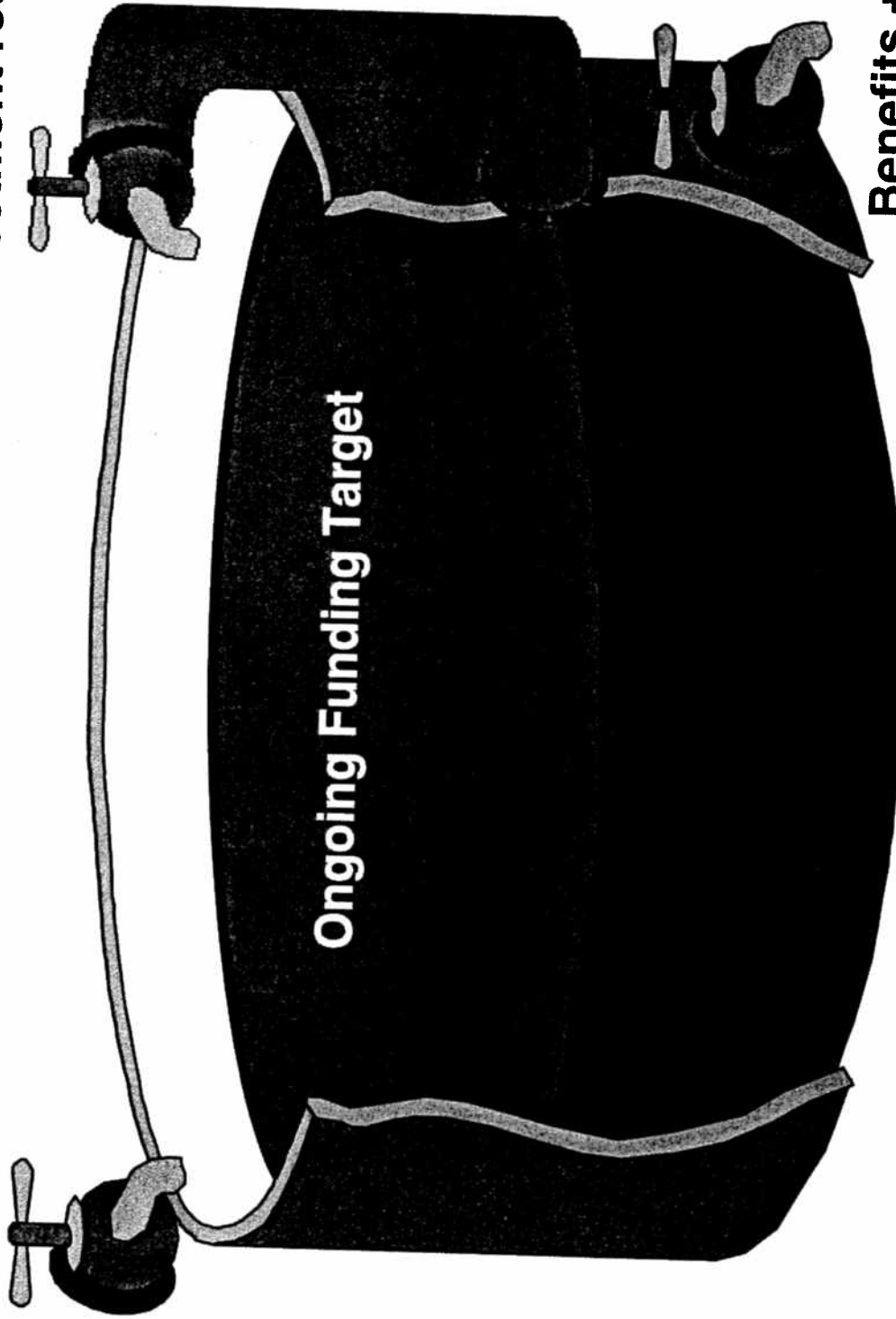
\* Based on 2002 report



# Funding level

Contributions

Investment returns



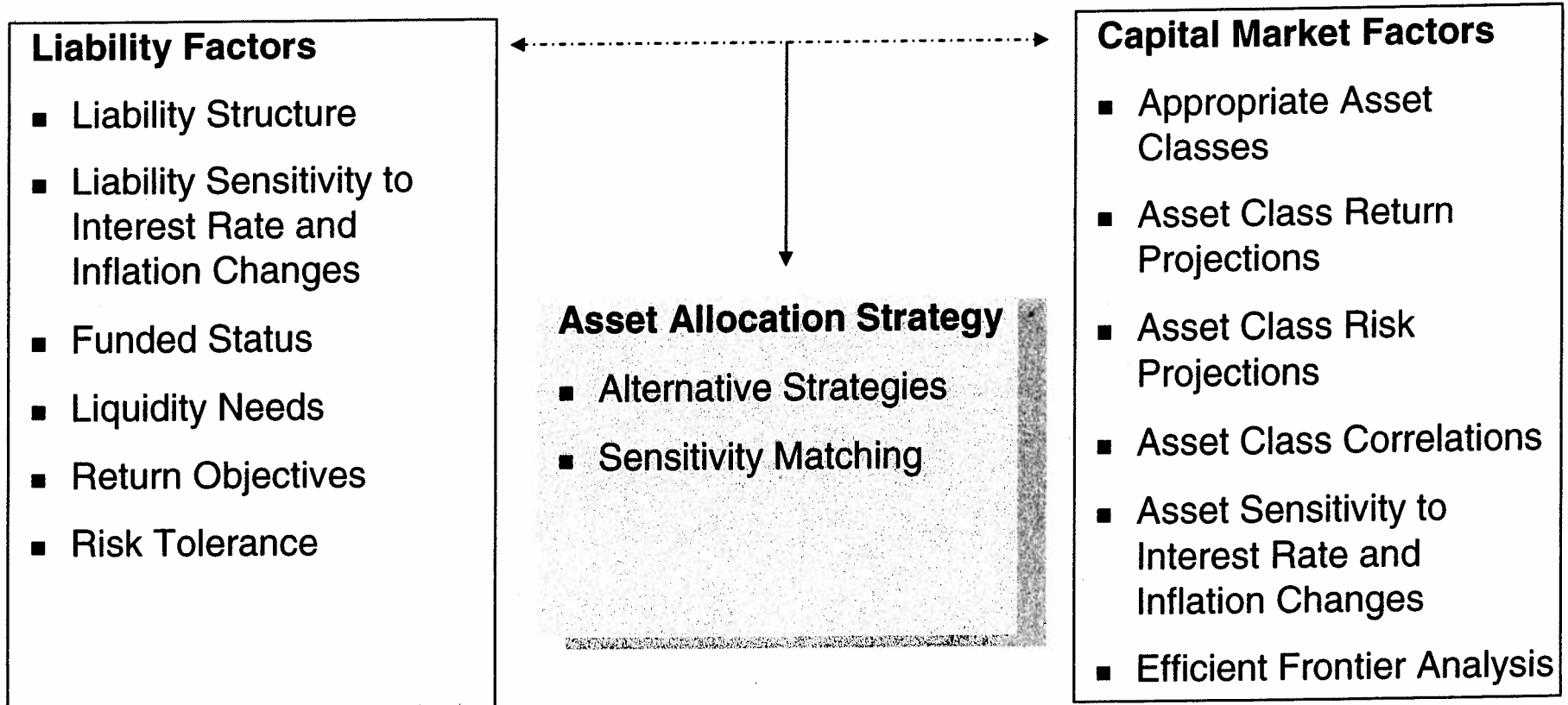
Benefits + Expenses

## **Importance Of Strategic Asset Allocation Versus Manager Selection: Most US Fiduciaries Subtract Value Via Manager Selection**

- Studies of US pension fund data indicate the importance of the average asset allocation that is maintained by an investor
  - Brinson, Beebower & Hood:
    - Asset allocation determines more than 90% of the cross-sample variation of investment returns
  - Ibbotson & Kaplan:
    - Asset allocation determines more than 100% of the level of investment returns on average
    - In other words, the average institution detracts value through tactical asset allocation, manager selection and active management decisions

# Strategic Asset Allocation Review

## Summary of Process



# Asset Allocation – US Public Pension Plan

## Public Fund Dollar-Weighted Asset Mix of Defined Benefit Pension Plans

| Type of Investment                | Total         | By Fund Size (USD)    |                     |
|-----------------------------------|---------------|-----------------------|---------------------|
|                                   | 2004          | \$1,001-5,000 Million | \$501-1,000 Million |
| Active common stocks              | 20.8%         | 30.2%                 | 35.8%               |
| Passive common stocks             | 24.0%         | 13.6%                 | 14.0%               |
| <b>Total domestic stocks</b>      | <b>44.8%</b>  | <b>43.8%</b>          | <b>49.8%</b>        |
| Active international stocks       | 11.8%         | 15.4%                 | 10.7%               |
| Passive international stocks      | 4.2%          | 1.2%                  | 1.5%                |
| <b>Total international stocks</b> | <b>16.0%</b>  | <b>16.6%</b>          | <b>12.2%</b>        |
| <b>Total Equity</b>               | <b>60.8%</b>  | <b>60.4%</b>          | <b>62.0%</b>        |
| Fixed income                      | 28.0%         | 29.1%                 | 32.5%               |
| Equity real estate                | 5.3%          | 4.9%                  | 3.2%                |
| Private equity                    | 3.8%          | 2.5%                  | 0.8%                |
| Hedge funds                       | 0.6%          | 0.6%                  | 0.5%                |
| Other*                            | 1.5%          | 2.5%                  | 1.1%                |
| <b>Total</b>                      | <b>100.0%</b> | <b>100.0%</b>         | <b>100.0%</b>       |

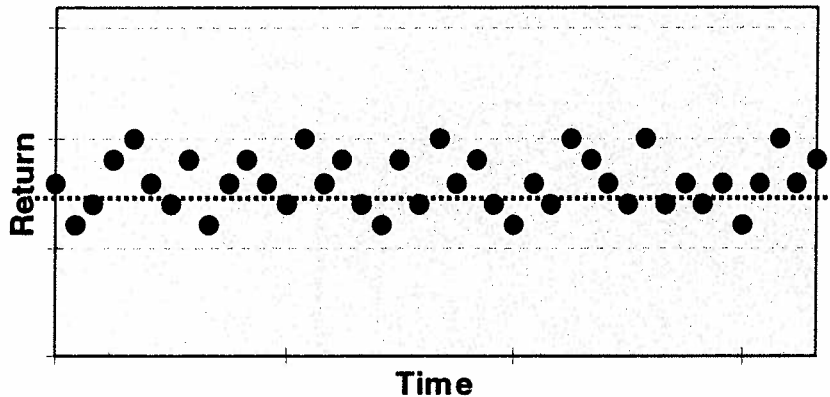
\*Other: Real estate mortgages, guaranteed investment contracts, and short-term securities/cash are included in Other for 2000  
Source: Greenwich Associates

# General Concept

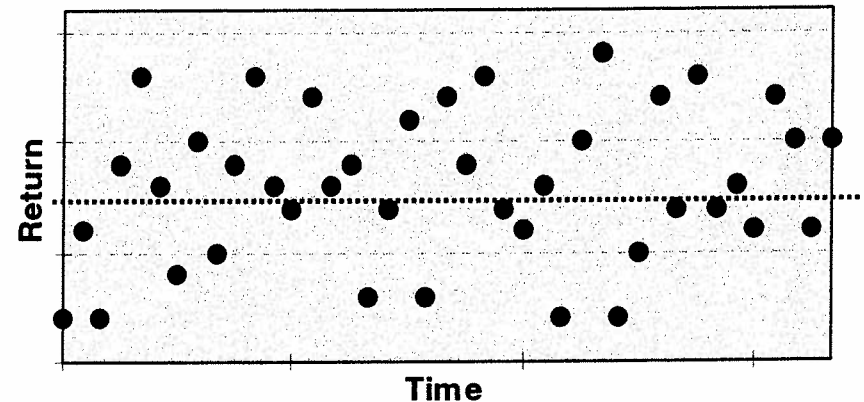
## Return Volatility

- Higher return volatility (or standard deviation) means higher uncertainty, even though the expected return is the same
- Uncertainty = Risk

Expected Return = 15  
Standard Deviation = 5



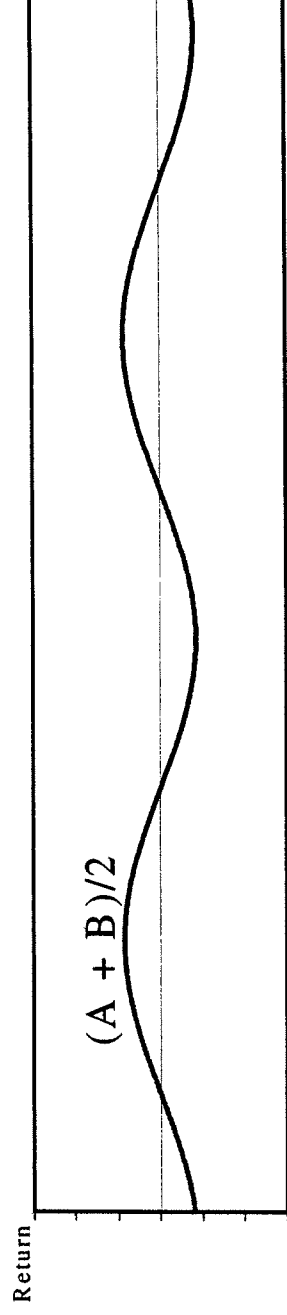
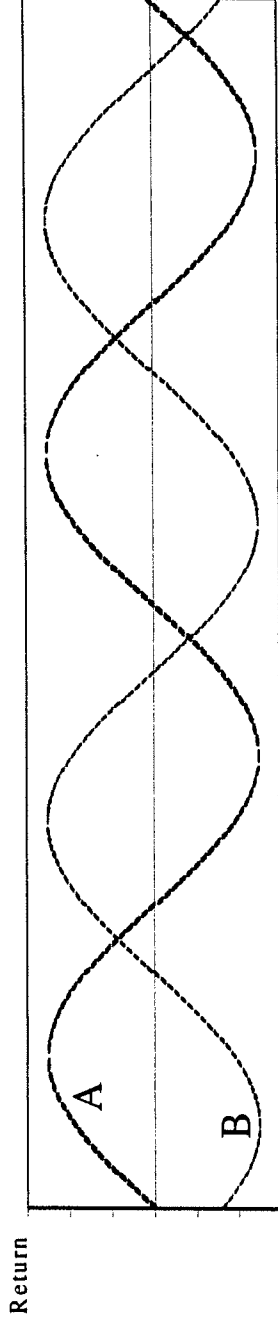
Expected Return = 15  
Standard Deviation = 10



# General Concept

## Diversification Benefits

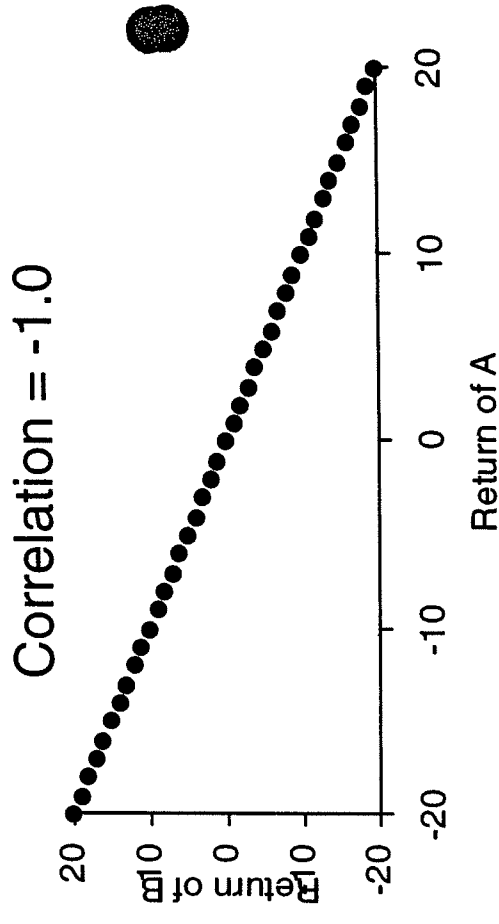
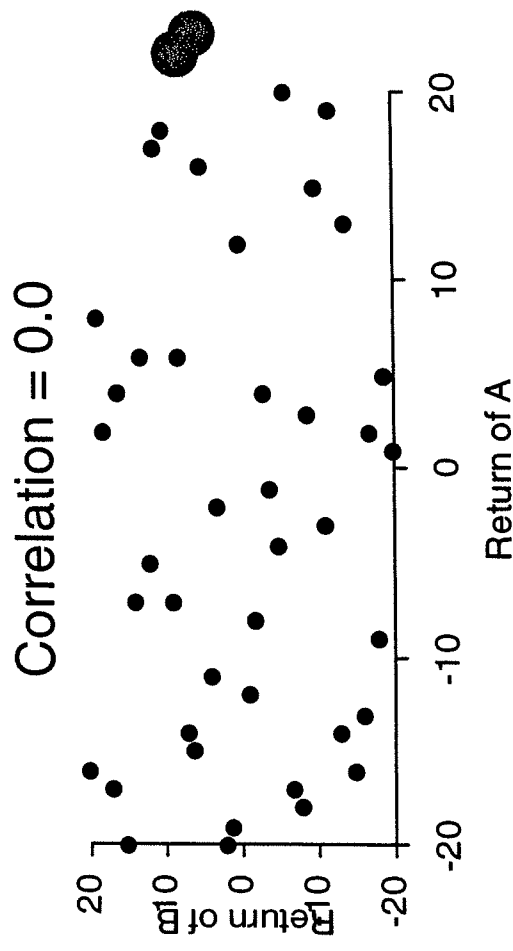
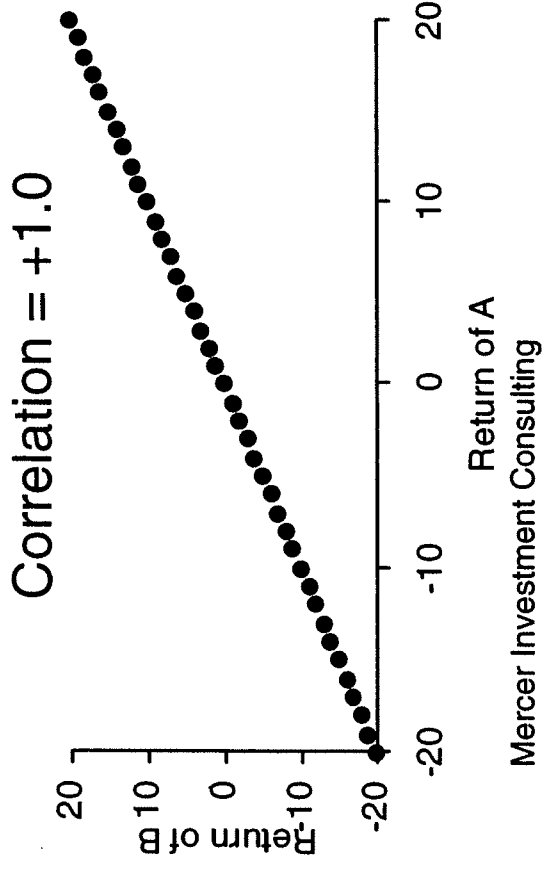
- Overall portfolio volatility can be reduced by diversifying across asset classes with low correlations



# General Concept

## Return Correlation

- **Correlations vary from:**
  - +1.00: perfect positive correlation to
  - 0.00: absence of correlation to
  - -1.00: perfect negative correlation



## Capital Market Assumptions

### How To Develop Inputs To Efficient Frontier Modelling

- While we can get an idea of future returns by looking at past information, we should not expect past returns to be repeated in the future
- Need to develop forward looking assumptions about
  - Expected returns
  - Volatility of returns (ie, standard deviation)
  - Correlation of returns
- History provides a useful starting point for building assumptions, especially about standard deviations and correlations, but should not be the primary or sole basis for assumptions



# Developing Capital Market Assumptions

History is relevant but must be adjusted for:

- Current yield curve and business cycle
  - Example: Current yields probably provide best estimate of expected returns to bonds
- Apparent biases in history
  - Example: In many countries, short term interest rates and exchange rates were fixed by governments until relatively recently, rendering long-term historical data potentially misleading
- Similar periods in history
  - Example: Most of the world is currently in a low inflation (in some cases deflationary) environment

## Developing Capital Market Assumptions (Cont'd)

- Capital market evolution
  - Example: The Euro has changed the landscape for investments in Europe
- Consideration of history across markets, not merely as relates to one's home country
  - Example: The recent long-term bear market in Japan, and the 30+ year bear market in the U.S. in the late 1800s, are relevant history for all markets
- Some aspects of history are relatively stable
  - Example: Correlations and standard deviations are relatively stable over time, and while nominal returns are not, long term real returns can be

# **Mercer's Forward-Looking Asset Class Assumptions**

- These are presented and explained in the accompanying document titled "October 2005 Capital Market Outlook"

# Capital Market Assumptions

## Forward Looking Expected Return, Volatility and Correlation

Capital Market Assumptions Over Next 20 Years

|   | Expected Return | Expected Volatility | Expected Correlation |      |      |      |      |      |      |      |      |      |      |      |  |  |
|---|-----------------|---------------------|----------------------|------|------|------|------|------|------|------|------|------|------|------|--|--|
|   |                 |                     | 1                    | 2    | 3    | 4    | 5    | 6    | 7    | 8    | 9    | 10   | 11   | 12   |  |  |
| 1. Large Cap Domestic Equity                | 8.00            | 18.00               | 1.00                 |      |      |      |      |      |      |      |      |      |      |      |  |  |
| 2. Small Cap Domestic Equity                | 8.40            | 24.00               | 0.85                 | 1.00 |      |      |      |      |      |      |      |      |      |      |  |  |
| 3. Developed Markets International Equity-U | 8.20            | 21.90               | 0.70                 | 0.55 | 1.00 |      |      |      |      |      |      |      |      |      |  |  |
| 4. Aggregate Domestic Fixed Income          | 5.00            | 6.00                | 0.30                 | 0.20 | 0.15 | 1.00 |      |      |      |      |      |      |      |      |  |  |
| 5. Cash                                     | 3.30            | 1.30                | 0.00                 | 0.00 | 0.00 | 0.10 | 1.00 |      |      |      |      |      |      |      |  |  |
| 6. Real Estate - Private                    | 7.30            | 13.50               | 0.40                 | 0.50 | 0.25 | 0.25 | 0.10 | 1.00 |      |      |      |      |      |      |  |  |
| 7. Emerging Markets Equity                  | 8.60            | 28.00               | 0.40                 | 0.40 | 0.55 | 0.10 | 0.00 | 0.15 | 1.00 |      |      |      |      |      |  |  |
| 8. International Small Cap                  | 8.40            | 26.00               | 0.55                 | 0.45 | 0.65 | 0.10 | 0.00 | 0.20 | 0.60 | 1.00 |      |      |      |      |  |  |
| 9. High Yield Fixed Income                  | 5.90            | 12.00               | 0.50                 | 0.50 | 0.15 | 0.60 | 0.10 | 0.35 | 0.15 | 0.15 | 1.00 |      |      |      |  |  |
| 10. Inflation Indexed Domestic Bonds        | 4.20            | 4.50                | 0.20                 | 0.20 | 0.15 | 0.50 | 0.40 | 0.25 | 0.10 | 0.10 | 0.50 | 1.00 |      |      |  |  |
| 11. Broad Non-U.S. Bonds                    | 5.00            | 12.00               | -0.10                | 0.00 | 0.30 | 0.35 | 0.10 | 0.20 | 0.15 | 0.25 | 0.15 | 0.00 | 1.00 |      |  |  |
| 12. Private Equity                          | 9.40            | 33.50               | 0.65                 | 0.75 | 0.25 | 0.20 | 0.00 | 0.50 | 0.10 | 0.25 | 0.40 | 0.15 | 0.25 | 1.00 |  |  |