



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. 296(EC), "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 OF PROFIT AND DIVIDENDS SO AS TO ALLOW THE DEFINED BENEFIT PLAN TO OWN STOCK IN MULTI-SIZED AND GROWTH COMPANIES IN APPROXIMATE PROPORTION TO THEIR SHARE OF THE OVERALL MARKET," which I signed into law on July 11, 2006, as Public Law 28-136.

Sins eru yan Magåhet,

[Signature of Felix P. Camacho]

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

Office of the Speaker
MARK FOREBS

Date: 7/12/06
Time: 4:53 PM
Rec'd by: [Signature]
Print Name: [Signature]

28-06-0940

Attachment: copy attached of signed bill

cc: The Honorable Eddie Baza Calvo
Senator and Legislative Secretary

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

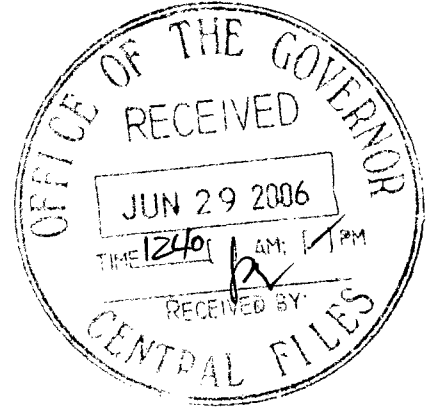


MINA' BENTE OCHO NA LIHESLATURAN GUÅHAN
TWENTY-EIGHTH GUAM LEGISLATURE
155 Hessler Place, Hagåtña, Guam 96910

FILE COPY

June 28, 2006

The Honorable Felix P. Camacho
I Maga'lahaen 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

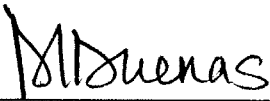
This is to certify that Bill No. 296 (EC), "AN ACT TO AMEND SECTION 8157 OF ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO PERMITTING LIMITED INVESTMENTS IN COMPANIES LACKING MULTI-YEAR TRACK RECORDS OF PROFIT AND DIVIDENDS SO AS TO ALLOW THE DEFINED BENEFIT PLAN TO OWN STOCK IN MULTI-SIZED AND GROWTH COMPANIES IN APPROXIMATE PROPORTION TO THEIR SHARE OF THE OVERALL MARKET," was on the 26th 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. 28-136

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

Bill No. 296 (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 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 OF PROFIT AND DIVIDENDS SO AS TO ALLOW THE DEFINED BENEFIT PLAN TO OWN STOCK IN MULTI-SIZED AND GROWTH COMPANIES IN APPROXIMATE PROPORTION TO THEIR SHARE OF THE OVERALL MARKET.

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that legislative action is needed to improve the Government of Guam's ability to
4 meet its obligations to fund the Retirement Fund Defined Benefit Plan. In
5 particular, *I Liheslaturan Guåhan* finds that statutory investment limitations should
6 *not* result in the unintended consequence of encouraging the Fund to increase

1 overall portfolio investment risk to achieve expected returns. Currently, the
2 requirements of Section 8157 of the Defined Benefit Plan statute do *not* permit the
3 Retirement Fund's investment in companies that do *not* have a multi-year track
4 record of profits and dividends. *I Liheslaturan Guåhan* finds that these
5 requirements may limit the Retirement Fund's ability to invest in companies and
6 strategies that could reasonably be expected to produce, on average over time,
7 additional returns net of fees, without increasing investment risk.

8 *I Liheslaturan Guåhan*, therefore, intends to permit investments of Defined
9 Benefit Plan assets in domestic common and capital stock that a prudent man
10 acting in a like capacity and familiar with such matters would use in the investment
11 of a fund with like character and with like aims, and further allowing investment of
12 up to one-half of those investments in companies that may not have a multi-year
13 track record of profits and dividends. This amendment to Section 8157 would
14 permit the Retirement Fund to allocate domestic equity assets across the entire
15 stock market, investing in multi-sized and growth companies in rough proportion
16 to the weight they collectively represent in the overall market, provided that at
17 least fifty percent (50%) of the investments at cost under Section 8157 have a
18 multi-year track record of profits and dividends.

19 **Section 2. Section 8157 of Article 1, Chapter 8, Title 4 Guam Code**
20 **Annotated is hereby *amended* to read as follows:**

21 **“§8157. Same; Common Stock.** (a) Common or capital stock of
22 any institution or entity created or existing under the laws of the United
23 States or any state, district, or territory thereof, or of the District of
24 Columbia or of any foreign country; provided that, with respect to at least
25 fifty percent (50%) of the investments at cost under this Section:

1 (i) The issuing institution, entity or a predecessor thereto, has
2 reported a profit in at least four (4) of the five (5) fiscal years next
3 preceding the date of investment or alternatively in at least seven (7)
4 of the ten (10) fiscal years next preceding the date of investment; and

5 (ii) The institution, entity or such predecessor has paid cash
6 dividends on its common or capital stock in at least four (4) of the five
7 (5) years next preceding the date of investment, or alternatively in at
8 least seven (7) of the ten (10) fiscal years next preceding the date of
9 investment; and

10 (iii) Total cash dividends have not exceeded total earning in the
11 five (5) years next preceding the date of investment; and

12 (iv) On the date of investment, the issuer shall *not* be in default
13 in payment of principal or interest on any of its publicly held bonds or
14 other evidences of indebtedness and any contingent interest,
15 cumulative and noncumulative preferred dividends and dividends on
16 prior common or capital stock shall have been paid in full.

17 *No more than* five percent (5%) of the Fund shall be invested in the
18 common or capital stock of any one issuing domestic company
19 described in this Section.

20 (b) Common or capital stock of any institution or entity created or
21 existing under the laws of nations other than the United States provided that
22 the Investment Agent determines that such an investment would be
23 employed by a prudent man acting in a like capacity and familiar with such
24 matters would use in the investment of a fund with like character and with
25 like aims. *No more than* one and one-half percent (1-1/2%) of the Fund at

1 cost shall be invested in the common or capital stock of any one issuing
2 foreign company described in this Section.

3 (c) *No* investment shall be made in any one (1) issue described in this
4 Section in an amount in excess of ten percent (10%) of such issues.

5 (d) The aggregate amount of all investments under this Section at cost
6 shall *not* exceed fifty percent (50%) of the Fund.”

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

9 **Section 4. Severability.** *If* any provision of this Act or its application to
10 any person or circumstances is held invalid, the invalidity shall *not* affect other
11 provisions or applications of this Act which can be given effect without the invalid
12 provision or 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. 296(FC)

Resolution No. _____

Question: _____

NAME	YEAS	NAYS	NOT VOTING/ ABSTAINED	OUT DURING ROLL CALL	ABSENT
AGUON, Frank B., Jr.	✓				AA ✓
BROWN, Joanne M.S.	✓				
CALVO, Edward J.B.	✓				
CRUZ, Benjamin J.F,	✓				
CRUZ, Michael (Dr.)	✓				
FORBES, Mark	✓				
KASPERBAUER, Lawrence F.					AA ✓
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 28th 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

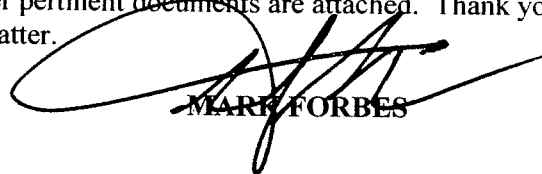
The Committee on General & Omnibus Matters to which Bill No. 296 was referred, wishes to report its findings and recommendations **TO DO PASS BILL No. 296 (EC):** "An Act To Amend Section 8157 Of Article 1, Chapter 8, Title 4 Of The Guam Code Annotated, Relative To Permitting Limited Investments In Companies 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".

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. 296 (EC): "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".

Transmitted herewith for your information and action is the report on Bill No. 296 (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. 296 (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

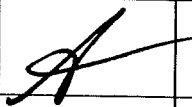
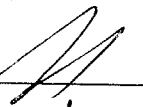
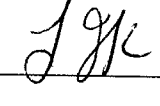


Attachments

COMMITTEE ON GENERAL AND OMNIBUS MATTERS

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

An Act To Amend Section 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.

VOTING SHEET

	SIGNATURE	TO PASS	NOT TO PASS	TO REPORT OUT OF COMMITTEE	ABSTAIN	INACTIVE FILE
Mark Forbes, Chairman		✓				
Edward J.B. Calvo		✓				
Lawrence F. Kasperbauer, Ph.D.		✗				
Jesse A. Lujan						
Ray Tenorio		✓				
Michael Cruz, M.D.		✓				
Lou A. Leon Guerrero						
Judith T. Won Pat						
Benjamin J.F. Cruz						



I Mina' Bente Ocho Na Liheslaturan Guahan
The 28th Guam Legislature

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

Speaker Mark Forbes

WAIVER OF FISCAL NOTE

In accordance with §9105 Title 2 GCA, I hereby certify that prompt committee action on Bill 296 is necessary to the proper conduct of legislative business. Therefore, I am waiving requirement of a fiscal note on Bill 296.

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. 296 (EC)

**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.**

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 296 will allow the fund to invest in equities that provides for growth rather than simply providing income (dividends). The addition will provide better diversification to the Retirement Fund's current selection of funds. She stated that in conducting a preliminary review of the Retirement Fund's rate of return to other public fund's, the Retirement Fund is lagging in relation to these other public funds. The cause appears to be the current mandate that limits the selection of investment vehicles for the Fund's portfolio. Ms. Blas presented written testimony (see attachments).

Mr. Terry Dennison, Investment Consultant, Mercer Investments, oral and written testimony in support of Bill 296. Mr. Dennison stated and answered specific questions as to the use of these types of investments in other public pension plans. He stated that these types of investments are commonly used in the public pension arena and in all other types of institutional investing.

Mr. Vicente Pangelinan, private citizen, oral testimony in support of Bill 296. 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 296 addresses the issue of providing greater diversification options by removing current investment restrictions. Specifically, allowing the Fund to invest in investment vehicles that have a potential for growth.

In addition, the Committee further finds that Bill 296 will expand the pool of companies from which the Fund's investment managers can select. Thus, allowing the Fund to experience the possibility of a greater rate of return.

Accordingly, the Committee on General and Omnibus Matters to which BILL No. 296 (EC) was referred does hereby submit its findings and recommendations to I Mina' Bente Ocho Na Liheslaturan

Guåhan **TO DO PASS BILL No. 296 (EC)**, “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.”

Mark Forbes
6/4/06

Mark Forbes 6/15/06

Introduced
JUN 25 2006

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

Bill No. 296 (CO)

#1 Member
JC

Introduced by:

Mark Forbes
AR Mujica
B.J.F. Cruz

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.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent *I Liheslaturan Guahan* finds that
3 legislative action is needed to improve the Government of Guam's ability to
4 meet its obligations to fund the Retirement Fund Defined Benefit Plan. In
5 particular, *I Liheslaturan Guahan* finds that statutory investment limitations
6 should not result in the unintended consequence of encouraging the Fund to
7 increase overall portfolio investment risk to achieve expected returns.
8 Currently, the requirements of Section 8157 of the Defined Benefit Plan statute
9 do not permit the Retirement Fund's investment in companies that do not

Passed FA No. 1

Date: 6/15 Time: _____

I MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN

FLOOR AMENDMENTS/CHANGES

Bill No. 296

Mark Forbes

Senator Proposing Amendment

(Below for Senator to complete)

Please describe proposed amendment, including where change to occur:

Senator A.R. Ungica : B J F Cruz
as 2nd : 2nd Sponsors

(Below only for Clerk of Legislature's use and processing)

Date 6/15, 2006

Floor Amendment No. 1 of a total of _____ changes on above Bill.

Votes For Amendment: _____ Votes Against Amendment: _____

AMENDMENT PASSED: _____

Amendment Failed: _____

Amendment Withdrawn: _____

APPROVED AS TO FORM PASSED

[Signature]
AUTHOR OF AMENDMENT

Concur *(initial)*

[Signature]
Clerk of Legislature

Speaker

____ Ass't. Amend. Clerk

____ Engrossment Staff

1 have a multi-year record of profits and dividends. *I Liheslaturan Guahan* finds
2 that these requirements may limit the Retirement Fund's ability to invest in
3 companies and strategies that could reasonably be expected to produce, on
4 average over time, additional returns net of fees, without increasing
5 investment risk. *I Liheslaturan Guahan* therefore intends to permit investments
6 of Defined Benefit Plan assets in domestic common and capital stock that a
7 prudent man acting in a like capacity and familiar with such matters would
8 use in the investment of a fund with like character and with like aims, and
9 further allowing investment of up to one-half of those investments in
10 companies that may not have a multi-year record of profits and dividends.
11 This amendment to Section 8157 would permit the Retirement Fund to
12 allocate domestic equity assets across the entire stock market, investing in
13 multi-sized and growth companies in rough proportion to the weight they
14 collectively represent in the overall market, provided that at least fifty percent
15 (50%) of the investments at cost under Section 8157 have a multi-year record
16 of profits and dividends.

17 **SECTION 2. Section 8157 of Article 1, Chapter 8, Title 4 of the Guam**
18 **Code Annotated is hereby amended to read as follows:**

19 **§8157. Same; Common Stock.**

20 (a) Common or capital stock of any institution or entity created or
21 existing under the laws of the United States or any state, district,
22 or territory thereof, or of the District of Columbia or of any foreign
23 country; provided that, with respect to at least fifty percent (50%)
24 of the investments at cost under this Section:

25 (i) The issuing institution, entity or a predecessor thereto, has
26 reported a profit in at least four (4) of the five (5) fiscal years next
27 preceding the date of investment or alternatively in at least seven
28 (7) of the ten (10) fiscal years next preceding the date of
29 investment; and

1 (ii) The institution, entity or such predecessor has paid cash
2 dividends on its common or capital stock in at least four (4) of the
3 five (5) years next preceding the date of investment, or
4 alternatively in at least seven (7) of the ten (10) fiscal years next
5 preceding the date of investment; and

6 (iii) Total cash dividends have not exceeded total earning in the
7 five (5) years next preceding the date of investment; and

8 (iv) On the date of investment, the issuer shall not be in default in
9 payment of principal or interest on any of its publicly held bonds
10 or other evidences of indebtedness and any contingent interest,
11 cumulative and noncumulative preferred dividends and
12 dividends on prior common or capital stock shall have been paid
13 in full.

14 No more than Five Percent (5%) of the Fund shall be invested in
15 the common or capital stock of any one issuing domestic company
16 described in this Section.

17 (b) Common or capital stock of any institution or entity created
18 or existing under the laws of nations other than the United States
19 provided that the Investment Agent determines that such an
20 investment would be employed by a prudent man acting in a like
21 capacity and familiar with such matters would use in the
22 investment of a fund with like character and with like aims. No
23 more than One and One-Half Percent (1-1/2%) of the Fund at cost
24 shall be invested in the common or capital stock of any one issuing
25 foreign company described in this Section.

26 (c) No investment shall be made in any one (1) issue described in
27 this Section in an amount in excess of ten percent (10%) of such
28 issues.

1 (d) The aggregate of all investments under this Section shall not
2 exceed fifty percent (50%) of the Fund at cost.

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

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

10

Committee on General & Omnibus Matters

Executive Committee

Public Hearing

May 03, 2006

9:00 a.m..

I Liheslaturan Guahan, Hagåtña

Bill No. 296 (EC): 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.

NAME (please print)	AGENCY/ ORGANIZATION	ORAL TESTIMONY	WRITTEN TESTIMONY	IN FAVOR	NOT IN FAVOR	CONTACT NUMBER
PAULA BLAS	GGRF		X	X		475 8900/d
Johnny Demositor	member	X		X		273 342-232
John	CBOPI		✓			
William P. S. Juan	GGRF	X		X		

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

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(reduced sample and details below)
Document Size Letter-S



I Mina' Bente Ocho Na Liheslaturan Guahan
The 28th Guam Legislature

155 Hesler Place
Hagatna, Guam 96910
Office (671) 472-3407 • Fax (871) 472-3510

Speaker Mark Forbes

April 26, 2006

MEMORANDUM

TO: AN 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
Olimpse-Gu. Business 649-8883 Adventist World Radio 565-2983
Harvest Family Radio 477-7136 KPRG 734-2958
KJSH 477-6411 Ritmo 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 Lisa P. Arriola to serve as a member of the Guam Land Use Commission
Governor's appointment of Lawrence S. Rivers to serve as a member of the Guam Land Use Commission
Governor's appointment of Keith L. Carrasco to serve as a member of the Guam Historic Preservation Review Board

Bills:

Bill No. 259 (EC)- by R. Kizkie
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 5 Gca Ch.17 Art. 4 To Provide The Means To Amend The Patriate 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 Dedodeo.

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 :

C: Error Correct
C: Broadcast Send
P: Completed
S: Host Scan
F: Host Fax

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

PD: Polled by Remote
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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.
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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. 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 Gea 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; 9:39AM					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	rlene 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. klitzle	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 **

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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

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EC: Error Correct	RE: Resend	PD: Polled by Remote	MB: Receive to Mailbox
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The 28th 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;

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Transmission Report

Date/Time
 Local ID
 Local Name
 Company Logo

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

This document was confirmed.
 (reduced sample and details below)
 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 :

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|--------------------|-----------------------|--------------------------|------------------------|
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Speaker Mark Forbes

May 01, 2006

MEMORANDUM

TO: **All Media:**
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Glimpses-Gu. Business 649-8883 Adventist World Radio 565-2983
Harvest Family Radio 477-7136 KPRG 734-2958
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Chairman, Committee on General & Omnibus Matters

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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
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
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2	965	671 7341003	3:58PM	50"	1	G3		053F CP 9600

Total 1

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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

MARK FORBES

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

Date: 3/29/06

Time: 2:00 pm.

James J. Taylor, Ph.D.
 Secretary

Rec'd by: [Signature]

Investment Committee, Vice-Chairman

Print Name: [Signature]

Katherine T.E. Taitano
 Trustee
 Treasurer

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

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 28th Guam Legislature.

Enclosed is the required statutory language:

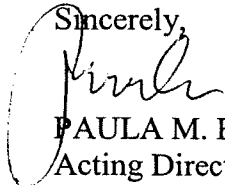
AN ACT TO AMEND SECTIONS 8201(m), 8206, 8206.1, AND 8207 OF, ARTICLE 2, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO CLARIFYING ELIGIBILITY FOR MEMBERSHIP IN THE DEFINED CONTRIBUTION RETIREMENT SYSTEM AND SUSPENDING ANNUITIES OF DEFINED BENEFIT PLAN RETIREES ENROLLED IN THE DEFINED BENEFIT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

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

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.

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

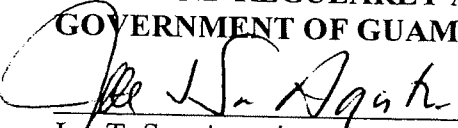
WHEREAS, the Board of Trustees in its capacity as the Board of Trustees for the Defined Benefit Plan (DB Plan) supports legislation to amend the DB Plan to enhance their ability to attract and retain personnel for key positions; and

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

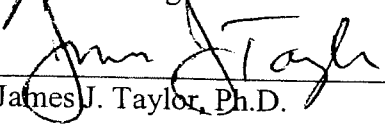
WHEREAS, the Board of Trustees in its capacity as the Board of Trustees for the DB Plan supports legislation to amend the DB Plan to increase the amount of funds that may be invested in investment funds such as investment trusts, mutual funds, common trust funds and commingled funds, to provide the DB 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.

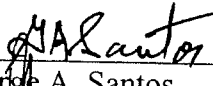
DULY AND REGULARLY ADOPTED BY THE BOARD OF TRUSTEES OF THE GOVERNMENT OF GUAM RETIREMENT FUND, ON THE 10th DAY OF MARCH, 2006.



Joe T. San Agustin



James J. Taylor, Ph.D.



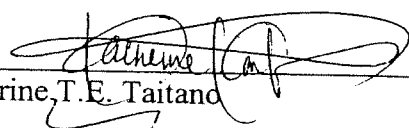
George A. Santos



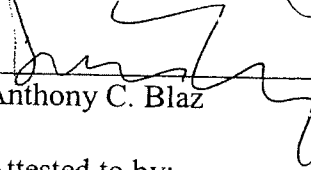
Gerard A. Cruz



Dr. Wilfred P. Leon Guerrero

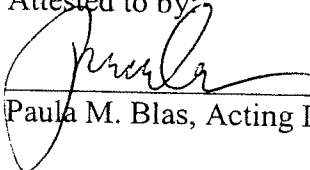


Katherine T. E. Taitano



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, Chair

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.

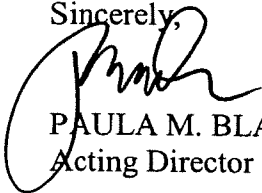
When passed, Bill 296 will also address the issue of providing greater diversification options by removing its current restrictions, and allowing the Fund to invest in investment vehicles that have a potential for growth. To illustrate, the Fund currently can only invest in dividend paying companies, 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

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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,

A handwritten signature in black ink, appearing to read "Paula M. Blas", written over the typed name.

PAULA M. BLAS
Acting Director

MERCER

Investment Consulting

February 21st 2005

Government of Guam Retirement System
“A Change In Statute Is Worth More Than US\$185 Million”

Terry A. Dennison

Peer reviewed by Rich Nuzum

MMC

Marsh & McLennan Companies

Assumptions for Manager Value-Added

- Mercer has developed assumptions for manager value-added (alpha) and tracking error (active risk) for a variety of asset classes
- The assumptions have been back-tested against actual manager results for various time periods, both for
 - Mercer's 'A-rated' managers
 - A broad range of managers represented in Mercer's universes
- The information used in this analysis reflects the current draft of Mercer's assumptions as of January, 2005. These will change as our view of excess return potential for active management in various asset classes evolves

Mercer Assumptions

Asset Class	Expected Alpha	Tracking Error	GGRF Alpha*
All Cap Domestic Equity	0.80	6.00	0.50
International Equity	1.50	7.00	1.00
International Small Cap Equity	2.50	9.00	1.00
Emerging Market Equity	1.80	9.00	0.75
Domestic Fixed Income	0.25	1.00	0.20
Cash	0.15	0.60	0.15
Emerging Market Debt	0.75	3.00	0.25

* GGRF Alpha reflects the impact of holdings restrictions

Portfolio Structure and Expected Results

Unique GGRF Considerations

- Investment restrictions in the GGRF environment will impact the expected returns and risk, and therefore adjustments are required
 - The assumptions for each asset class are for passive (index) returns
 - Statutory Guidelines make use of index funds impractical
 - Implementation via active management is therefore required
 - Active management entails higher fees than passive
 - Active management is relatively less effective in certain asset classes compared to how effective it is in others
 - Investment restrictions limit managers' flexibility to hold desired issues, reducing expected value added and increasing risk relative to the "model" portfolio they hold for other clients
 - Because they can't hold their "best ideas", and instead hold securities they don't monitor and hold for other clients

Adjustments Required for GGRF Environment

- In order to adjust the 6.96% expected return for actual GGRF circumstances, the following adjustments were made
 - GGRF Alpha assumptions were used
 - Volatility assumptions were adjusted for additional uncertainty due to tracking error (active risk) from managers
 - Active fees were subtracted from expected return
 - Please note again that a fund of GGRF's size could obtain passive (index) management for virtually no cost, 3-8 basis points per annum

GGRF Fee Calculations

Present Structure

Asset Class	Percent Allocation	Dollar Allocation	Nr of Managers	Mgr Allocation	Mgr Fee bps*
US Equity Value	13.00	161,070,000	2	80,535,000	52
US Equity Core	12.00	148,680,000	1	148,680,000	50
US Equity Growth	13.00	161,070,000	2	80,535,000	53
International Equity	13.00	161,070,000	2	80,535,000	62
International Small Cap Equity	3.00	37,170,000	1	37,170,000	92
Emerging Market Equity	3.00	37,170,000	1	37,170,000	98
Domestic Fixed Income	38.00	470,820,000	3	156,940,000	25
Cash	1.00	12,390,000	1	12,390,000	16
Emerging Market Debt	4.00	49,560,000	1	49,560,000	60
	100.00				
Assumed Market Value	1,239,000,000	12/31/2004			

* median fee in Mercer IC's 2004 Fee Survey

Note: GGRF is paying lower fees than indicated above in most asset classes currently. However, GGRF is also using managers rated B or N rather than A by Mercer. Our analysis is focused on expected results net of fees using A-rated managers. We believe GGRF's actual results using lower rated managers at lower fees are likely to be below the modeled results, because lower rated managers will on average underperform A-rated managers by more than the fee differential.

GGRF Expected Returns and Risks

Present Structure

Asset Class	Expected Alpha	Tracking Error	GGRF Alpha*	Mgt Fee	GGRF Adj Alpha
All Cap Domestic Equity	0.80	6.00	0.50	0.51	-0.01
International Equity	1.50	7.00	1.00	0.62	0.38
International Small Cap Equity	2.50	9.00	1.00	0.92	0.08
Emerging Market Equity	1.80	9.00	0.75	0.98	-0.23
Domestic Fixed Income	0.25	1.00	0.20	0.25	-0.05
Cash	0.15	0.60	0.15	0.16	-0.01
Emerging Market Debt	0.75	3.00	0.25	0.60	-0.35

* GGRF Alpha reflects the impact of holdings restrictions

GGRF Expected Returns and Risks

Observations On Present Structure

- GGRF's investment restrictions have a negative impact on the expected returns of active management
- We believe the value-added of active managers, after the impact of holding restrictions, is approximately equal to the fees they charge
 - I.e., GGRF receives very limited value from active management
- The tracking error (active risk) that managers generate from active management may increase the expected volatility of the GGRF returns
 - There is no compensation for the added risk associated with the managers holding securities that are different than those held in their “model” portfolios or in portfolios for other clients
 - In fact, the contribution of these alternative holdings to alpha is likely to be negative, as these don't represent the managers' “best ideas”
- The expected return from these realistic assumptions is 6.97%, only 1 bp above the all passive (index) base assumption return of 6.96%



Consideration of Alternatives

Suggestions to Improve the Situation

Discussion of the Statutory Guidelines

- Present Statutory Guidelines have two different types of restrictions which are negatively impacting potential return and risk performance
 1. Restrictions on the level of certain investments, particularly total allocation to equity
 - GGRF cannot approach the average equity exposure of US public funds, and will underperform other US public funds if stocks outperform bonds, which is expected over the long term
 2. Restrictions on acceptable investments, e.g., requiring dividends for equities and a given level of interest coverage for bonds
 - Limits issues that are acceptable, effectively excluding some industries, limiting some sectors, and forcing 'doubling-up' concentrations
 - E.g., many technology and health care stocks prohibited
 - Entire asset classes such as US small cap, real estate, and non-dollar and emerging market bonds are problematic
 - Effectively excludes index funds and other effective implementation tools

Suggestions to Improve the Situation

Discussion of the Statutory Guidelines

- Requirements similar to Statutory Guidelines were common in US public pension funds during the 1950s-70s
- Have now generally been replaced with 'Prudent Person'-based guidelines that allow investments in a manner that a prudent person would utilize in the management of their own affairs
 - Would remove restrictions such as on earnings and dividends for equities and interest coverage for bonds
 - Would remove restrictions which effectively prohibit use of commingled vehicles, e.g., allowing GGRF to use index funds
 - Would allow use of separate accounts where higher cost mutual funds are used by GGRF today
- Virtually all public funds still have statutory restrictions on total equity, generally in the 60% to 80% range, mostly around 70%

Suggestions to Improve the Situation

Pro-Forma Analysis of Modifications In Statutory Guidelines

- We will examine three possible modifications to the Statutory Guidelines:
 - Alternative A: Moving to a ‘Prudent Person’ basis for guidelines but retaining the 60% limit on equity
 - Will permit use of index funds where appropriate
 - Will allow GGRF to capture full value from active management where used
 - Will permit use of lower cost investment vehicles
 - Alternative B: Moving to 70% equity but with the current limitations on individual holdings maintained
 - Alternative C: Moving to a ‘Prudent Person’ basis for guidelines and moving to 70% equity



Agenda

- Purpose of this analysis
- Present situation
- Discussion of methodology
- Expected returns and risk from current allocation, consistent with Statutory Guidelines
- Expected returns and risks from alternative allocations, assuming modifications to the Statutory Guidelines
- Conclusions



Purpose of This Analysis

- Analyze and discuss the present investment structure including expected returns and risks including:
 - Examination of expected returns, risk, and fees associated with the current asset allocation and possible portfolio structures
- Consideration of enhancements which would be possible with a relaxation of Statutory Guidelines
- Development of a hierarchy of desirable Statutory Guideline modifications
- As part of this analysis, we will discuss:
 - The methodology used to generate the results
 - Assumptions underlying our analysis and recommendations

Present Situation Background

- The GGRF is struggling with funding level and contribution issues
- While there are valid concerns about the appropriate level of risk which can be assumed, an increase in expected and realized return achieved at an appropriate level of risk would be beneficial to the GGRF, its beneficiaries, and the plan sponsors
- The asset allocation and portfolio structure of the GGRF is significantly restricted by current legislation
- These restrictions are having a negative impact on the ability of GGRF to achieve the expected return assumed by its actuary
- These restrictions are also likely to increase costs and risks in the GGRF portfolio

Present Situation Impact of Restrictions

- These restrictions include:
 - Effective limitations on the desirable use of passive management
 - Would reduce fees and provide an attractive strategy in asset classes where active management is unlikely to add value
 - Holdings limitations from earnings/dividend paying and interest coverage requirements
 - Limit active managers from holding 15-45% of desired holdings: reduces return potential and increases risk due to concentration in permitted issues
 - Unable to equitize frictional cash holdings reducing returns
 - Restricted from attractive diversification opportunities such as US Small Cap, Real Estate, and Non-dollar Bonds
 - Limitation on equity securities of 60% at cost (50% direct plus 10% through mutual funds) reducing expected return

Present Situation Impact of Restrictions

- The restrictions have not resulted in:
 - Higher dividend yield on the Fund's total portfolio than the dividend yield on the market as a whole
 - Although stocks held must pay dividends, on average the dividends are lower than if the Fund had bought the market via an Index Fund
 - Higher average credit quality for the Fund's bond portfolio than for the market
 - Lower risk of a failure to pay benefits to beneficiaries
 - By reducing expected returns, the Statute forces the Government to pay higher contributions to fund benefits, and leaves participants at greater risk of not receiving their benefits
- Restrictions on individual securities are not creating a total portfolio with less aggregate risk
 - For any given target level of return, the Board must accept higher risk under the current Statute than would be necessary otherwise

Methodology

Discussion of Methodology

- We are using Mercer's expected returns and forecasted value-added potentials to determine the expected returns and volatilities of possible portfolio structures and the impact of modifications in constraints
- We are beginning with what is provided in the new investment policy as is permitted under the existing Statutory Guidelines
 - While the investment policy was developed using expected returns to underlying asset classes, we will be considering the potential additional return and volatility available using active management
- We will analyze the effect of modifying the Statutory Guidelines to identify modifications that have the most positive potential
- We are using mean-variance optimization to generate expected returns and risks