

FILE COPY

**I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session**

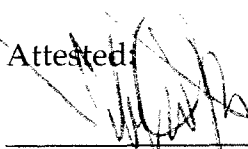
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that Bill No. 450-30 (LS), "AN ACT TO AMEND §8150 OF ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO INVESTMENTS IN BONDS OF UNITED STATES AND FEDERAL INSTRUMENTALITIES", was on the 30th day of November 2010, duly and regularly passed.

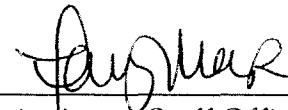


Judith T. Won Pat, Ed. D.
Speaker

Attested:


Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 15th day of Dec, 2010, at 1100 o'clock A.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:

FELIX P. CAMACHO
I Maga'lahaen Guåhan

Date: _____

Public Law No. _____

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

Bill No. 450-30 (LS)

As amended on the Floor.

Introduced by:

v. c. pangelinan
Telo Taitague
T. R. Muña Barnes
T. C. Ada
V. Anthony Ada
F. B. Aguon, Jr.
F. F. Blas, Jr.
E. J.B. Calvo
B. J.F. Cruz
J. V. Espaldon
Judith P. Guthertz, DPA
Adolpho B. Palacios, Sr.
R. J. Respicio
Ray Tenorio
Judith T. Won Pat, Ed.D.

**AN ACT TO *AMEND* §8150 OF ARTICLE 1, CHAPTER
8, TITLE 4 OF THE GUAM CODE ANNOTATED,
RELATIVE TO INVESTMENTS IN BONDS OF UNITED
STATES AND FEDERAL INSTRUMENTALITIES.**

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

2 **Section 1. Legislative Findings and Intent:** *I Liheslaturan Guåhan* finds
3 that Public Law No. 30-120 expanded the Retirement Fund's range of permitted
4 investments in fixed income securities to those covered in the Barclays Capital
5 U.S. Aggregate Bond Index. *I Liheslaturan Guåhan* further finds that a significant
6 portion of the Barclays Capital U.S. Aggregate Bond Index is comprised of

1 securities issued by and guaranteed by Government Sponsored Enterprises (GSEs),
2 such as the Federal National Mortgage Association (known as “Fannie Mae”) and
3 the Federal Home Loan Mortgage Corporation (known as “Freddie Mac”).
4 *I Liheslaturan Guåhan* further finds that the original intent underlying Government
5 Code Section 4225.7, the predecessor statute to §8150, Article 1 of Chapter 8, Title
6 4 of the Guam Code Annotated, was to permit investments in debt obligations by
7 U.S. Government agencies and instrumentalities, contemplating investments in
8 fixed income securities on par with obligations of the U.S. Government and its
9 agencies and instrumentalities, to the extent that the debt obligations issued by
10 such entities receive favorable treatment otherwise afforded to U.S. agencies by the
11 U.S. Securities and Exchange Commission.

12 *I Liheslaturan Guåhan* notes that the GSEs Fannie Mae and Freddie Mac are
13 *not* government agencies, but are private, shareholder-owned corporations whose
14 debt obligations are treated as U.S. government agency securities in the
15 marketplace. Fannie Mae and Freddie Mac are GSEs chartered by Congress to
16 support the U.S. housing market. The debt securities issued by and guaranteed by
17 Fannie Mae and Freddie Mac are unsecured obligations of each corporation and
18 are *not* backed by the full faith and credit of the U.S. Government, but because of
19 each corporation’s mission and purposes, their debt securities receive favorable
20 treatment from a regulatory perspective, and they are “exempted securities” under
21 the laws administered by the U.S. Securities and Exchange Commission, to the
22 same extent as U.S. Government obligations that are backed by the full faith and
23 credit of the U.S. Government.

24 *I Liheslaturan Guåhan* further finds that §8150 of Article 1, Chapter 8, Title
25 4 of the Guam Code Annotated, as currently codified in the Guam Code
26 Annotated, requires an amendment to (a) accurately reflect the language in the
27 original Government Code Section 4225.7; and (b) to clarify the intent underlying

1 Government Code Section 4225.7 to permit investments in debt obligations, such
2 as those issued by GSEs Fannie Mae and Freddie Mac, that are on par with
3 obligations of the U.S. Government and its agencies and instrumentalities, to the
4 extent that such debt obligations receive favorable treatment otherwise afforded to
5 U.S. agencies by the U.S. Securities and Exchange Commission.

6 **Section 2.** §8150 of Article 1, Chapter 8, Title 4 of the Guam Code Annotated, is
7 hereby *clarified and amended* to read as follows:

8 **“§8150. Same: Bonds of United States and Federal**
9 **Instrumentalities.**

10 (a) Bonds or other evidence of indebtedness of the United
11 States of America, or any of its agencies or instrumentalities, when
12 such obligations are guaranteed as to principal and interest by the
13 United States of America or by any agency or instrumentality thereof;

14 (b) Debt securities issued by the Federal National Mortgage
15 Association or the Federal Home Loan Mortgage Corporation that are
16 backed by pools of mortgage loans and guaranteed as to timely
17 repayment of principal and interest by the Federal National Mortgage
18 Association or the Federal Home Loan Mortgage Corporation; or

19 (c) Non-mortgage-related bonds or other evidence of
20 indebtedness of the Federal National Mortgage Association or the
21 Federal Home Loan Mortgage Corporation.”

22 **Section 3. Severability.** *If* any of the provisions of this Act or the
23 application thereof to any person or circumstance is held invalid, such invalidity
24 shall not affect any other provision or application of this Act which can be given
25 effect without the invalid provision or application, and to this end the provisions of
26 this Act are severable.

27 **Section 4. Effective Date.** This Act *shall* be effective upon enactment.