



Office of the Governor of Guam

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

2008 JUL 31 PM 2:39

22 JUL 2008

The Honorable Judith T. Won Pat, Ed.D.
Speaker
Mina' Bente Nuebi Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

Dear Speaker Won Pat:

Transmitted herewith is Bill No. 283(EC), "AN ACT TO ADD A NEW §8158.1 TO ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GOVERNMENT OF GUAM RETIREMENT FUND BOARD OF TRUSTEES TO INVEST RETIREMENT FUND ASSETS AT COST IN EXCHANGE TRADED FUNDS " which I signed into law on July 18, 2008 as Public Law 29-89.

Sinsерu yan Magåhet,

[Handwritten signature of Michael W. Cruz]

MICHAEL W. CRUZ, M.D.
I Maga'låhen Guåhan, para pa'go
Acting Governor of Guam

Attachment: copy of Bill

cc: The Honorable Tina Rose Muña Barnes,
Senator and Legislative Secretary

29-08-0524
Office of the Speaker
Judith T. Won Pat, Ed.D.

Date 7/22/08
Time 4:30p
Received by [Signature]

I MINA'BENTE NUEBI NA LIHESLATURAN GUÅHAN  
2008 (SECOND) Regular Session

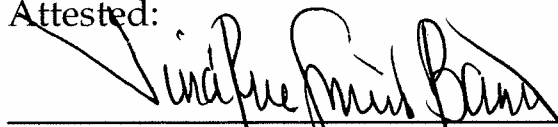
CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

This is to certify that **Bill No. 283(EC)**, "AN ACT TO *ADD* A NEW §8158.1 TO ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GOVERNMENT OF GUAM RETIREMENT FUND BOARD OF TRUSTEES TO INVEST RETIREMENT FUND ASSETS AT COST IN EXCHANGE TRADED FUNDS", was on the 3<sup>rd</sup> day of July, 2008, duly and regularly passed.



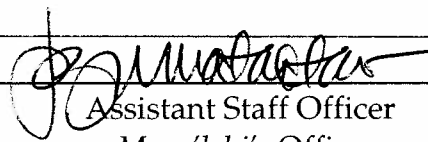
Judith T. Won Pat, Ed. D.  
Speaker

Attested:



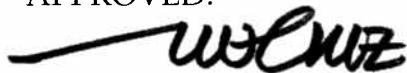
Tina Rose Muña Barnes  
Senator and Secretary of the Legislature

This Act was received by *I Maga'lahaen Guåhan* this 7 day of July, 2008, at  
3:25 o'clock P.M.



Assistant Staff Officer  
Maga'laha's Office

APPROVED:



MIKE W. CRUZ, MD  
GOVERNOR OF GUAM ACTING

Date: July 18, 2008

Public Law No. 29-89

***I MINA'BENTE NUEBI NA LIHESLATURAN GUÅHAN***  
**2008 (SECOND) Regular Session**

**Bill No. 283 (EC)**

As amended.

Introduced by:

J. T. Won Pat, Ed. D.  
Edward J.B. Calvo  
Frank F. Blas, Jr.  
B. J.F. Cruz  
James V. Espaldon  
Mark Forbes  
Judith P. Guthertz, DPA  
Frank T. Ishizaki  
J. A. Lujan  
Tina Rose Muña Barnes  
A. B. Palacios, Sr.  
v. c. pangelinan  
R. J. Respicio  
Dr. David L.G. Shimizu  
Ray Tenorio

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**AN ACT TO *ADD* A NEW §8158.1 TO ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED, RELATIVE TO ~~AUTHORIZING THE GOVERNMENT OF GUAM~~ RETIREMENT FUND BOARD OF TRUSTEES TO INVEST RETIREMENT FUND ASSETS AT COST IN EXCHANGE TRADED FUNDS.**

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

2        **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds  
3 that prior to the enactment of Public Law 28-135, the statutory restrictions  
4 governing investment of funds held in trust for the benefit of Defined Benefit Plan  
5 members and beneficiaries had effectively excluded investments in certain  
6 common trust funds and commingled funds that often have lower costs than

1 investments in mutual fund vehicles, with lower *or* little added risk. The intention  
2 of Public Law 28-135, which authorized the investments in common trust funds  
3 and commingled funds, was to provide the opportunity to improve the overall  
4 return of the investment portfolio for the benefit of the Retirement Fund as a  
5 whole.

6 To expand the opportunity to improve the overall return of the investment  
7 portfolio and to better facilitate the implementation of the portfolio's asset  
8 allocation in a more economical and effective manner, *I Liheslaturan Guåhan*  
9 further intends to authorize investments in certain open end investment  
10 management companies and unit investment trusts that are registered with the  
11 Securities and Exchange Commission under the Investment Company Act of 1940,  
12 as amended, but are not the investment funds described in §8158 of Chapter 8,  
13 Article 1, Title 4 of the Guam Code Annotated. The investments are known as  
14 exchange traded funds and they trade on the American Stock Exchange, the New  
15 York Stock Exchange and the NASDAQ.

16 *I Liheslaturan Guåhan* finds that institutional investments in exchange  
17 traded funds may, in some cases, have lower costs than investments in mutual fund  
18 ~~vehicles, with comparable levels of risk. *I Liheslaturan Guåhan*, therefore, intends~~  
19 to authorize the Trustees of the Defined Benefit Plan to consider the circumstances  
20 under which investments in exchange traded funds may be appropriate for the  
21 Defined Benefit Plan and to exercise its discretion to invest Retirement Fund assets  
22 in exchange traded funds, thus expanding the opportunity to improve the overall  
23 risk/return of the investment portfolio for the benefit of the Retirement Fund as a  
24 whole.

25 *I Liheslaturan Guåhan* further intends that §8158.1 *shall* be applicable only  
26 to investment in exchange traded funds, and *shall not* affect, *or* be affected by,  
27 other Sections of the Defined Benefit Plan statute pertaining to investments in

1 specific asset classes such as common *or* capital stock, preferred stock, bonds, *or*  
2 to other investment vehicles such as the investment funds described in §8158. For  
3 example, none of the quantitative limitations (e.g., maximum percentage  
4 investments) *or* qualitative requirements (e.g., dividend payout *or* net asset value  
5 requirements) expressly applicable to: (a) direct investments in common *or* capital  
6 stock, preferred stock, *or* bonds; or (b) indirect investments in investment funds,  
7 are intended to apply to, *or* impose further limits on, the investments made in  
8 exchange traded funds described in §8158.1.

9         **Section 2.** A new §8158.1 of Article 1, Chapter 8, Title 4 of the Guam Code  
10 Annotated, is hereby *added* to read:

11                 **“§8158.1. Exchange Traded Funds.** (a) Units *or* shares of any  
12 exchange traded fund (ETF) established as an open-end investment management  
13 company *or* a unit investment trust registered with the Securities and Exchange  
14 Commission under the Investment Company Act of 1940, as from time to time  
15 amended. Although ETFs may trade at prices established throughout the trading  
16 day, like any other listed equity security trading in the secondary market on an  
17 exchange, the units *or* shares described in this subsection *shall not* be subject to the  
18 ~~provisions of §8157. Although ETFs are unit investment trusts, the units *or* shares~~  
19 described in this subsection *shall not* be subject to the provisions of §8158. The  
20 investment in units *or* shares of any one exchange traded fund *shall not exceed*  
21 twenty percent (20%) of the Fund at cost.”

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