

I Mina'trentai Ocho Na Liheslaturan Guåhan
BILL STATUS

| BILL NO. | SPONSOR | TITLE | DATE INTRODUCED | DATE REFERRED | CMTE REFERRED | FISCAL NOTES | PUBLIC HEARING DATE | DATE COMMITTEE REPORT FILED | NOTES |
|-------------|--|--|---|---------------|---|--------------------------------|----------------------|-----------------------------|-------|
| 263-38 (LS) | Telo T. Taitague V. Anthony Ada Joe S. San Agustin | AN ACT TO <i>AMEND</i> SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN. | 1/27/26 11:57 a.m. ^2/5/26 2:06 p.m. | 2/5/26 | Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement. | Request: 2/5/26 2/16/26 | 2/25/26 9:00 a.m. | 3/3/26 | |



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senartotelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 27, 2026

The Honorable Frank F. Blas Jr.
Speaker

I Mina'trentai Ocho na Liheslaturan Guåhan
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

VIA: Honorable Vice Speaker V. Anthony Ada
Chairperson, Committee on Rules



RE: Committee Report on Bill No. 263-38 (LS)- As Introduced

Buenas yan Håfa adai, Speaker Blas

Transmitted herewith is the Committee Report on Bill No. 263-38 (LS)- Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- "AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN."

Committee votes are as follows:

Table with 2 columns: Vote Count and Description. Row 1: 1 TO DO PASS; Row 2: 0 TO NOT PASS; Row 3: 3 TO REPORT OUT ONLY; Row 4: 0 TO ABSTAIN; Row 5: 0 TO PLACE IN INACTIVE FILE



COMMITTEE ON RULES

RECEIVED:
February 27, 2026 10:53 a.m.
Marie Crisostomo
Revisions received:
February 27, 2026 11:34 a.m.

Sincerely,



TELO T. TAITAGUE
Senator



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

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senatortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

COMMITTEE REPORT

BILL NO. 263-38 (LS)

Introduced by:

Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin

“AN ACT TO AMEND SECTIONS 8137(b)(1), 8143,
8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8,
TITLE 4 OF THE GUAM CODE ANNOTATED
RELATIVE TO THE DEFINED BENEFIT PLAN.”



OFFICE OF SENATOR
Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
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(671) 989-8356
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I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 27, 2026

MEMORANDUM:

TO: All Members
*Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement*

FROM: Senator Telo T. Taitague
Committee Chairperson

SUBJECT: Committee Report on Bill No. 263-38 (LS)

Transmitted herewith for your consideration is the Committee Report on **Bill No. 263-38 (LS)-
Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- AN ACT TO
AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8,
TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT
PLAN.**

This report includes the following:

- Copy of COR Referral of Bill No. 263-38 (LS)
- Notice of Public Hearing
- Public Hearing Agenda
- Public Hearing Sign-in Sheet
- Written Testimonies and Additional Documents
- Committee Vote Sheet and E-mails
- Committee Report Digest
- Copy of Bill No. 263-38 (LS), As Introduced
- Copy of Fiscal Note from the Bureau of Budget & Management Research

Please take the appropriate action on the attached vote sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Si Yu'os ma'åse'!

Senator Telo T. Taitague - Chairperson



COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson
I Mina'trentai Ocho Na Liheslaturan Guåhan
38th Guam Legislature

February 5, 2026

To: **Rennae V. C. Meno**
Clerk of the Legislature

Attorney Darleen Hiton
Legislative Legal Counsel

From: **Vice Speaker V. Anthony Ada** 
Chairperson, Committee on Rules

Subject: **Referral of Bill No. 263-38 (LS)**

Håfa Adai,

As per my authority as Chairperson of the Committee on Rules and subject to §6.01(d)(1), Rule VI of our Standing Rules, I am forwarding the referral of **Bill No. 263-38 (LS)** - Telo T. Taitague, V. Anthony Ada, Joe S. San Agustin. – “AN ACT TO *AMEND* SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.”

Please ensure that the subject bill is referred to the Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement chaired by Senator Telo T. Taitague. I also request that the same be copied to the Prime Sponsor of the subject bill and to Management Information Services (MIS) for posting on our website.

A copy of the bill is available on our legislative website.

Should you have any questions or concerns, please feel free to contact Kamarin Nelson, Committee on Rules Director at 671-472-2461.





FIRST NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.

2 messages

Senator Telo Taitague <senatortelot@gmail.com>

18 February 2026 at 12:10

To: phnotice@guamlegislature.gov

Cc: Ed Pocaigue <sgfarms@guamlegislature.gov>

Bcc: senatortelot.charissa@gmail.com, Rowena Fejeran <senatortelot.rowena@gmail.com>, Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>, Senator Telo Taitague <senatortelot@gmail.com>

February 18, 2026

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Telo T. Taitague, Chairperson

Subject: **FIRST NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.**

Håfa Adai!

The Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement will conduct a public hearing on **Wednesday, February 25, 2026 at 9:00 a.m.**, in the Guam Congress Building, Public Hearing Room to hear and accept testimonies on the following agenda item:

1. **Bill No. 263-38 (LS)**- Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- *AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.*

How to Participate: Oral testimony may be presented at the Guam Congress Building, Public Hearing Room. Please arrive at least 15 minutes early to sign in. Written testimony may be emailed to senatortelot@gmail.com or delivered to the Office of Senator Telo T. Taitague, Suite 407, DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam.

View Public Testimony Here: Submitted testimony and other documents related to the agenda item(s) can be viewed at: [Public Hearing Shared Drive- Wednesday, February 25, 2026, 9am](#). The drive file is periodically updated as testimony is received.

Special Accommodations: In compliance with the Americans with Disabilities Act (ADA), individuals requiring assistance of accommodation should contact the Office of Senator Telo T. Taitague at (671) 989-8356 or email senatortelot@gmail.com .

Submission of Presentation Materials and Media: PowerPoint presentations and other digital materials must be emailed to senatortelot@gmail.com no later than three (3) days prior to the public hearing to allow timely submission to the Guam Legislature's MIS Division at least forty-eight (48) hours in advance. These protocols are to ensure the security and integrity of the Legislature's information systems.

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Public Notices: Notices for this public hearing are published on KUAM TV, and the Government of Guam Public Notice Portal: https://notices.guam.gov/notice_detail/8353.

Si Yu'os Ma'åse,


Create a Great Day!

Senator Telo T. Taitague
38th Guam Legislature

Chairperson

Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement

Suite 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
Tel: (671) 989-8356
Email: senatortelot@gmail.com

 **FIRST NOTICE_02.25.26 Public Hearing.pdf**
377K

Ed Pocaigue <sgtarms@guamlegislature.gov>
To: Senator Telo Taitague <senatortelot@gmail.com>

18 February 2026 at 12:32


Hafa Adai, posted on calendar.

[Quoted text hidden]



Edward S. Pocaigue, Jr.
Sergeant-at-Arms

I Mina'trentai Ocho Na Liheslaturan Guåhan
Guam Congress Building, 1st Floor
163 Chalan Santo Papa
Hagåtña, Guam 96910

 1-671-969-3514

 sgtarms@guamlegislature.gov

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OFFICE OF SENATOR
Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
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Hagatna, Guam 96910
(671) 989-8356
senartelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 18, 2026

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From: Senator Telo T. Taitague, Chairperson
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FIRST NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.


 PRINT

**FIRST NOTICE of Public Hearing - Wednesday,
February 25, 2026 at 9:00 a.m.**

PUBLIC HEARING



 **Posted on:** 02/18/2026 12:05 PM

 **Posted by:** Charissa Manibusan, Committee Director

 **Public Hearing Date:** 02/25/2026 09:00 AM

 **Department(s):**
GUAM LEGISLATURE (/notices?department_id=92)

 **Division(s):**
OFFICE OF SENATOR TELO TAITAGUE (/notices?division_id=282)

 **Notice Topic(s):** PUBLIC HEARING (/notices?topic_id=74)

 **Types of Notice:** PUBLIC HEARING (/notices?type_id=7)

 **For Audience(s):** PUBLIC (/notices?public=1)

 **Share this notice**

February 18, 2026

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Telo T. Taitague, Chairperson

Subject: **FIRST NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.**

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1. **Bill No. 263-38 (LS)-**
([https://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20263-38%20\(LS\)%20Referred%20Version.pdf](https://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20263-38%20(LS)%20Referred%20Version.pdf)) Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- *AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.*

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(<https://drive.google.com/drive/folders/15qD6NUcgMeLd5avLot2qykQF7-J38jQC?usp=sharing>). The drive file is periodically updated as testimony is received.

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<https://www.youtube.com/@GuamLegislatureMedia/streams>
(<https://www.youtube.com/@GuamLegislatureMedia/streams>).
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PO BOX 368, HAGATNA, GUAM 96932
 T. +1 671.637.KUAM
 F. +1 671.637.9865

| | | |
|---|--|---------------------|
| New Order | Revised/Add-On | Info. Update |
| Office of Senator Telo Taitague - 38th Guam | | |
| Advertiser Name | Legislature | |
| Address | Suite 407 DNA Bldg; 238 Archbishop Flores St. Hagatna, Guam 96910 | |
| Point of Contact | Charissa Manibusan | |

| | |
|--|---|
| Order Number | _____ |
| Order Entry Date | _____ |
| Customer PO # | _____ |
| Product Code | _____ |
| RECEIVABLES ACCOUNT | |
| <input checked="" type="checkbox"/> Cash | <input type="checkbox"/> Trade <input type="checkbox"/> Other |
| ORDER DESCRIPTION | |
| | |
| PRODUCTION INFORMATION | |
| Cart # | Title: _____ Length: _____ |
| | |
| | |

| | | | |
|-----------------------------------|---|-------------------------|--|
| FOR INTERNAL PURPOSES ONLY | | Media Consultant | Christie SA |
| Notary Required | YES <input type="checkbox"/> <input checked="" type="checkbox"/> NO | Billing | Per Spot <input type="checkbox"/> Package <input checked="" type="checkbox"/> Trade <input type="checkbox"/> |

| Station | Inc Acct | Rate | Start Date | End Date | AbsTime/Prog. Event | Length | Spot Type | Cart # | M | T | W | TH | F | SA | SU | Per Wk | Total # | Total \$ |
|---------|----------|------|------------|----------|---------------------|--------|-----------|--------|---|---|---|----|---|----|----|--------|---------|----------|
|---------|----------|------|------------|----------|---------------------|--------|-----------|--------|---|---|---|----|---|----|----|--------|---------|----------|

KUAM TV

1x :15 Second Commercial on TV8 or TV11 from 7am - 5:59pm - First Notice **(Air date: 02/18/26)**
 1x :15 Second Commercial on TV8 or TV11 from 7am - 5:59pm - First Notice (KUAM Match)
 1x :15 Second Commercial on TV8 or TV11 from 7am - 5:59pm - Second Notice **(Air date: 02/23/26)**
 1x :15 Second Commercial on TV8 or TV11 from 7am - 5:59pm - Second Notice (KUAM Match)
 1x :15 Second TV Production (text and music bed only)

Shelf# & Title: 198A – Public Hearing 022526

Contract for Public Hearing on February 25, 2026; 1st and 2nd Notice

| | | | | | | | | | | | | | | | | | | |
|-----------------------|-----|-----|-----|-----|-----|------|------|-----------------------------|--|--|--|--|--|--|--|---------------------|-----------|--|
| MONTHLY TOTALS | | | | | | | | SPECIAL INSTRUCTIONS | | | | | | | | ORDER TOTALS | | |
| Jan | Feb | 500 | Mar | Apr | May | June | July | | | | | | | | | Total Spots | PKG | |
| July | Aug | | Sep | Oct | Nov | Dec | | | | | | | | | | Total Dollars | \$ 500.00 | |

TV COMMERCIAL FORMAT: We ask that all commercials be formatted to originate in HD 1920x1080 and conform to a 4x3 pillar for Title Safe dimensions for graphics. These will be downconverted on our SD channels. Should a commercial spot be produced in SD, it should be formatted in 720x486 DI format resolution and will be upconverted on HD Channels (DOCOMO 608 and 611).

RESTRICTIONS: 48-hour deadline is KUAM's quality control to ensure that your advertisement airing meets the highest standards. If there is a rush, KUAM is not responsible for quality and standard concerns on behalf of the client.

PAYMENT IS DUE UPON RECEIPT OF NOTICE. In the event of cancellation of this contract prior to its scheduled expiration date and/or failure to remit payment of invoice[s] within 60 days of invoice date, all spots that have run prior to the cancellation date and/or schedules adhered to will be billed at the Rate Card. Client understands and agrees that a finance charge of 10% per month shall accrue on all accounts remaining unpaid one (1) month after invoice date. Client agrees to pay a USD\$25.00 service fee per returned check. There will be a 5% surcharge for all credit card transactions. If payment is not made as required, KUAM may, its option, without notice or demand payment, declare Client's credit account in default, in which case Client's entire balance[s] that are due and payable will be forwarded for collection. Client agrees to accept all consequences and to pay all costs, including attorney's fees, court fees, court costs and other expenses incurred as deemed necessary by KUAM to settle the account.

NON DISCRIMINATION CLAUSE: KUAM/Pacific Telestations, LLC does not discriminate on the basis of race or ethnicity in the placement, scheduling and completion of purchase of advertising. Any order for advertising that includes any such restriction will not be accepted.

CDManibusan
 ACCEPTED BY CLIENT

Christie San Agustin
 ACCEPTED BY STATION



Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

NOTICE OF PUBLIC HEARING
Guam Legislature, Public Hearing Room
Wednesday, February 25, 2026 beginning at 9:00 A.M.

AGENDA

The Committee will hear and accept testimony on the following:

I. Bill No. 263-38 (LS)- Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- **AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.**



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
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I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

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Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
Regulatory Affairs, Technology, Justice, Elections, and Retirement

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This ad is paid for by legislature funds.



SECOND NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.

1 message

Senator Telo Taitague <senatortelot@gmail.com>

23 February 2026 at 06:34

To: phnotice@guamlegislature.gov

Cc: Ed Pocaigue <sgtfarms@guamlegislature.gov>

Bcc: senatortelot.charissa@gmail.com, Rowena Fejeran <senatortelot.rowena@gmail.com>, Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>

February 23, 2026

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Telo T. Taitague, Chairperson

Subject: **SECOND NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.**

Håfa Adai!

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Si Yu'os Ma'åse,

Create a Great Day!

Senator Telo T. Taitague

38th Guam Legislature

Chairperson

Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement

Suite 407 DNA Building
238 Archbishop Flores St.

Hagatna, Guam 96910

Tel: (671) 989-8356

Email: senatortelot@gmail.com

2 attachments



SECOND NOTICE_02.25.26 Public Hearing.pdf

345K



Bill No. 263-38 (LS) Referred Version (2).pdf

1539K



OFFICE OF SENATOR
Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 23, 2026

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Telo T. Taitague, Chairperson

Subject: SECOND NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.

Håfa Adai!

The Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement will conduct a public hearing on **Wednesday, February 25, 2026 at 9:00 a.m.**, in the Guam Congress Building, Public Hearing Room to hear and accept testimonies on the following agenda item:

1. [Bill No. 263-38 \(LS\)](#)- Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- *AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.*

How to Participate: Oral testimony may be presented at the Guam Congress Building, Public Hearing Room. Please arrive at least 15 minutes early to sign in. Written testimony may be emailed to senatortelot@gmail.com or delivered to the Office of Senator Telo T. Taitague, Suite 407, DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam.

View Public Testimony Here: Submitted testimony and other documents related to the agenda item(s) can be viewed at: [Public Hearing Shared Drive- Wednesday, February 25, 2026, 9am.](#) . The drive file is periodically updated as testimony is received.

Special Accommodations: In compliance with the Americans with Disabilities Act (ADA), individuals requiring assistance of accommodation should contact the Office of Senator Telo T. Taitague at (671) 989-8356 or email senatortelot@gmail.com .

Submission of Presentation Materials and Media: PowerPoint presentations and other digital materials must be emailed to senatortelot@gmail.com no later than three (3) days prior to the public hearing to allow timely submission to the Guam Legislature's MIS Division at least forty-eight (48) hours in advance. These protocols are to ensure the security and integrity of the Legislature's information systems.

Broadcast and Live Stream Information: The hearing will broadcast on local television, GTA Channel 21, Docomo Channel 117, and stream online via *I Liheslaturan Guåhan's* live feed on YouTube <https://www.youtube.com/@GuamLegislatureMedia/streams>. A recording of the hearing will be available online via Guam Legislature Media on YouTube after the hearing.

Public Notices: Notices for this public hearing are published on KUAM TV, and the Government of Guam Public Notice Portal: https://notices.guam.gov/notice_detail/8368.


SECOND NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.


 PRINT

SECOND NOTICE of Public Hearing - Wednesday, February 25, 2026 at 9:00 a.m.

PUBLIC HEARING



 **Posted on:** 02/23/2026 06:27 AM

 **Posted by:** Charissa Manibusan, Committee Director

 **Public Hearing Date:** 02/25/2026 09:00 AM


 **Department(s):** **GUAM LEGISLATURE (/notices?department_id=92)**

 **Division(s):** OFFICE OF SENATOR TELO TAITAGUE (/notices?division_id=282)

 **Notice Topic(s):** PUBLIC HEARING (/notices?topic_id=74)

 **Types of Notice:** PUBLIC HEARING (/notices?type_id=7)

 **For Audience(s):** PUBLIC (/notices?public=1)

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February 23, 2026

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1.

Bill _____ No. _____ 263-38 _____ (LS)-

([https://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20263-38%20\(LS\)%20Referred%20Versi](https://guamlegislature.gov/38th_Guam_Legislature/Bills_Introduced_38th/Bill%20No.%20263-38%20(LS)%20Referred%20Versi))
by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- *AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.*

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Senator Telo Taitague <senatortelot@gmail.com>

February 25, 2026 Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

1 message

Senator Telo Taitague <senatortelot@gmail.com>

17 February 2026 at 10:23

To: Lester Carlson <lester.carlson@oldbbmr.guam.gov>

Cc: senatortelot.charissa@gmail.com

Bcc: Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>

February 17, 2026

Transmitted via Electronic Mail

Lester Carlson, Jr., Director
Bureau of Budget & Management Research
lester.carlson@bbmr.guam.gov

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)*Hafa Adai* Director Carlson,

This letter is to notify you that the Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections and Retirement, will convene a Public Hearing on, **Wednesday, February 25, 2026 at 9:00 a.m.**, to hear the following agenda item:

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Please contact our office via email or at (671) 989-8356, for any questions or concerns. We look forward to your participation.

Si Yu'os Ma'åse,***Create a Great Day!****Senator Telo T. Taitague*

38th Guam Legislature


Chairperson**Committee on Economic Investment, Military Buildup, Regional Relations, Technology,**

Regulatory Affairs, Justice, Elections, and Retirement

Suite 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
Tel: (671) 989-8356
Email: senatortelot@gmail.com

2 attachments

 **BBMR Invitation- Feb. 25, 2026 Public Hearings_B263-38 (LS).pdf**
227K

 **Bill No. 263-38 (LS).pdf**
3601K



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 17, 2026

Transmitted via Electronic Mail

Lester Carlson, Jr., Director
Bureau of Budget & Management Research
lester.carlson@bbmr.guam.gov

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

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Respectfully

A handwritten signature in black ink, appearing to read "Telo T. Taitague".

Senator Telo T. Taitague, Chairperson

Attachment: Copy of Bill No. 263-38 (LS)



Senator Telo Taitague <senatortelot@gmail.com>

February 25, 2026 Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

1 message

Senator Telo Taitague <senatortelot@gmail.com>

17 February 2026 at 10:20

To: Ed Birn <edward.birn@doa.guam.gov>, elizabeth.fisher@doa.guam.gov

Cc: senatortelot.charissa@gmail.com

Bcc: Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>

February 17, 2026

Transmitted via Electronic Mail

Edward Birn, Director
Department of Administration
Edward.birn@doa.guam.gov

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

Hafa Adai Director Birn,

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Si Yu'os Ma'åse,

Create a Great Day!

Senator Telo T. Taitague
38th Guam Legislature

Chairperson

Committee on Economic Investment, Military Buildup, Regional Relations, Technology,


Regulatory Affairs, Justice, Elections, and Retirement

Suite 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
Tel: (671) 989-8356
Email: senatortelot@gmail.com

3 attachments

 **DOA Invitation- Feb. 25, 2026 Public Hearings_B263-38 (LS).pdf**
784K

 **2.16.26_FN_B263-38 (LS).pdf**
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 **Bill No. 263-38 (LS).pdf**
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Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
Regulatory Affairs, Technology, Justice, Elections, and Retirement

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238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 17, 2026

Transmitted via Electronic Mail

Edward Birn, Director
Department of Administration
Edward.birn@doa.guam.gov

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

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Respectfully

A handwritten signature in black ink, appearing to be "Telo T. Taitague".

Senator Telo T. Taitague, Chairperson

CC :Elizabeth Fisher, Deputy Director at elizabeth.fisher@doa.guam.gov

Attachment: Copy of Bill No. 263-38 (LS)



Senator Telo Taitague <senatortelot@gmail.com>

February 25, 2026 Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

1 message

Senator Telo Taitague <senatortelot@gmail.com>

17 February 2026 at 10:26

To: Tina Garcia <cgarcia@investguam.com>, Angelene Rios <angelene.rios@investguam.com>

February 17, 2026

Transmitted via Electronic Mail

Christina D. Garcia, Chief Executive Officer/Administrator
Guam Economic Development Authority
cgarcia@investguam.com

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)*Hafa Adai* CEO Garcia,

This letter is to notify you that the Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections and Retirement, will convene a Public Hearing on, **Wednesday, February 25, 2026 at 9:00 a.m.**, to hear the following agenda item:

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38th Guam Legislature

Chairperson**Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement**

Suite 407 DNA Building
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Hagatna, Guam 96910
Tel: (671) 989-8356
Email: senatortelot@gmail.com

3 attachments

-  **GEDA Invitation- Feb. 25, 2026 Public Hearings_B263-38 (LS).pdf**
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Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
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senatortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 17, 2026

Transmitted via Electronic Mail

Christina D. Garcia, Chief Executive Officer/Administrator
Guam Economic Development Authority
cgarcia@investguam.com

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Respectfully

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Senator Telo T. Taitague, Chairperson

CC: Angelene Rios, Special Projects Coordinator
Attachment: Copy of Bill No. 263-38 (LS)



Senator Telo Taitague <senatortelot@gmail.com>

February 25, 2026 Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

1 message

Senator Telo Taitague <senatortelot@gmail.com>

17 February 2026 at 10:25

To: guamfireretirees@gmail.com

Cc: senatortelot.charissa@gmail.com

Bcc: Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>

February 17, 2026

Transmitted via Electronic Mail

All Members

Guam Fire Retirees Association

guamfireretirees@gmail.com

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

Hafa Adai GFRA Members,

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38th Guam Legislature

Chairperson

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Telo T. Taitague

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I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

February 17, 2026

Transmitted via Electronic Mail

All Members

Guam Fire Retirees Association

guamfireretirees@gmail.com

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Senator Telo T. Taitague, Chairperson

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Senator Telo Taitague <senatortelot@gmail.com>

February 25, 2026 Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

1 message

Senator Telo Taitague <senatortelot@gmail.com>

17 February 2026 at 10:29

To: Robert Koss <rkoss@gftunion.com>, jlaville@gftunion.com

Cc: senatortelot.charissa@gmail.com

Bcc: Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>

February 17, 2026

Transmitted via Electronic Mail

Robert Koss, Field Representative
Guam Federation of Teachers
ross@gftunion.com

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)*Hafa Adai* Mr. Koss,

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38th Guam Legislature

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Suite 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
Tel: (671) 989-8356
Email: senatortelot@gmail.com

3 attachments

-  **Bill No. 263-38 (LS) Referred Version.pdf**
1539K
-  **2.16.26_FN_B263-38 (LS).pdf**
1048K
-  **GFT Invitation- Feb. 25, 2026 Public Hearings_B263-38 (LS).pdf**
234K



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guahan • 38th Guam Legislature

February 17, 2026

Transmitted via Electronic Mail

Robert Koss, Field Representative
Guam Federation of Teachers
rkoss@gftunion.com

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

Hafa Adai Mr. Koss,

This letter is to notify you that the Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections and Retirement, will convene a Public Hearing on, **Wednesday, February 25, 2026 at 9:00 a.m.** to hear the following agenda item:

- I. **Bill No. 263-38 (LS)**- Introduced by Telo T. Taitague, V. Anthony Ada, Joe S. San Agustin- "*AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.*"

I cordially invite you or your representative(s) to attend the public hearing to provide testimony on the agenda item. Written testimony may also be submitted prior to the hearing via email to senatortelot@gmail.com or delivered to the Office of Senator Telo T. Taitague.

Please also note that PowerPoint presentations and other digital materials that you may plan to present must be emailed to my office no later than three (3) days prior to the public hearing. This is to allow timely and required submission to the Guam Legislature's MIS Division forty-eight (48) hours in advance. These protocols are to ensure the security and integrity of the Legislature's information systems.

Please contact our office via email or at (671) 989-8356, for any questions or concerns. We look forward to your participation.

Respectfully

Senator Telo T. Taitague, Chairperson

CC: Joanie LaVille, Field Representative, jlaville@gftunion.com

Attachment: Copy of Bill No. 263-38 (LS)



Senator Telo Taitague <senatortelot@gmail.com>

February 25, 2026 Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

1 message

Senator Telo Taitague <senatortelot@gmail.com>

17 February 2026 at 10:17

To: pmbblas@ggrf.com, Paula Blas <pmbblas@ite.net>

Bcc: senatortelot.charissa@gmail.com, Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo

<senatortelot.isah@gmail.com>

February 17, 2026

Transmitted via Electronic Mail

Paula M. Blas, Director

Government of Guam Retirement Fund

pmbblas@ggrf.com**Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)***Hafa Adai* Director Blas,

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Please contact our office via email or at (671) 989-8356, for any questions or concerns. We look forward to your participation.

Si Yu'os Ma'åse,***Create a Great Day!****Senator Telo T. Taitague*

38th Guam Legislature


Chairperson**Committee on Economic Investment, Military Buildup, Regional Relations, Technology,**

Regulatory Affairs, Justice, Elections, and Retirement

Suite 407 DNA Building
238 Archbishop Flores St.
Hagatna, Guam 96910
Tel: (671) 989-8356
Email: senatortelot@gmail.com

3 attachments

 **GRF Invitation- Feb. 25, 2026 Public Hearings_B263-38 (LS).pdf**
780K

 **Bill No. 263-38 (LS).pdf**
3601K

 **2.16.26_FN_B263-38 (LS).pdf**
1048K



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations,
Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
238 Archbishop Flores St.
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I Mina'trentai Ocho Na Liheslaturan Guahan • 38th Guam Legislature

February 17, 2026

Transmitted via Electronic Mail

Paula M. Blas, Director
Government of Guam Retirement Fund
pmbblas@ggrf.com

Subject: Public Hearing invitation to provide testimony on Bill No. 263-38 (LS)

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Please contact our office via email or at (671) 989-8356, for any questions or concerns. We look forward to your participation.

Respectfully

Senator Telo T. Taitague, Chairperson

Attachment: Copy of Bill No. 263-38 (LS)



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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PUBLIC HEARING AGENDA

Wednesday, February 25, 2026 at 9:00 AM

Guam Congress Building, Public Hearing Room

- I. **Bill No. 263-38 (LS)**- Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- *AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.*

Public Hearing Testimony: Oral testimony may be presented at the Guam Congress Building, Public Hearing Room. Please arrive at least 15 minutes early to sign in. Written testimony may be emailed to senatortelot@gmail.com or delivered to the Office of Senator Telo T. Taitague, Suite 407, DNA Building, 238 Archbishop Flores Street, Hagåtña, Guam.

Special Accommodations: In compliance with the Americans with Disabilities Act (ADA), individuals requiring assistance of accommodation should contact the Office of Senator Telo T. Taitague at (671) 989-8356 or email senatortelot@gmail.com .

Submission of Presentation Materials and Media: PowerPoint presentations and other digital materials must be emailed to senatortelot@gmail.com no later than three (3) days prior to the public hearing to allow timely submission to the Guam Legislature's MIS Division at least forty-eight (48) hours in advance. These protocols are to ensure the security and integrity of the Legislature's information systems.

Broadcast and Live Stream Information: The hearing will broadcast on local television, GTA Channel 21, Docomo Channel 117, and stream online via *I Liheslaturan Guåhan's* live feed on YouTube <https://www.youtube.com/@GuamLegislatureMedia/streams>. A recording of the hearing will be available online via Guam Legislature Media on YouTube after the hearing. This ad is paid for by legislature funds.



OFFICE OF SENATOR
Telo T. Taitague
 CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
 Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
 2238 Archbishop Flores St.
 Hagatna, Guam 96910
 (671) 989-8356
 senatortelot@gmail.com

1 Mina'trentai Ocho Na Liheslaturan Guahan • 38th Guam Legislature

PUBLIC HEARING SIGN-IN SHEET

Wednesday, February 25, 2026 at 9:00AM

Public Hearing Room, Guam Congress Building

Bill No. 263-38 (LS) - Telo T. Taitague - "AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN."

| NAME: | AGENCY/ ORGANIZATION | POSITION | TESTIMONY | CONTACT INFORMATION |
|-------------------------------------|-------------------------|--|--|------------------------|
| 1. <i>PAULA BEAS</i> | <i>GGRF</i> | SUPPORT <input checked="" type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |
| 2. <i>ANTONNA S. LEON GUERREIRO</i> | <i>GGRF</i> | SUPPORT <input checked="" type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input checked="" type="checkbox"/> | |
| 3. <i>Maggie Reibasky</i> | <i>Wilshire</i> | SUPPORT <input type="checkbox"/> OPPOSE <input checked="" type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |
| 4. <i>Artemio 'Ricky' Hernandez</i> | <i>GGRF</i> | SUPPORT <input checked="" type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |
| 5. | | SUPPORT <input type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |
| 6. | | SUPPORT <input type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |
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| 8. | | SUPPORT <input type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |
| 9. | | SUPPORT <input type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |
| 10. | | SUPPORT <input type="checkbox"/> OPPOSE <input type="checkbox"/> | WRITTEN <input type="checkbox"/> ORAL <input type="checkbox"/> | |



GOVERNMENT OF GUAM
RETIREMENT FUND
STABILITY · SECURITY · REWARDS

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Joshua F. Tenorio
Lieutenant Governor

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Chair

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Vice Chair

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Secretary

Artemio R.A. Hernandez, Ph.D.
Treasurer
Chair, Investment Committee

Katherine T.E. Taitano
Trustee
Chair, Members and Benefits Committee

Vacant
Trustee

Vacant
Trustee

**GOVERNMENT OF GUAM RETIREMENT FUND
POSITION STATEMENT IN SUPPORT OF BILL NO. 263-38 (LS)**

FEBRUARY 25, 2026

I. POSITION STATEMENT

The Government of Guam Retirement Fund hereby submits its position statement in full support of Bill No. 263-38 (LS).

II. GENERAL COMMENTS REGARDING BILL NO. 263-38 (LS)

Bill No. 263-38 (LS), if enacted, would amend five sections of the Defined Benefit Plan statute codified at Title 4, Chapter 8, Article 1 of the Guam Code Annotated.

- A. Amendments to Section 8137(b)(1) would improve the Government of Guam's ability to prudently plan and budget for contributions to the Defined Benefit Plan and the Defined Benefit 1.75 Plan, as well as for ongoing government operations. Amendments to the amortization periods for the Government of Guam to fund the Defined Benefit Plan's unfunded actuarial accrued liability, as recommended by Milliman (the actuary firm retained by the Trustees of the Retirement Fund), are reasonable, prudent, and necessary to decrease the volatility of the Government of Guam's contribution rate and smooth out government contributions each fiscal year.
- B. Four other sections in the Defined Benefit Plan's investment statutes (Sections 8143, 8146, 8154, and 8157) would be amended to provide the Retirement Fund with greater opportunities to improve risk-adjusted returns on its investments, with the desired result of safeguarding the pension Fund while reducing the Government of Guam's required contributions to the Defined Benefit Plan and the Defined Benefit 1.75 Plan. These opportunities arise from increased globalization and geographic diversity of the public securities market, and in recognition that limited parameters in the Defined Benefit Plan's investment statutes are not in keeping with the evolving market opportunity set.

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

III. SPECIFIC COMMENTS REGARDING BILL NO. 263-38 (LS)

- A. Section 8137(b)(1), Article 1, Chapter, 8, Title 4 of the Guam Code Annotated requires the remaining liability for prior service (referring to the government of Guam's unfunded actuarial accrued liability ("UAAL") beyond its normal cost) to be funded over a period of 82 years following May 1, 1951. The relatively short remaining period (7 years until May 1, 2033) to amortize the UAAL means that the required funding will be spread over shorter periods, which can cause large swings in the required government contribution rate from one year to the next. For example, if investments perform below the assumed rate of investment return, that underperformance could potentially result in experience losses in the tens or even hundreds of millions of dollars. The losses could very well be required to be made up in one year through the Government of Guam's contribution rate.
- B. If Bill No. 263-38:2 is enacted, then new UAAL bases shall be ascertained as of September 30th of each year; and each new UAAL base shall be equal to the unexpected change in the UAAL for the year, and amortized over periods of up to fifteen (15) years. The new UAAL base could be amortized, in whole or in separate parts, from the date each new UAAL base is established.

As an example, solely for purposes of illustration, Milliman (the actuarial firm retained by the Trustees of the Retirement Fund) modeled a situation in which the investment return in fiscal year 2028 was flat -- 0% -- to show that in that situation, the government of Guam's contribution rates were projected to be more volatile over a 15-year period than smoother, more gradual contribution rate changes if Bill No. 263-38 were enacted. A reduction in volatility would improve the government's planning and budgeting efforts as contribution rates are smoothed over applicable amortization periods.

- C. If enacted, Bill No. 263-38:3 would clarify and codify the Board of Trustees' authority to consider and incorporate long-term sustainability factors in evaluating investment products. Materiality assessments shall be based on whether such considerations may impact the investment product's long-term sustainable earnings power, on a risk-adjusted basis.
- D. If enacted, Bill No. 263-38:4-6 would also update certain investment limitations in the Defined Benefit Plan statute. These changes are reasonably expected to provide the Retirement Fund with better opportunities to improve diversification of investments and potentially achieve higher risk-adjusted long-term returns.
- (i) Bill 263-38:4 would expand capacity in Section 8146 for investments in non-U.S. bonds and equity combined from 35% to 50% of the Fund at cost, and the limitation on Section 8146 investments in any single issuing entity from 5% to 10% of the Fund at cost.
 - (ii) Bill No. 263-38:5 would raise the upper threshold in Section 8154(a)(2) for investments in lesser-ranked domestic corporate bonds from 8% to 15% of

the Fund at cost, and the 2% limitation on investments in any single issuer from 2% to 5% of the Fund at cost.

- (iii) Bill No. 263-38:5 would eliminate fixed charge ratio tests in Section 8154. Given that the Fund relies on rating agencies to define bond quality, these types of debt ratio tests are no longer needed.
- (iv) Bill No. 263-38:5 would eliminate the limiting requirement of fixed rate and investment grade, as many bonds are floating rate and non-investment grade. Instead, Bill No. 263-38 would amend the appropriate benchmark so that tracking will include indices other than the U.S. Aggregate Bond Index, as approved from time to time by the Board of Trustees.
- (v) Bill No. 263-38:6 would eliminate specific security level selection requirements (such as dividend payout requirements) for domestic common stock in Section 8157(a) and apply the same prudent person investment standard to non-U.S. common stock in Section 8157(b), as well as to non-U.S. government bonds in Section 8151(b); non-U.S. corporate bonds in Section 8154(b); non-U.S. preferred stock in Section 8156(b); and management of the Retirement Fund generally in Section 8139.1(b)(2).
- (vi) Bill No. 263-38:6 also would increase the limitation on any one issuer of domestic stock from 5% to 10%, and would eliminate the restriction on aggregate common stock investments at 70% of the Fund at cost.

IV. SUMMARY OF COMMENTS TO BILL NO. 263-38 (LS)

For the foregoing reasons, along with further testimony to be provided at public hearing, the Board of Trustees of the Retirement Fund supports the passage and enactment of Bill No. 263-38 (LS).

/s/

ANTOLINA S. LEON GUERRERO
Chair



1301 Fifth Avenue
Suite 3800
Seattle WA 98101-2605
USA

Tel +1 206 624 7940

milliman.com

February 16, 2026

Government of Guam Retirement Fund
424 Route 8
Maite, Guam 96910

Re: Support for Bill 263-38 (LS)

Dear Members of the Board:

As requested, we have performed an actuarial review of Bill 263-38 (LS). Based on our review of this bill, we support its passage.

As our expertise lies with the funding of public retirement systems, our support is based on Section 2 of the Bill which would provide flexibility in the amortization of Unfunded Actuarial Accrued Liability (UAAL) of the Guam Government Retirement Fund (GGRF). Such flexibility in the amortization approach would enhance contribution rate stability and predictability.

Key Findings

The following are the main observations from our review of the bill:

- **Contribution rate stability:** Under current law, the UAAL is paid off over a closed period ending May 1, 2033. This relatively short remaining period to amortize the UAAL means that the required funding will be spread over shorter and shorter periods, which may cause large swings in the required employer contribution rate from one year to the next. This contribution rate volatility will escalate as 2033 nears, which could become problematic for government budgets. The language in the bill would allow the GGRF to adopt a funding approach that would help improve the stability and predictability of future contribution rates.
- **Balance between strong funding and stable contribution rates:** The current amortization method provides strong funding to the GGRF, in theory, by requiring the UAAL to be paid off by 2033, but as noted, the potential swings in future required contributions could be problematic. The bill allows the flexibility for GGRF to have both reasonably strong funding and reasonable contribution rate stability. It should be noted that the bill language restricting the amortization of any future unexpected changes in the UAAL to be no more than 15 years would still result in GGRF having shorter amortization than most large public retirement systems. A shorter amortization period generally means a system is making greater funding progress.
- **Other Systems:** Very few public retirement systems have as short of an amortization period as the current law requires. This is likely due to the inherent contribution rate volatility of a short amortization period. The bill would allow GGRF to adjust its funding to be more in line with other public retirement systems.
- **Actuarial Guidance:** Under published actuarial guidance, the current fixed amortization period is a non-recommended practice. The provisions provided in the bill would allow for GGRF to adjust its amortization to be a model practice (the highest level under actuarial guidance).

This work product was prepared solely for GGRF for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Qualifications

Milliman is one of the largest providers of actuarial consulting services to public retirement systems. I, Nick Collier, have over 30 years of experience working with public retirement systems. In addition to GGRF, I am currently the actuarial consultant for the California State Teachers' Retirement System, the Texas County & District Retirement System, the Los Angeles County Employees Retirement Association, the San Mateo County Employees' Retirement Association, the Seattle City Employees Retirement System, and the Retirement Plan of the Idaho Department of Labor.

Amortization under Current Law and Bill 263-38 (LS)

Under Section 8137(b)(1), Article 1, Chapter, 8, Title 4 of the Guam Code Annotated, the remaining liability for prior service (referred to in this statement as the UAAL) is funded over a period of 82 years following May 1, 1951. As previously discussed, as this once long period has become short (currently less than 8 years), this can create significant swings in the required contribution rate which could be detrimental to government planning and budgeting.

If Bill No. 263-38: is enacted, the revised law would allow for new UAAL bases to be established as of September 30th of each year. Each new UAAL base would equal the unexpected change in the UAAL for the year and would be amortized over periods of up to fifteen (15) years, in whole or in separate parts, from the date each new UAAL base is established. This proposed change would provide GGRF increased flexibility in how the UAAL is amortized. We have provided examples in the following section showing how this change could reduce potential contribution rate volatility.

Examples

As previously noted, the bill would give GGRF flexibility in adopting an amortization approach. To provide examples of how the bill, if enacted, could potentially affect GGRF's funding, we have selected one possible approach that would be allowed under the bill and that is not allowed under current law. Note that this approach is in line with what we typically recommend to our clients. The approach used (referred to here as the "Alternate" method) is as follows:

- **Current UAAL:** Ten separate amortization schedules each paying off 1/10th of the current UAAL amount, with amortization periods ranging from 5 to 14 years.
- **Future UAAL Changes:** Future changes in the UAAL that are different than assumed (such as investment returns different than the assumed 7%) would be amortized over 15 year "bases." A separate base with an amortization schedule to pay off the amount over 15 years is set up each year. Note that these amounts can be either a payment (if experience is less favorable than expected) or a credit (if experience is more favorable than expected).

The examples show projected values for two key funding metrics:

- **Required Contribution Rate:** The required contribution rate under GCA Section 8137 is the sum of a contribution to pay the annual benefits being earned by active employees and a payment to amortize the UAAL minus the amount contributed by the employees. It is expressed as a percentage of payroll and is 33.85% of payroll for the 2025-26 fiscal year.
- **Security Ratio:** The percentage of the value of benefits accrued on the valuation date (referred to as the Actuarial Accrued Liability) that is funded by the Fund assets. A fully funded plan will have a security ratio of 100%. The Security Ratio as of the most recent (Sept. 30, 2024) actuarial valuation is 62%.

The projections are based on the most recent valuation and reflect the estimated FY2025 return of 11.31%. We have shown four projections: 1) all future returns equal 7%; 2) future returns equal 7% but with one below-assumption year; 3) future returns equal 7% but with one above-assumption year; and 4) a mix of favorable and unfavorable investment returns. All other future experience is consistent with the valuation assumptions.

Note: The Alternate method shown in the following examples would be allowed if the bill is enacted; current law does not allow the illustrated Alternate method.

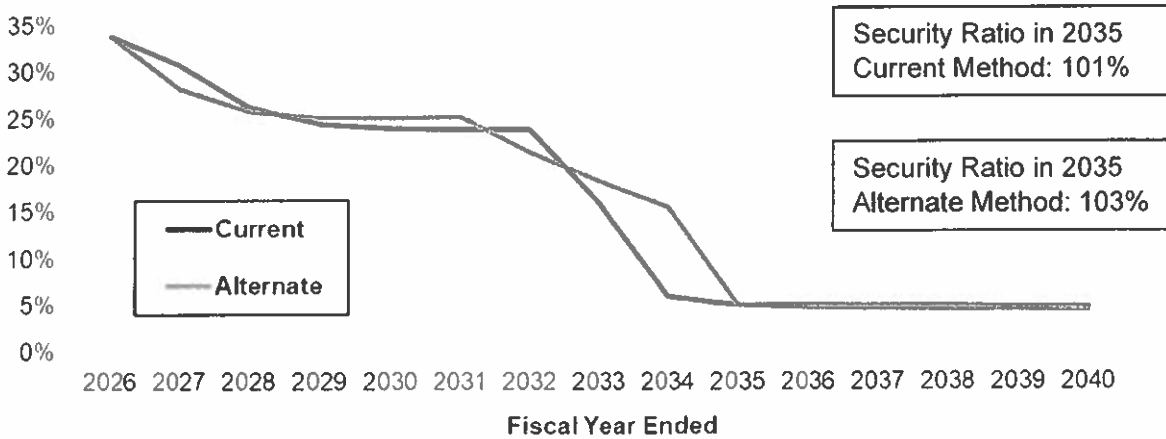
Summary of Example Results

In each of the examples, the alternate amortization method would provide equivalent or more stable contribution rates than under the current law. In the two examples with less-than-assumed future returns, the current method would result in a significant spike in the required contribution rate. In all of these scenarios, the Security Ratios in 2035 would be near or exceed 100% if experience follows the assumptions used in the illustration. (In practice, experience will not exactly match the actuarial assumptions.)

Baseline Scenario – All Valuation Assumptions Met

If all valuation assumptions are met, including 7% returns in all future years, the results are fairly similar under the current and alternate amortization methods. The contribution rates would decline in the future, and the Security Ratio is projected to be over 100% as of September 30, 2035.

Estimated Contribution Rate - 7% Returns in All Future Years



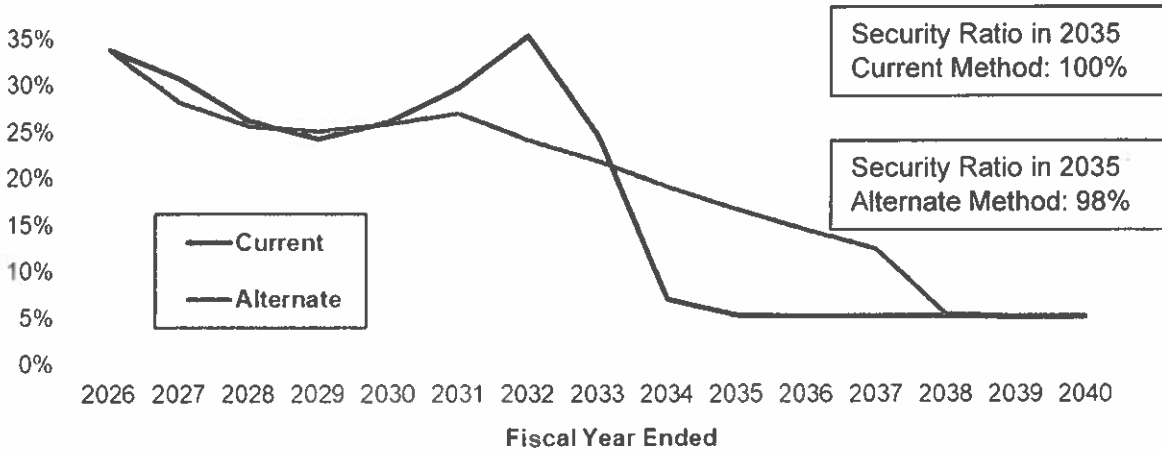
Downside Scenario – 0% Return in FY2028

If all valuation assumptions are met, including 7% returns in all future years except there is a 0% return in FY2028, the contribution rate would spike above its current level under the current amortization method following the 0% return as the investment loss would be amortized over a short period. Note that if the investment loss (actuaries refer to investment returns less than the assumed return as a loss) occurred closer to 2033 or the investment return was negative, the spike would be even larger. Under the Alternate

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method, the contribution rate would be much more stable and would not exceed its current level. The Security Ratio for the Alternate method is still projected to be close to 100% in 2035.

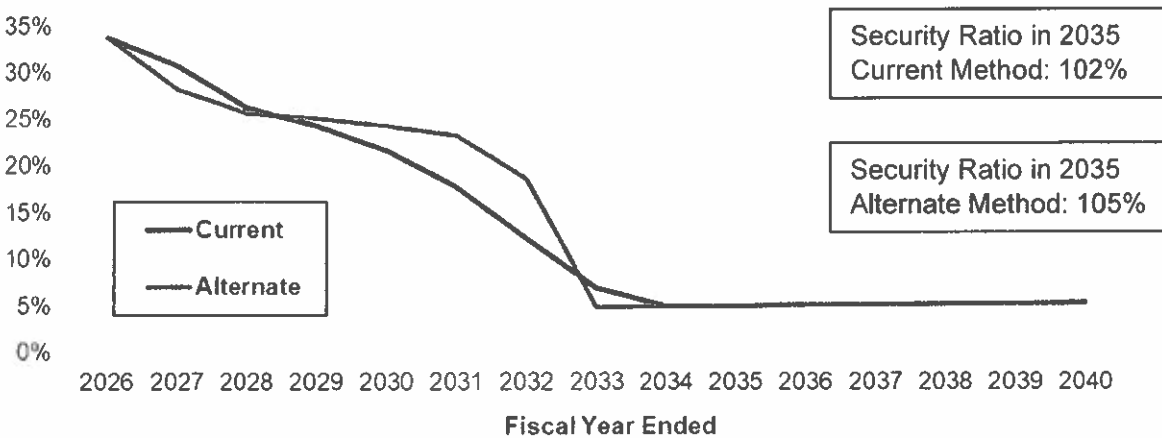
Estimated Contribution Rate - 0.0% Return in FY2028 Scenario



Upside Scenario – 14% Return in FY2028

If all valuation assumptions are met, including 7% returns in all future years, except there is a 14% return in FY2028, the contribution rates would decline in the future under both methods, and the Security Ratio is projected to be over 100% in 2035 under both methods.

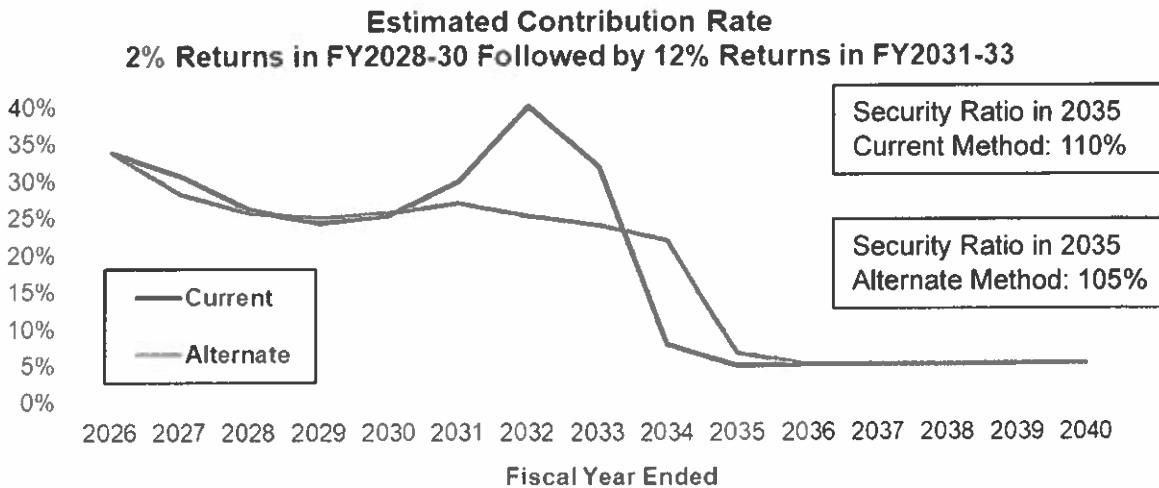
Estimated Contribution Rate - 14.0% Return in FY2028 Scenario



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Mixed Scenario – 2% Return for FY2028 – FY2030 and 11% Return for FY2031 – FY2033

If all valuation assumptions are met, except there are three years of poor returns (2% per year) followed by three years of good returns (12% per year), there would be a significant difference between the current and alternate amortization methods. The contribution rate would spike to over 40% of payroll under the current amortization method following the poor returns as the investment losses would be amortized over a short period. Under the Alternate method, the contribution rate would be much more stable. The Security Ratio is projected to be over 100% in 2035 under both methods.



Variability of results

The purpose of the examples is to illustrate the potential impact to the contribution rate and security ratio under the current and alternate amortization methods if future investment experience follows the returns specified in each scenario and all other experience matches the valuation assumptions. The Alternate amortization method is one (but not the only) amortization approach that would be reasonable and allowed under the bill and that is not allowed under current law. The actual contribution rates and Security Ratios calculated in future actuarial valuations may vary significantly due to a number of factors, in particular actual investment returns.

These cost estimates are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are necessarily inexact, even though we consider them reasonable. Thus, the emerging costs will vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions.

Data, plan provisions, methods, and assumptions

This analysis is based on the September 30, 2024 actuarial valuation and an estimated 11.31% investment return for the fiscal year ended September 30, 2025. Except as noted elsewhere in this letter, all other data, plan provisions, methods and assumptions are the same as described in that valuation report. If any of this information, or our understanding of the data elements, is inaccurate or incomplete, our analysis may need to be updated.

This work product was prepared solely for GGRF for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

All costs, liabilities, rates of interest, and other factors for GGRF have been determined on the basis of actuarial assumptions and methods which, in our professional opinion, are individually reasonable (taking into account the experience of GGRF and reasonable expectations); and that, in combination, offer a reasonable estimate of anticipated experience affecting GGRF and are expected to have no significant bias.

Models

These results were developed using models employing standard actuarial techniques. We have reviewed the models, including their inputs, calculations, and outputs for consistency, reasonableness, and appropriateness to the intended purpose and in compliance with generally accepted actuarial practice and relevant actuarial standards of practice. The models, including all input, calculation, and output may not be appropriate for any other purpose.

No legal duty to third-party recipients

Milliman's work is prepared solely for the internal business use of GGRF. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman acknowledges that this letter may be provided to Guam Legislature as part of public testimony.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

Qualifications and Certification

The consultants who worked on this assignment are actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuary is independent of the plan sponsors. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

If you have any further questions regarding this letter, please let us know.

Sincerely,



Nick Collier, ASA, EA, MAAA
Principal and Consulting Actuary

February 26, 2026

The Honorable Senator Telo T. Taitague
38th Guam Legislature
DNA Building, Suite 407
238 Archbishop Flores St.
Hagåtña, Guam 96910
Email: office@senatortelot@gmail.com

Subject: **Written Testimony**
Re: Support for Bill 263-38

Dear Senator Taitague,

Buenas yan Hafa Adai! I am submitting this written testimony in support of Bill 263-38 “An act to amend Section 8137(b)(1), 8143, 8146, 8154, and 8157, Article 1, Chapter 8, Title 4 of the Guam Code Annotated relative to the Defined Benefit Plan.”

After watching the Public Hearing for Bill 263-38, I am fully confident that collaboration of the Subject Matter Experts that the Guam Retirement Fund board of Trustees have helped in the formulation of this bill. A bill that will prevent the “CLIFF”

I would like to take this opportunity if there is any possibility for the 38th Guam Legislature visit the law regarding the Rainy Day Fund, codified in Guam Code Annotated Title 5, Chapter 22, <http://www.guamcourts.gov/CompilerofLaws/GCA/05gca/5gc022.pdf>, Article 4 Article 9,

§ 22436. General Fund Appropriations to the Rainy-Day Fund Cap.

- (a) Beginning in Fiscal Year 2010, the Legislature (the Legislature) shall not appropriate more than ninety-eight percent (98%) of the total revenues projected for the General Fund for the fiscal year until such time as the General Fund deficit is eliminated. All unappropriated annual General Fund revenues collected in excess of appropriations shall be used to liquidate obligations for refunds, earned income tax credits and prior years' vendor payables.

I Liheslatura (the Legislature) shall appropriate not less than two percent (2%) of the total revenues projected for the General Fund for each fiscal year to the Rainy-Day Fund established pursuant to § 22901, Article 9, Division 2, Chapter 22, Title 5, Guam Code Annotated, until such time as indicated in § 22904, Article 9, Division 2, Chapter 22, Title 5 GCA.

(b) Emergency. To the extent necessary to deal with any disaster or emergency this General Fund Appropriations Cap may be temporarily lifted in the event I Maga'håga (the Governor), the President of the United States, or I Liheslatura (the Legislature) by vote of a majority of its members declares Guam to be in a state of emergency or any similar designation.

§ 22904. Deposits and Appropriations.

All funds appropriated pursuant to § 22436, Chapter 22, Title 5, Guam Code Annotated, shall be deposited in the Rainy-Day Fund. However, no deposits to the Rainy-Day Fund shall be made if the Fund's assets exceed ten percent (10%) of the average gross operating requirements funded by the General Fund over the prior three (3) fiscal years. No expenditures from the Rainy-Day Fund shall be made that reduce the Rainy-Day Fund below the said ten percent (10%) average of the gross operating requirements funded by the General Fund over the prior three (3) fiscal years. Expenditures from the Rainy-Day Fund shall only be authorized by an appropriation or appropriations authorization by the I Liheslaturan Guahan.

Since the inception of the Rainy-Day Fund (RDF), the following have been deposited in RDF since Fiscal Year (FY) 2012:

FY2012: \$11,476,040.00
FY2013: \$11,469,096.00
FY2014: \$0
FY2015: \$0
FY2016: \$13,572,289.00
FY2017: \$13,903,510.00
FY2018: \$14,052,227.00
FY2019: \$0
FY2020: \$13,164,054.00
FY2021: \$12,602,239.00

FY2022: \$12,471,453.00
FY2023: \$14,556,248.00
FY2024: \$16,577,444.00,
FY2025: \$18,499,283.00
FY2026: 0

If and when the threshold is met in accordance with § 22904. Deposits and Appropriations, the Rainy-Day Fund be **suspended and allocate the money inclusive in future budget bill be used to help pay down the Government of Guam Unfunded Actuarial Accrued Liability (UAAL).**

Possible option if allowable by the § 22903. Purpose and Expenditures.

The Rainy-Day Fund shall be expended by appropriation by law for the following purposes:

- (a) eliminating or reducing any General Fund deficit existing at the end of a fiscal year substantially resulting from an unexpected, substantial decline in revenues received or due to the General Fund; or
- (b) for expenses caused by a Guam emergency. No monies can be transferred from the Rainy-Day Fund by the Governor pursuant to her transfer authority.

A sustainable amount to be determined by the Guam Legislature be used to pay down the UAAL.

§ 22905. Administration.

The Director of Administration shall account for and administer the Rainy-Day Fund. The Director shall keep all books, records, files and accounts of the Rainy-Day Fund. The Director shall prepare quarterly reports relative to the Rainy-Day Fund reflecting the transactions and the financial condition of the Rainy-Day Fund, which quarterly reports shall be transmitted to the Legislature and the Governor not later than thirty (30) days after the end of each quarter during the fiscal year.

§ 22906. Investment.

The Director of Administration shall invest money held in the Rainy-Day Fund in any type of investment approved for the Retirement Fund. All proceeds and income from investments of the Rainy-Day Fund shall be deposited in the Rainy-Day Fund.

The Honorable Telo T. Taitague
38th Guam Legislature
From: Stephen A. Amaguin
Subject: Written Testimony
Re: Support of Bill 263-38
February 27, 2026
Page 4 of 4

Conduct a thorough audit of all the RDF from FY 2012-FY2025, to see where and when it was spent and the actual balance of the RDF (Re: § 22905. Administration) the total investments (Re: § 22906. Investment). if allowable by our local statute, an amount allowable in 5 GCA Chapter 22, Article 9, § 22904 to pay down the UAAL.

Lastly, place a provision in future budget bill that will mandate any future excess revenues be exempted from an added deposit to RDF and just use the whole accountable amount pay to for the UAAL with FY2032 sunset provision.

The lighted blue texts are just possible suggested solutions in this very complex legislation.

I, STEPHEN A. AMAGUIN, submit this digitally signed testimony in support of Bill 263-38.

Respectfully submitted,

STEPHEN A. AMAGUIN
(671) [REDACTED]

4 GCA PUBLIC OFFICERS AND EMPLOYEES
CH. 8 RETIREMENT OF PUBLIC EMPLOYEES

option, all current members shall pay into the fund payment for all such sums received during the course of their employment with the government of Guam.”

P.L. 20-004:4 (Apr. 10, 1989) contained the following uncodified language:

Notwithstanding any other law or regulation, members and prior members who paid or executed promissory notes for repayment of withdrawn contributions or for educational or military credit or for non-base pay contributions shall have the interest on their repayment recalculated anew at regular interest and shall have payments reduced or the repayment period shortened accordingly.

P.L. 22-006:7 (Mar. 28, 1983) contained the following language:

Section 6 of this Act denies the right of any new member of the Retirement Fund to make contributions on account of their non-base pay. All members of the Fund who have previously elected to make such contributions may continue to do so except that the contribution rate shall be eight and one-half percent (8½%) for the period following enactment of this Act to the first full pay period, nine and one half percent (9½%) for the period from the beginning of such first full pay period through September 30, 1993, and ten and one half percent (10½%) thereafter.

§ 8137. Contribution by the Government.

The Government shall make contributions to the Fund each year on an actuarial funded basis, toward the annuities and benefits herein provided. These contributions shall be equal to the sum of the following:

(a) Government Normal Cost. An annual amount resulting from the application of a rate percent of total salaries of all members representing the present value of the actuarial reserve requirement for membership service, for such year, for service retirement annuity, disability retirement annuity, and annuities to widows and children, and the one-year term premium for the Government’s liability for death benefits, after taking credit for the contributions.

(1) From July 1, 1955 to August 30, 1972, the rate of contributions shall be seven and two hundred eighty-seven thousandths percent (7.287%) of the total salaries of the members participating in the Fund.

(2) From September 1, 1972, the rate of contribution shall be seven and six hundred ninety-seven thousandths percent (7.697%) of the total salaries of the members participating in the Fund.

(3) From July 1, 1976, the rate of contribution shall be eight and six hundred ninety-seven thousandths percent (8.697%) of the total salaries of the members participating in the Fund.

(4) From October 1, 1981, the rate of contribution shall be ten and six hundred ninety-nine thousandths percent (10.699%) of the total base pay of the members participating in the Fund and ten and six hundred ninety-nine thousandths percent (10.699%) of the pay for which members opted to contribute eight and one-half percent (8.5%) as provided in Section 7 of this Act.

(5) From the beginning of the first full pay period following the beginning of the 1992 fiscal year, the rate of contribution shall be six and ten-thousandths percent (6.010%) with respect to both pay and non-base pay for which members opted to contribute as provided in Section 7 of this Act.

(6) From October 1, 1993, the rate of contribution with respect to both base pay and the pay for which members opted to contribute as provided in Section 7 of this Act shall be equal to the Government Normal Cost rate percent determined in the latest completed actuarial valuation prepared for the Board of Trustees by the actuary appointed by the Board.

(b) Government Unfunded, Liability Amortization Cost.

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(1) An amount resulting from the application of a rate percent of total salaries of all members which will amortize the remaining liability for prior service over a period of eighty-two (82) years following May 1, 1951.

(A) From July 1, 1955, to August 30, 1972, the rate of contribution shall be not less than one and three hundred seventeen thousandths percent (1.317%) of the total salaries of the members participating in the Fund.

(B) From September 1, 1972, the rate of contributions shall be not less than one and four hundred and seven thousandths percent (1.407%) of the total salaries of the members participating in the Fund.

(C) From the beginning of the first full pay period following the beginning of the 1992 fiscal year, the rate of contribution shall be equal to thirteen and six hundred sixty-five thousandths percent (13.665%) of the total salaries of the members participating in the Fund.

(D) From October 1, 1993, the rate of contribution shall be equal to the Government Unfunded Liability Amortization Cost rate percent determined in the latest completed actuarial valuation prepared for the Board of Trustees by the actuary appointed by the Board, subject to the approval by *I Liheslaturan Guåhan* by legislation.

(E) From March 1, 2003, until the next completed actuarial valuation prepared for the Board of Trustees by the actuary appointed by the Board, the rate of contribution shall be eighteen percent (18%) of the total salaries of the members participating in the Fund.

(F) Thereafter, the contribution shall be equal to the Government Unfunded Liability Amortization Cost rate percent prepared for the Board of Trustees by the actuary appointed by the Board, subject to approval by *I Liheslaturan Guåhan* by legislation, which will amortize the remaining liability for prior service for the full period authorized herein.

(2) The amount of contributions by the Government shall be determined by applying the applicable percentage rate of contributions as hereinabove prescribed to the total salaries paid to the members during each payroll period, and all such amounts shall be paid into the Fund following the close of each payroll period, concurrently with the contributions made to the Fund by the members. For purposes of this Section, the term total salaries of members shall be interpreted to include Base Pay, as defined in 4 GCA § 8301(l), of members participating in the Government Defined Contribution System.

(c) An amount resulting from the application of a rate equal to average rate of return on the investment of retirement funds in the preceding fiscal year of total delinquent payments during the period when such payments are delinquent. In addition an amount equal to one percent (1%) per year of delinquent payments shall be paid over the Fund as penalty for late payment. As used in this Section, “delinquent payments” means payments due the Fund pursuant to 4 GCA § 8136 and Subsections (a) and (b) of this Section which are not paid over to the Fund within ten (10) working days after issuance of payroll checks.

(d) In addition to all other contributions made by the government to the Retirement Fund pursuant to this chapter, the government shall pay as an additional contribution to the Fund one percent (1%) of the total salaries of all members, effective October 1, 1988 through the last full pay period prior to enactment of this Section. These payments shall be first applied towards any unfunded liability of the Fund, if there be any.

(e) [No text]

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(1) [No text]

(A) From October 1, 2000, the Government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal 18.6%.

(B) From October 1, 2001, the government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal 85% of the sum of the contribution rates required under §§ 8137(a) and 8137(b) up to a maximum of 19.8016%.

(C) From October 1, 2002, the Government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal twenty-six percent (26.0%).

(D) From March 1, 2003, the Government rate of contribution for agencies receiving appropriations from *I Liheslaturan Guåhan* and for Federally funded programs shall equal eighteen percent (18%) and thereafter shall be one hundred percent (100%) of the sum of the contribution rates required under § 8137(a) and adopted by the Board pursuant to § 8137(b).

(2) [No text]

(A) From October 1, 2000, the government rate of contribution for autonomous agencies not receiving appropriations from *I Liheslaturan Guåhan* shall equal one hundred percent (100%) of the sum of the contribution rates required under §§ 8137(a) and 8137(b) up to a maximum of twenty-one percent (21%).

(B) From October 1, 2002, the government rate of contribution for autonomous agencies not receiving appropriations from *I Liheslaturan Guåhan* shall equal one hundred percent (100%) of the sum of the contribution rates required under §§ 8137(a) and 8137(b) up to a maximum of twenty-six percent (26%).

(C) From March 1, 2003, the government rate of contribution for autonomous agencies not receiving appropriations from *I Liheslaturan Guåhan* shall be eighteen percent (18%), and thereafter shall equal to one hundred percent (100%) of the sum of the contribution rates required under § 8137(a) and adopted by the Board pursuant to § 8137(b).

(f) The debt service relative to the Thirty Million Dollars (\$30,000,000) for Fiscal Year 2002 for the supplemental annuity benefits; cost of living allowance; *I Maga'hågan/Maga'låhen Guåhan* and *I Sigundo Maga'hågan/Maga'låhen Guåhan*'s pensions; retiree group health, dental and life insurance premiums; retiree life insurance subsidy; and Medicare premiums shall be paid from the 1.2016% increase in Employer Contributions for Fiscal Year 2002 over the FY2001 contribution rate of 18.6% for positions funded by Public Law Number 26-035, as amended by Public Law Numbers 26-036 and 26-047.

(g) [No text]

(1) For Fiscal Year 2002, separately, the Guam Power Authority, the Guam Telephone Authority, the Guam Waterworks Authority, the A. B. Won Pat International Airport Authority, the Guam Economic Development Authority, the Guam Housing Corporation, the Government of Guam Retirement Fund, the Port Authority of Guam, and the Guam Visitors Bureau shall remit to the Government of Guam Retirement Fund an amount equal to the number of employees which are retired from each entity multiplied by the amounts of:

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(A) Four Thousand Two Hundred Thirty-eight Dollars (\$4,238.00), known as the sum of the One Thousand Two Hundred Dollars (\$1,200.00), One Thousand Five Hundred Dollars (\$1,500.00), Seven Hundred Dollars (\$700.00) and Eight Hundred Thirty-eight Dollars (\$838.00) supplemental annuity benefits formerly contained in various General Appropriation Acts; and

(B) One Thousand One Hundred Dollars (\$1,100.00), known as the latest cost of living adjustment.

(2) Each of the above listed entities shall also remit to the Government of Guam Retirement Fund the amounts necessary to defray the cost of Medicare premiums for Retirees of those agencies and their survivors who are eligible to receive social security income benefits and are required under the government of Guam group health insurance program to pay such premiums to continue to participate in such health insurance program, failing which they are excluded therefrom (to continue existing programs contained in the monthly payments).

(3) The remittances required herein shall be made in two (2) equal installments and shall be due on or before December 31st and March 31st, respectively. The Government of Guam Retirement Fund shall promulgate, continue and amend, if necessary, previous administrative procedures to ensure the proper submission, receipt and accounting of all sums remitted in conformance with this section.

(h) [No text]

(1) Board's Power to Enforce. The Board of the Government of Guam Employees' Retirement Fund may file in Superior Court a Petition for Writ of Mandate to compel any government official who is so obligated to pay or transfer money to the Retirement Fund for employee or employer contributions to the Fund.

(2) Remedies. At the court's discretion, failure to comply with a Writ of Mandate issued pursuant to this Section after notice and a hearing shall be subject to contempt of court proceedings.

(3) Costs and Attorney's Fee. If the Board's petition is granted, the court shall award costs and a reasonable attorney's fee, which shall be paid from funds of the official's agency.

(4) Dismissal after Payment. If payment of the delinquent amount is made within fifteen (15) days after filing the petition for Writ, the petition shall be dismissed.

SOURCE: GC § 4219, as amended by P.L. 11-171 (Sept. 11, 1972); subsection (a) amended by P.L. 16-009:4 (May 5, 1981). Codified by the Compiler as 4 GCA § 8137. Subsection (c) added by P.L. 17-053:25 (June 4, 1984). Subsection (b) amended by P.L. 17-066:10 (Sept. 7, 1984). Subsection (c) added by P.L. 19-019:58 (Aug. 22, 1988), renumbered (d) pursuant to 1 GCA § 1606. Entire section amended by P.L. 22-006:8 (Mar. 29, 1993). Subsection (b) amended by P.L. 23-042:2 (Sept. 29, 1995). Subsection (e) repealed and reenacted by P.L. 26-035:IV:8 (Sept. 28, 2001) and P.L. 26-036:23 (Oct. 1, 2001). Subsection (f) added by P.L. 26-036:24 (Oct. 1, 2001), amended by P.L. 26-049:1 (Oct. 12, 2001). Subsection (g) added by P.L. 26-049:2 (Oct. 12, 2001). Subsection (e) repealed and reenacted by P.L. 26-152:IV:2 (Sept. 29, 2002). Subsections (b), (e) amended by P.L. 27-005:IV:20-21 (Feb. 28, 2003). Subsection (h) added by P.L. 28-038:2 (June 2, 2005). Subsection (g) amended by P.L. 30-101:23 (Mar. 12, 2010). Subsection (b) amended by P.L. 33-186:9(a) (Sept. 14, 2016) effective Jan. 1, 2018 pursuant to P.L. 33-186:9(b).

2025 NOTE: The Compiler has added "no text" to indicate a change in formatting only; the content of the provision has not been altered. In light of the privatization of the Guam Telephone Authority and the repeal of Title 12 GCA Chapter 7 by P.L. 27-110:6 (Nov. 1, 2004), the Guam Telephone Authority is no longer an autonomous agency or an instrumentality of the Government of Guam. The Compiler has corrected manifest errors in past publications of the GCA, including incorrect public law numbers and dates.

**4 GCA PUBLIC OFFICERS AND EMPLOYEES
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2022 NOTE: Subsection (e) as codified herein specifies the Government's rate of contribution to the Government of Guam retirement fund for FY2001 to FY2003. The rate of contribution has been changed by subsequent legislation, but without amending subsection (e).

Past publications of the GCA included a Cross-Reference annotation of those session laws that amended the rate of contribution after FY2003, noting that "the Government's rate of contribution to the Government of Guam retirement fund shall increase yearly on an actual funded basis." This list has been reproduced and updated below:

P.L. 27-029:V:2 (Sept. 19, 2003); P.L. 27-106:VI:3 (Sept. 30, 2004); P.L. 28-068:IV:13(Sept. 30, 2005); P.L. 28-150:V:3 (Sept. 30, 2006); P.L. 29-019:VI:2 (Sept. 29, 2007); P.L. 29-113:VII:23 (Sept. 30, 2008); P.L. 30-055:XIII:3 (Sept. 4, 2009); P.L. 30-196:XIII:3 (Sept. 10, 2010); P.L. 31-074:I:4 (June 6, 2011); P.L. 31-077:XIII:3 (Sept. 20, 2011); P.L. 31-233:XIII:5 (Sept. 7, 2012); P.L. 32-068:XIII:3 (Sept. 11, 2013); P.L. 32-181:XIII:3 (Sept. 5, 2014); P.L. 33-066:XIII:3 (Sept. 6, 2015); P.L. 33-185:XIII:3 (Sept. 10, 2016); P.L. 34-042:XIII:3 (Sept. 15, 2017); P.L. 34-116:XIII:II:3 (Aug. 24, 2018); P.L. 35-036:XIII:3 (Sept. 4, 2019); P.L. 35-099:XIII:3 (Sept. 16, 2020); P.L. 36-054:XIII:3 (Sept. 11, 2021); P.L. 36-107:XIII:II:3 (Sept. 12, 2022).

2018 NOTE: Subitem designations added/altered pursuant to authority granted by 1 GCA § 1606.

§ 8137.1. Annual Cost of Living Allowance.

[Repealed.]

SOURCE: Added by P.L. 19-019:57 (Aug. 22, 1988). Repealed by P.L. 23-045:IV:7 (Oct. 18, 1995).

§ 8137.2. Employees on Active Duty.

The government shall pay the employer's and employee's shares for Retirement Fund contributions, group health insurance premiums, and group life insurance premiums for all officers and other employees of the government of Guam who are on leave without pay and on active duty with the Guam National Guard or the reserve components of any of the Armed Services of the United States. All agencies and departments of the government of Guam shall fund, from their respective annual budgets, the contributions for retirement, health insurance, and life insurance authorized by this section. The provisions of this section shall be retroactive to August 2, 1990.

SOURCE: Added by P.L. 21-001:10 (Feb. 28, 1991).

§ 8137.3. Prohibition on Double Computation of Cost of Living Adjustments for Retirees.

Notwithstanding any other provision of law enacted prior to or subsequent to this Section, cost of living adjustments for members who retire after September 30, 1995 shall be computed by the Government of Guam Retirement Fund and retirement benefit supplements which may be given above the basic annuity shall not include sums which have already been included in the salaries upon which the basic annuity is calculated. The COLA payments contained in various General Appropriation Acts and previously applied to employees salaries and again, in a double computation, applied as retirees' cost of living adjustments, known as the One Thousand Two Hundred Dollar (\$1,200), One Thousand Five Hundred Dollar (\$1,500), Seven Hundred Dollar (\$700), and Eight Hundred Thirty-Eight Dollar (\$838) annuity benefits, shall not be applied to cost of living adjustments for retirees.

SOURCE: Added by P.L. 23-045:IV:6 (Oct. 18, 1995).

§ 8137.4. Increment(s) to be Included in Calculating Retirement Annuity.

Any government of Guam Employee who elects to apply for retirement shall be authorized to add in the increment(s) which such employee would have received if the freeze mandated by Public Law 23-014 had not been in effect. For purposes of this section, the government of Guam Salary and Increment Schedule shall be the basis for determining the amount of the increment(s) to be used for computation. The employee shall pay to the Retirement Fund the employer's and employee's contribution on the salary increment.

SOURCE: Added by P.L. 23-128:IV:3 (Dec. 12, 1996).

§ 8138. Board of Trustees.

(a) The general administration and the responsibility for the proper operation of the Fund, and for making effective the provisions of this Article, shall be vested in a Board of Trustees.

(b) Upon the election and appointment of additional trustees, the Board of Trustees shall consist of seven (7) members as follows:

(1) Elected Retirees: Two (2) retirees who are domiciled in Guam and are currently in receipt of a retirement annuity from either the Defined Benefit Plan or the Defined Contribution Retirement System, to be elected only by retirees of the Defined Benefit Plan or the Defined Contribution Retirement System. Retirees who are employed by, or under contract with, the government of Guam shall, regardless of their employment status, remain eligible to vote for Elected Retirees and/or to serve as Elected Retirees on the Board of Trustees.

(2) Elected Active Members: Two (2) members of either the Defined Benefit Plan or the Defined Contribution Retirement System (A) who are employed and have been employed for at least five (5) years by the government of Guam; and (B) who are contributing to either the Defined Benefit Plan in accordance with § 8136 of this Article or to the Defined Contribution Retirement System in accordance with § 8208 of this Chapter, to be elected by members of the Defined Benefit Plan and participants in the Defined Contribution Retirement System.

(3) Appointed Residents: Three (3) persons who are domiciled in Guam, two (2) of whom are not employed by the government of Guam, and one (1) of whom shall be a government employee in the classified service, all with demonstrated financial ability and broad business management or investment experience, ideally in investment or management of pension funds, to be appointed by *I Maga'hågan/Maga'låhen Guåhan* with the advice and consent of *I Liheslaturan Guåhan*.

(4) Elected Officials and Retirement Fund Employees Disqualified. Any person holding an elected office and any employee of the Retirement Fund shall be disqualified from serving on the Board of Trustees.

SOURCE: GC § 4220, as amended by P.L. 14-154:10 (Dec. 18, 1978). Repealed and reenacted by P.L. 26-131:2 (Sept. 17, 2002). Subsection (b) amended by P.L. 27-005:IV:22 (Feb. 28, 2003). Entire section amended by P.L. 27-043:2 (Nov. 14, 2003) to provide for elected members. Subsection (b)(4) amended by P.L. 27-104:4 (June 30, 2004).

§ 8138.1. Classification of Offices; Transition; Initial and Subsequent Elections and Appointments.

(a) Classification of Offices. The Board of Trustees shall transition into a seven (7) member board as described in § 8138, consisting of two (2) Elected Retirees, two (2) Elected Active Members, two (2) Appointed Residents who are not employed by nor retired from the government, and one (1) Appointed Resident who is in the classified service. To realize that intent, those seven (7) offices shall be classified by identifying each office with a number, with Office 1 and Office 2 held by those who are Elected Retirees, and Office 3 and Office 4 held by those who are Elected Active Members. Offices 5, 6, and 7 shall be held by those appointed by *I Maga'hågan/Maga'låhen Guåhan* with the advice and consent of *I Liheslaturan Guåhan* with Offices 5 and 6 held by Appointed Residents who are not employed by nor retired from the government of Guam. Office 7 shall be held by an Appointed Resident who shall be a government of Guam employee in the classified service.

(b) Transition. Incumbent Trustees shall continue to serve on the Board of Trustees, except that they will be deemed to have resigned upon the oath of office taken by two (2) Elected Retirees and two (2) Elected Active Members who are elected in the initial election to fill Offices 1 through 4.

(c) Elections and Appointments. An initial election and all subsequent elections to fill Offices 1 through 4 shall be conducted on a Saturday that is not a legal holiday, except that the election shall not be

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held within sixty (60) days prior to a Primary or General Election, or between a Primary and General Election, in which case the Board of Trustees' election shall be held at least thirty (30) but no more than sixty (60) days following a General Election.

(1) The initial election shall be held between February 1, 2004, and March 1, 2004.

(2) Board of Trustees elections shall be conducted by the Guam Election Commission and shall be funded by the Retirement Fund to fill Offices 1 through 4 in the following manner:

(A) Offices 1 and 2 shall be filled only by Elected Retirees.

(B) Offices 3 and 4 shall be filled only by Elected Active Members.

(3) All appointments for Offices 5 through 7 shall be made by *I Maga'hågan/Maga'låhen Guåhan* with the advice and consent of *I Liheslaturan Guåhan*.

(A) Offices 5 and 6 shall be filled only by Appointed Residents who are not employed by the government of Guam.

(B) Office 7 shall be filled only by an Appointed Resident who shall be a government of Guam employee in the classified service.

SOURCE: Added by P.L. 27-043:3 (Nov. 14, 2003).

2018 NOTE: Subitem designations added/altered pursuant to authority granted by 1 GCA § 1606.

§ 8138.2. Oath; Term of Office; Compensation.

(a) Each Trustee, within ten (10) days after being duly appointed or elected and having received a certificate of election, shall take an oath of office that the Trustee will diligently and honestly administer the affairs of the Board of Trustees, and that the Trustee will not knowingly violate or willingly permit to be violated any of the provisions of law applicable to the Fund. The oath shall be subscribed to by the member making it and shall be administered and certified by the Chief Justice of the Supreme Court of Guam.

(b) The term of office of a Trustee elected or duly appointed shall be five (5) years from the date the Trustee first takes the oath of office following such election or appointment.

(c) Notwithstanding the expiration of the terms of office, each Trustee shall continue to serve until that Trustee's successor is elected or duly appointed, as the case may be, and the successor has taken the oath of office. Upon the successor's oath of office, the predecessor to that office shall be deemed to have resigned.

(d) The Trustee shall be compensated in accordance with 5 GCA § 43104, as amended.

SOURCE: Added by P.L. 26-043:4 (Oct. 5, 2001).

§ 8138.3. Quorum; Voting.

(a) Four (4) or more board members physically in attendance shall constitute a quorum for all meetings of the Board of Trustees. Each Trustee shall be entitled to one (1) vote as a member of the Board of Trustees. Four (4) affirmative votes taken at a meeting of the Board of Trustees at which a quorum is present shall be considered valid acts of the Board of Trustees.

(b) Provided that a quorum is present at a Board meeting, members of the Board or any committee designated by the Board who are not physically present at a meeting of the Board may participate in a meeting of the Board, or of the committee, as the case may be, by means of conference by telephone or similar communications equipment which provides all persons participating in the meeting with the ability

to hear one another and speak and discuss. However, a vote by a Board member shall not be valid unless the Board member is physically present at the meeting.

SOURCE: Added by P.L. 27-043:5 (Nov. 14, 2003).

§ 8138.4. Resignation; Vacancies; Disqualification.

(a) No Courtesy Resignations. After a gubernatorial election in which there is a change of administration of the government of Guam, courtesy resignations by Trustees elected to the Board of Trustees shall not be requested nor expected by the new administration.

(b) Vacancies.

(1) If there ever shall be a vacancy before the end of the term in any of the Offices 1 through 4, then the balance of the unexpired term of those offices shall be filled by the candidate(s) who received the next highest number of votes in the election in which the vacating Trustee was elected.

(2) Should there be no eligible and willing candidate(s) to fill any vacancies in Offices 1 through 4, then the Board of Trustees, through a majority vote, shall select an "Interim Member" to serve.

(A) The Interim Member must meet all required qualifications for the specific Office to which they are appointed.

(B) Interim Members have the same rights and voting privileges as elected and appointed members with the exception of their term of service.

(i) If the length of the term remaining for the specific vacated Office is one (1) calendar year or less from the date of the vacancy, then the Interim Member shall serve until the end of the term.

(ii) If the length of the term remaining for the specific vacated Office is greater than one (1) calendar year, then the Guam Election Commission shall conduct an election to fill the vacancy or vacancies in accordance with the provisions of this Article. In such case, the Interim Member shall serve until a Trustee is selected and certified through the election process, at which point the Interim Member is considered to have resigned.

(c) Disqualification Upon Change in Status. If the status of a Trustee changes after election, or after appointment and confirmation by *I Liheslaturan Guåhan* (e.g., an Elected Retiree or Elected Active Member or Appointed Resident no longer qualifies as such), then that change in status shall disqualify the Trustee from remaining in his or her respective office for the remainder of that term of office, and the Trustee shall be deemed to have resigned thirty (30) days following the event triggering the disqualification. Said disqualification shall not be the sole cause for invalidating actions taken prior to the deemed resignation date. The vacancy created by such deemed resignation shall be filled as described in (b), above.

(d) Convicted Persons Disqualified. A person convicted of a felony or a crime of moral turpitude shall be ineligible for appointment or election to, and shall be disqualified from service on, the Board of Trustees. Conviction of a felony or a crime of moral turpitude while in office shall be deemed automatically to constitute immediate resignation as a Trustee, without the need for any action by the Board of Trustees to effect that resignation.

SOURCE: Added by P.L. 27-043:6 (Nov. 14, 2003).

2018 NOTE: Subitem designations added/altered pursuant to authority granted by 1 GCA § 1606.

§ 8138.5. Rules and Regulations.

The Board of Trustees is authorized to establish rules and regulations to implement the provisions of 4 GCA §§ 8138 through 8138.4.

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SOURCE: Added by P.L. 27-043:7 (Nov. 14, 2003).

§ 8139. Same: Duties.

The Board of Trustees shall have, in addition to other duties arising out of this Chapter, the following duties:

(a) establish and maintain an office in the facilities provided by the Government for the meetings of the Board and the keeping of the books, accounts and records of the Fund; hold regular meetings bi-monthly and such special meetings as may be deemed necessary; and keep a full record of all of its proceedings, which shall be open to inspection by the public.

(b) Provide for the installation of a system of accounts and records which will give full effect to the requirements of this Chapter; adopt all necessary actuarial tables to be used in the operation of the fund; and provide for the compilation of such statistical and financial data as may be required for actuarial valuations, period surveys and calculations.

(c) Obtain such information from the participating members and the Government as shall be necessary for the proper operation of the Fund.

(d) Consider and pass upon all applications for annuities, benefits refunds and other payments and authorize the expenditures for such purposes, in accordance with the provisions hereof.

(e) Accept any gift, grant or bequest of any money or property of any kind, for the purposes designated by the granter if such purposes are specified as providing cash benefits to some or all of the members or annuitants of the Fund; if no such purposes are designated, the same shall be credited to the account representing income from investments.

(f) Have the accounts of the Fund audited as of the end of each fiscal year by a competent accountant and submit an annual report to the Government as soon as possible following the close of the year embodying, among other things, a balance sheet showing the financial and actuarial condition of the Fund, a statement of income and expenditures for the year, a statement showing changes in the asset, liability and reserve accounts during the year, a statement of investments owned by the Fund, detailed statements of investments acquired and disposed of during the year, including the description of each security, purchase or sale price and names of vendors and vendees, and such other financial or statistical data as are necessary for a proper interpretation of the condition of the Fund and the results of its operation. The Board shall also cause to be published for distribution among the members a synopsis of such report.

SOURCE: GC § 4221.

2012 NOTE: In maintaining the general codification scheme of the GCA the Compiler changed the hierarchy of subsections beginning with "Numbers" to "Lowercase Letters" in this section.

§ 8139.1. Fiduciary Duties.

(a) The members of the Board of Trustees stand in a fiduciary relationship to the beneficiaries of the Retirement Fund in regard to the management of the Fund.

(b) The members of the Board of Trustees shall discharge their duties with respect to management of the Retirement Fund:

(1) solely in the interest of the members and beneficiaries of the Fund, and for the exclusive purpose of providing benefits to members and beneficiaries and defraying reasonable expenses of administering the Fund;

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(2) with the care, skill, and prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims;

(3) by diversifying the investments of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(4) in accordance with the documents and instruments governing the Fund.

(c) Unless otherwise provided in this Chapter, investment and management decisions respecting individual assets shall be evaluated not in isolation, but in the context of the Fund's portfolio as a whole, and as a part of an overall investment strategy having risk and return objectives reasonably suited to the Fund.

(d) A Trustee's decision or action in discharging his or her fiduciary duties shall be reviewed in light of the facts and circumstances existing at the time of such decision or action, and not by hindsight.

SOURCE: Added by P.L. 18-005:1 (May 28, 1985). Repealed by P.L. 26-035:IV:15 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:3 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8139.2. Penalty for Violation of Fiduciary Duty.

Any member of the Board of Trustees who violates the provision of § 8139.1 and § 8143(j) of this Chapter shall be removed from the position of trustee of the retirement fund by *I Maga'håga/Maga'låhi* and shall be personally liable to the retirement fund to the extent of the losses incurred by the fund. The Attorney General of Guam shall enforce the provisions of this Section to hold such members personally liable.

SOURCE: Added by P.L. 18-005:4 (May 28, 1985). Repealed by P.L. 26-035:IV:15 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001).

2025 NOTE: Reference to the "Governor" replaced with *I Maga'håga/Maga'låhi* pursuant to 5 GCA § 1510. The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8139.3. Indemnification.

The government of Guam shall indemnify and hold harmless any Trustee, Director, officer, staff person, or former Trustee, Director, officer or staff person who may have served as a Trustee, Director or officer of the Fund, in whole or in part, for any liability, loss, damage, costs and expenses arising out of payment of funds pursuant to this Act for FY2002 supplemental annuity benefits; cost of living allowance; *I Maga'hågan/Maga'låhen Guåhan* and *I Sigundo Maga'hågan/Maga'låhen Guåhan*'s pensions; retiree group health, dental and life insurance premiums; retiree life insurance subsidy; and Medicare premiums, except in relation to matters as to which the person is adjudged to be liable for criminal misconduct in the performance of duty to the Fund.

SOURCE: Added as uncodified law by P.L. 26-036:34 (Oct. 1, 2001), amended by P.L. 26-049:6 (Oct. 12, 2001). Codified to this provision by the Compiler.

§ 8140. Director of Fund.

(a) The Board shall appoint the Director of the Fund, who shall be its Chief Executive Officer.

(1) The Director of the Fund shall serve at the pleasure of the Board, which shall fix his annual base salary at a minimum of Eighty Thousand Five Hundred Eighty Dollars (\$80,580) and a maximum not to exceed the base salary assigned for *I Maga'hågan/Maga'låhen Guåhan*.

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(2) The Director of the Fund shall be responsible for the planning, organizing, and administering the operations of a multi-billion dollar pension system under the laws, policies and programs as established by acts of *I Liheslaturan Guåhan* and under the policy guidance and direction of the Board of Trustees, and shall perform such other and additional duties as the Board may require.

(b) The Director of the Fund shall have the necessary knowledge, skills, and abilities to include:

(1) thorough knowledge of the general principles of management and supervision, particularly as they apply to public administration;

(2) considerable knowledge of the general principles of fiscal management, including knowledge of auditing and accounting requirements;

(3) considerable knowledge of actuarial, insurance, and investment principles and practices;

(4) considerable knowledge of pension system, both Federal and Local Systems;

(5) ability to plan, organize and direct the works of others;

(6) demonstrated oral and written communication skills;

(7) ability to analyze, interpret and clearly convey to others, complex financial, statistical, actuarial and other technical information, and to take action or to make recommendations on such data;

(8) ability to establish and maintain positive communication and effective working relationships with administrative officials, legislators, consultants, Board Trustees, system employees, both active, inactive and retired members of the Fund, public employee organizations and the general public;

(9) a Bachelor's degree in Business Administration, Finance, Accounting, Economics, Public Administration, or closely-related area; and at least seven (7) years of diverse management experience in the administration of a public or private pension system; or a Master's Degree in Business Administration, Finance, Accounting, Economics, Public Administration, or closely-related field, and at least five (5) years of diverse management experience in the administration of a public or private pension system.

SOURCE: GC § 4222; amended by P.L. 14-154:11 (Dec. 18, 1978), P.L. 18-005:2 (May 28, 1985) and P.L. 28-068:IV:72 (Sept. 30, 2005).

2018 NOTE: Subsection/subitem designations added/altered pursuant to authority granted by 1 GCA § 1606.

§ 8140.1. Deputy Director of Fund.

The Director of the Fund may employ, with the consent of the Board, a Deputy Director with an annual base salary of a minimum of Sixty-six Thousand Three Hundred Sixty-four (\$66,364) and a maximum not to exceed the base salary assigned for *I Sigundo Maga'hågan/Maga'låhen Guåhan*. The Deputy Director shall serve at the pleasure of the Director and the Board, and his duties shall be determined by the Director.

SOURCE: Added by P.L. 28-068:IV:73 (Sept. 30, 2005).

2025 NOTE: Reference to the "Lieutenant Governor of Guam" replaced with *I Sigundo Maga'hågan/Maga'låhen Guåhan* pursuant to 5 GCA § 1510.

§ 8140.2. Duties of the Director Regarding COLA Awards.

The Director of the Fund is authorized to assist the Director of Administration and the Treasurer of Guam in the administration of COLA AWARD payments in connection with Superior Court Case No. SP0206-93.

SOURCE: Added by P.L. 28-151:5 (Oct. 31, 2006). Amended by P.L. 29-004:11 (Sept. 6, 2007).

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NOTE: This section was added by P.L. 28-151 in relation to the authorization of the Governor to make COLA payments pursuant to *Rios v. Camacho*, Superior Court Case No. SP0206-93 (Decision and Order, Oct. 5, 2006). Pursuant to P.L. 28-151, this section “shall be repealed and cease to be of any further force and effect upon the Superior Court’s determination in SP0206-93 that all COLA awards have been paid over.”

§ 8140.3. Assistance for COLA Awardees.

[Repealed.]

SOURCE: Added by P.L. 28-151:6 (Oct. 31, 2006). Repealed by P.L. 29-004:12 (Sept. 6, 2007).

NOTE: This section was added by P.L. 28-151 in relation to the authorization of the Governor to make COLA payments pursuant to *Rios v. Camacho*, Superior Court Case No. SP0206-93. Pursuant to P.L. 28-151, this section “shall be repealed and cease to be of any further force and effect upon the Superior Court’s determination in SP0206-93 that all COLA awards have been paid over.” Notwithstanding the language in P.L. 28-151, this section was expressly repealed by P.L. 29-004:12 (Sept. 6, 2007).

§ 8141. Employees of Fund.

(a) The Director may employ such clerical, medical or other assistance as shall be necessary for the proper administration of the fund.

(1) The Director may also engage actuarial or other professional service to assist in the preparation of the annual reports, to advise in matters of policy and to make the periodic actuarial surveys.

(2) The costs and expenses of the administration of the fund including any audit fees incurred in connection with the financial operation of the fund shall be paid out of said fund, provided that any payments related to the management of the investment account such as investment counseling service and custodial fees shall be a direct charge to Investment Income.

(3) At least once every five (5) years an actuarial survey and investigation shall be made of the operating experience of the fund, including a study of rates of mortality, disability, retirement, separation and other essential factors relating to the operations of the fund.

(A) Such survey shall also provide for a verification or redetermination of the rates of contributions by the Government.

(B) The cost of such survey shall be paid from the fund.

(b) The Board of Trustees may employ an attorney to assist and represent it in all civil matters, including civil litigation matters, which concerns the Board. The Board of Trustees may set the terms and conditions of employment for the attorney and his compensation.

(c) The position of Controller is established within the Government of Guam Retirement Fund. The Controller shall be a Certified Public Accountant. The Controller shall report directly to the Government of Guam Retirement Fund Director. The Retirement Fund Director shall hire the Controller by direct employment as an unclassified employee of the government of Guam, or by personal services contract, as is deemed necessary by the Retirement Fund Director and approved by the Government of Guam Retirement Fund Board of Trustees to attract and retain a qualified Controller, notwithstanding the provisions of 4 GCA. § 6206.1.

SOURCE: GC § 4223, as amended by P.L. 13-199:10 (Nov. 11, 1976) and 17-028:9 (Nov. 10, 1983). Repealed by P.L. 26-035:IV:16 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Subsection (c) added by P.L. 26-084:11 (May 15, 2002). Subsection (b) amended by P.L. 28-189:2 (Jan. 29, 2007).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

2018 NOTE: Subitem designations added in subsection (a) pursuant to authority granted by 1 GCA § 1606.

§ 8142. Rules and Regulations.

The Board shall establish rules and regulations to implement the provisions of this Chapter which shall not be inconsistent herewith.

SOURCE: GC § 4224.

§ 8142.1. Cost of Living Allowance in Connection with Superior Court Case No. SP0206-93; Priority of Payments.

The Director of the Fund shall notify the Treasurer of Guam to pay COLA Awards to the following persons in the priority stated herein. The notification shall be based on information available to the Fund as of the date on which notice is delivered to the Treasurer of Guam:

(a) The COLA Awardee.

(b) If the COLA Awardee is deceased, then the notification shall name the COLA Awardee's surviving spouse, but only if the surviving spouse is living on the date notice is delivered to the Treasurer of Guam.

(c) If the COLA Awardee's surviving spouse is deceased, the notification shall name the living beneficiary designated by the COLA Awardee in the Fund's Designation of Beneficiary Form on record at the Fund. If there are multiple beneficiaries, the notification shall include each living beneficiary and the proportion of the COLA Award paid to each beneficiary shall be based on the percentage stated in the Designation of Beneficiary Form.

(d) If the sole beneficiary designated by the COLA Awardee in the Fund's Designation of Beneficiary Form is deceased or if the Designation of Beneficiary Form cannot be located within thirty (30) days of the Fund being notified of the COLA Awardee's death, the notification shall name the COLA Awardee's Estate or heirs in accordance with Title 4 GCA § 8142.2.

(e) If there are multiple beneficiaries designated by the COLA Awardee in the Fund's Designation of Beneficiary Form, and if any of them are deceased, the notification shall name each of the living beneficiaries and the deceased beneficiary's Estate or heirs in accordance with Title 4 GCA § 8142.2 regarding the deceased beneficiary's percentage interest as designated in the Designation of Beneficiary Form.

SOURCE: Added by P.L. 29-004:13 (Sept. 6, 2007).

§ 8142.2. Priority of Payments Continued.

When a COLA Award is authorized to be paid in accordance with this Section, such payment shall be made as follows:

(a) If an estate proceeding has been opened for a COLA Awardee and a Personal Representative has been appointed, then the COLA Award (or the applicable percentage thereof designated to the deceased beneficiary) shall be paid to the duly appointed Personal Representative of the COLA Awardee's Estate to be distributed as part thereof;

(b) If an estate proceeding has been opened for a COLA Awardee but has since been closed and a Decree of Final Distribution has been issued and filed, then the Fund shall pay the COLA Award to the Personal Representative of the COLA Awardee's Estate upon submission of a reappointment, new Letters Testamentary or Letters of Administration, as the case may be, in accordance with a reopening of the estate pursuant to Title 15 GCA § 3039;

(c) If an estate proceeding was never opened, then any person claiming to be an heir of the COLA Awardee or otherwise claiming to be entitled to distribution of the COLA Award or any part thereof

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may file a Petition in the Superior Court setting forth his or her claim and requesting the Superior Court to determine who is entitled to the COLA Award distribution. Upon submission of the Superior Court's Final Decree determining which persons are entitled to distribution of the COLA Award and setting forth the interests of each, the Fund shall notify the Treasurer of Guam to make payment in accordance with said Decree; or

(d) If an estate proceeding was never opened, any person claiming to be an heir of the COLA Awardee or otherwise claiming to be entitled to distribution of the COLA Award or any part thereof may file a petition pursuant to Title 15 GCA § 3101.1.

SOURCE: Added by P.L. 29-004:14 (Sept. 6, 2007).

§ 8142.3. Determination of Priority for COLA Awards.

The Director of the Fund may reasonably rely on any of the documents enumerated herein to analyze information concerning marriage, death, survivorship, and priority of payments under §§ 8142.1 and 8142.2 if a COLA Awardee or a person next in priority is deceased. The Director's reasonable reliance on said documentation in making payment of the COLA Award shall constitute acquittance for said payment and shall fully discharge the Director and the Fund from further liability with respect thereto without further investigation or inquiry:

- (a) a certified death certificate (original or copy);
- (b) a certified marriage certificate, or equivalent (original or copy);
- (c) the Designation of Beneficiary Form on record at the Fund;
- (d) Letters Testamentary or Letters of Administration; and
- (e) applicable court orders determining persons entitled to and directing payment of the COLA Awardee's COLA Award.

SOURCE: Added by P.L. 29-004:15 (Sept. 6, 2007).

§ 8143. Investment of Funds.

(a) The reserves of the Fund in excess of requirements for current operations shall be invested and reinvested by or under authority of the Board of Trustees. At its discretion, the Board may designate its Chairman or an investment committee consisting of two (2) or more members of the Board to supervise this function; in either case, references to the Board in §§ 8143 through 8159, inclusive, shall be deemed to refer to the individual or committee exercising said function.

(b) The Board shall have full power to manage the investments as in its considered judgment seem most appropriate to the requirements and objectives of the Fund, including but not limited to the power

- (1) to hold, purchase, sell, convey, assign, transfer, dispose of, lease, subdivide or partition any assets held or proceeds thereof;
- (2) to execute or cause to be executed relevant documents;
- (3) to enter into protective agreements, execute proxies, grant consents; and
- (4) to do all other things necessary or appropriate to its position as an owner or creditor;

provided, however, that neither the Board nor its agents may invest in any form, directly or indirectly in a hotel or motel operation Guam.

(c) All proceeds and income from investments, of whatever nature, shall be credited to the accounts of the Fund. Transactions in marketable securities shall be carried out at prevailing market prices.

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(d) The Board may commingle securities and moneys subject to the crediting of receipts and earnings and charging of payments to the appropriate accounts established by this Chapter.

(e) No member of the Board and no employee of the Board shall have any direct or indirect interest in the income, gains or profits on any investment made by the Board, nor shall any such person receive any pay or emolument for services in connection with any investment made by the Board. Participation in the Fund under the terms of this Chapter shall not be construed to include interest, pay or emolument within the meaning of this Subsection.

(f) No member of the Board, employee or agent shall become an endorser or surety or in any manner an obliger of investments made by the Fund, nor shall any member, employee or agent be held liable for actions taken in good faith and in performance of his duties.

(g) Investments may be held in bearer form or may be registered either in the name of the Fund or the nominee of the custodian engaged under § 8144.

(h) Due bills may be accepted from brokers against payment for securities purchased, pending delivery within a reasonable period of time of certificates representing such investments.

(i) The Board may, for the purpose of protecting the fund, and at its discretion, purchase insurance on the lives of the members of the fund; provided, that costs incurred in providing said insurance shall be displayed separately apart from administrative expenses if the fund is required to budget for such item along with other operating expenditures.

(j) Before the Board may approve by resolution the acquisition of real property consisting of physical assets under § 8159 of Title 4 GCA, the following steps must be taken:

- (1) the proposed acquisition must be reviewed and recommendations must be submitted to the Board by an investment agent as defined under § 8145 of this Chapter;
- (2) the completion of an in-house evaluation of the proposed acquisition must be completed;
- (3) a review of the proposed acquisition as to legal sufficiency must be made by the Attorney General; and
- (4) a review and recommendation must be submitted by three (3) members of the Board of Trustees.

At no time shall an acquisition considered under this Subsection (j) be made that would provide an immediate investment return which is less than the average rate of investment return that the Fund is receiving overall on its alternative investment portfolio.

SOURCE: GC § 4225, as amended by P.L. 13-199:11 (Nov. 11, 1976). Subsection (j) added by P.L. 18-005:3 (May 28, 1985). Repealed by P.L. 26-035:IV:17 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Subsection (j) amended by P.L. 32-086:4 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

2018 NOTE: Subsection/subitem designations added/alterd pursuant to authority granted by 1 GCA § 1606. Reference to “territory” removed and/or altered to “Guam” pursuant to 1 GCA § 420. Reference to “§ 4225.16 of the Government Code, as amended,” removed from subsection (j) pursuant to authority granted by 1 GCA § 1606.

§ 8144. Custodian.

The Board shall engage one or more custodians to assume responsibility for the physical possession of fund assets or evidences of assets.

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(a) The custodian shall submit such reports, accountings and other information in such form and at such times as requested by the Board. All costs incurred for custodial services shall be a direct charge to Investment Income.

(b) The custodian shall hold all assets for the account of the Government of Guam Retirement Fund and shall act only upon the instructions of the Board, its ex-officio director, or a member, committee or agent so authorized by the Board.

(c) No custodian shall be engaged unless it:

(1) has been continuously engaged in rendering custody services for a period of ten (10) or more years; and

(2) is organized under the laws of the United States or a state or territory thereof; and

(3) has Tier 1 capital in excess of One Billion Dollars (\$1,000,000,000); and

(4) is a member of the Federal Reserve System whose deposits are insured by the Federal Deposit Insurance Corporation or any successor thereto; or

(5) notwithstanding any of the above, any locally chartered bank may be a custodian of the Retirement Fund.

SOURCE: GC § 4225.1, as amended by P.L. 13-199:12 (Nov. 11, 1976). Subsection (c) repealed and reenacted by P.L. 26-035:IV:18 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:5 (Nov. 27, 2013), P.L. 32-135:2 (Mar. 2, 2014).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

2018 NOTE: Subsection/subitem designations added/altered pursuant to authority granted by 1 GCA § 1606.

2014 NOTE: Pursuant to P.L. 32-135:5 (Mar. 2, 2014):

Section 5. Effective Date. This Act shall become effective retroactively to the enactment date of Public Law No. 32-086, November 27, 2013.

§ 8145. Investment Agent.

(a) In order to secure expert advice and counsel, the Board may engage an investment agent to serve as investment counsel which shall be either an investment counsel or a bank trust department as hereinafter qualified; and one or more investment agents to serve as investment manager(s) to manage asset classes identified by the Board upon the recommendation of investment counsel. All costs incurred in this connection shall be a direct charge to Investment Income.

(b) No person, firm or corporation shall be eligible for employment as investment counsel which acts as principal for its own account or as broker for a client other than the Fund in connection with the sale of any security to or the purchase of any security from the Fund.

(c) No investment agent shall be engaged unless:

(1) the principal business of the person, firm or corporation selected by the Board consists of rendering investment supervisory services, that is, the giving of continuous advice as to the investment of Funds on the basis of the individual needs of each client; and

(2) the principal ownership or control of such person, firm or corporation rests with individuals who are actively engaged in such business; and

(3) such person, firm or corporation and its predecessors have been continuously engaged in such business for a period of ten (10) or more years; and

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(4) such person, firm or corporation is registered as an investment adviser under the laws of the United States of America, as from time to time in effect, such as the Securities Exchange Act of 1934, and the Investment Advisers Act of 1940, as amended; and

(5) the contract between the Board and the investment agent is of no specific duration and is voidable at any time by either party; and

(6) such person, firm or corporation certifies in writing, to the Board, that the assets under its direct investment supervision are in excess of One Billion Dollars (\$1,000,000,000).

(d) The Board shall not engage a bank trust department unless it:

(1) certifies in writing, to the Board, that the assets under its direct investment supervision are in excess of One Billion Dollars (\$1,000,000,000); and

(2) has been, together with its predecessors, continuously engaged in supervising investments for a period of ten (10) or more years; and

(3) is organized under the laws of the United States, or a state or territory thereof; and

(4) has Tier 1 capital in excess of One Billion Dollars (\$1,000,000,000); and

(5) is a member of the Federal Reserve System whose deposits are insured by the Federal Deposit Insurance Corporation or any successor thereto.

(e) The Board, or its designee under § 8143(a), shall establish and may from time to time change operating arrangements with the Investment Agent in order to facilitate efficient management and timely investment action.

(f) No investment shall be made unless in the opinion of the Investment Agent it is an appropriate investment for the Fund and is an authorized investment under §§ 8143 through § 8159, inclusive, or in the absence of such opinion, unless preceded by a resolution of the Board directing the investment.

SOURCE: GC § 4225.2, as amended by P.L. 13-199:13 (Nov. 11, 1976). Repealed and reenacted by P.L. 26-035:IV:19 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:6 (Nov. 27, 2013), P.L. 32-135:3 (Mar. 2, 2014).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

2014 NOTE: Pursuant to P.L. 32-135:5 (Mar. 2, 2014):

Section 5. Effective Date. This Act shall become effective retroactively to the enactment date of Public Law No. 32-086, November 27, 2013.

§ 8146. General Investment Limitations.

No investment shall be made if, after such investment, the Fund would own:

(a) any combination of obligations of any one political subdivision, corporation or other single issuing entity in excess of five percent (5%) of Fund assets at cost. This limitation shall not apply to general obligations of the United States, investments authorized under § 8150, or general obligations of the government of Guam.

(b) any combination of investment instruments as covered by § 8151, Subsection (b) of § 8154, Subsection (b) of § 8156, and Subsection (b) of § 8157 in excess of thirty-five percent (35%) of Fund assets at cost.

(c) Obligations or other investments issued or guaranteed by the government of Guam in excess of ten percent (10%) of Fund assets at cost; provided, however, that this limitation shall not apply to such

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obligations or other investments that are unconditionally guaranteed as to principal and interest by, or supported by lease assignment from, another entity whose principal business is outside of Guam, and whose obligations are authorized investments under §§ 8143 through 8159, inclusive.

SOURCE: GC § 4225.3. Repealed and reenacted by P.L. 22-006:1 (Mar. 29, 1993), P.L. 26-035:IV:20 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:7 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8147. Guarantees and Assignments.

Bonds or other evidence of indebtedness of any issuing entity, if not authorized for investment by other sections, are authorized under this Section if they are:

(a) Unconditionally guaranteed as to principal and interest by another entity; or

(b) Secured by a first mortgage and by an unconditional assignment of lease payments by another entity; or

(c) Secured by a chattel mortgage or conditional sales contract and by an unconditional assignment of lease payments by another entity, and the face amount of the bonds or other evidence of indebtedness does not exceed eighty percent (80%) of the purchase price of the property securing the mortgage or contract; provided, however, that under Subsections (a), (b) and (c), the bonds or other evidences of indebtedness of the guarantor or lessor are authorized investments under §§ 8142 through 8159 inclusive.

SOURCE: GC § 4225.4, subsection (c) amended by P.L. 13-056:1 (Sept. 22, 1975). Repealed and reenacted by P.L. 26-035:IV:21 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8148. Authorized Investments.

Sections 8142 through 8159, inclusive, identify specific types of investments which are authorized for purchase by the fund subject to the procedures, limitations and authorizations contained in §§ 8142 through 8145, inclusive. Nothing contained in any Section shall be construed to require sale or disposition of an investment, authorized at the time of acquisition, if such investment should subsequently cease to be authorized for purchase.

SOURCE: GC § 4225.5, as amended by P.L. 13-056 (Sept. 22, 1975). Repealed and reenacted by P.L. 26-035:IV:22 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8149. Same: Bank Deposits; Other Cash Equivalents.

(a) Interest-bearing time deposits, demand deposits, and cash sweep deposit accounts in banks organized under the laws of the United States, or any state or territory thereof; provided, that said bank:

(1) has Tier 1 capital in excess of One Billion Dollars (\$1,000,000,000); and

(2) is a member of the Federal Reserve System; and

(3) together with any predecessors, have been conducting a banking business for a continuous period of ten (10) or more years; or

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(4) any bank or savings and loan association chartered in Guam, and a member of the Federal Deposit Insurance Corporation or the Federal Home Loan Bank System.

(b) Cash equivalents purchased in investment funds authorized under § 8158 or in exchange-traded funds authorized under § 8158.1; in amounts and for durations approved by the Board in connection with the management of uninvested cash balances; such purchases shall be excluded from limitations of § 8158(e) and § 8158.1(b).

SOURCE: GC § 4225.6, as amended by P.L. 13-124:4 (Jan. 9, 1976). Repealed and reenacted by P.L. 26-035:IV:23 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:8 (Nov. 27, 2013), P.L. 32-135:4 (Mar. 2, 2014).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

2014 NOTE: Pursuant to P.L. 32-135:5 (Mar. 2, 2014):

Section 5. Effective Date. This Act shall become effective retroactively to the enactment date of Public Law No. 32-086, November 27, 2013.

§ 8150. Same: Bonds of United States and Federal Instrumentalities.

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

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

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

(d) Bonds authorized under this Section may be purchased and held in investment funds authorized under § 8158, or in exchange-traded funds authorized under § 8158.1; such purchases shall be excluded from the limitations of § 8158(e) and § 8158.1(b).

SOURCE: GC § 4225.7. Repealed and reenacted by P.L. 26-035:IV:24 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 30-233:2 (Dec. 30, 2010). Amended by P.L. 32-086:9 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8151. Same: Bonds Issued by National Governments Other than The United States.

Bonds and other evidences of indebtedness which are direct obligations of, or secured by, the full faith and credit of national governments other than the United States, where there exists the power to levy taxes for the prompt payment of the principal and interest of such bonds or evidences of indebtedness, provided that:

(a) the issuer shall not be in default in the payment of principal or interest on any bonds or other evidences of indebtedness; and

(b) the investment agent determines that such an investment would be employed by a prudent person acting in a like capacity and familiar with such matters would use in the investment of a fund with like character and with like aims; and

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

(d) Bonds authorized under this Section may be purchased and held in investment funds authorized under § 8158, or in exchange-traded funds authorized under § 8158.1; such purchases shall be excluded from the limitations of § 8158(e) and § 8158.1(b).

SOURCE: GC § 4225.8. Repealed and reenacted by P.L. 22-006:2 (Mar. 29, 1993), P.L. 26-035:IV:25 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:10 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8152. Same: Bonds of States and Territories.

(a) Bonds or other evidences of indebtedness which are direct obligations of or secured by the full faith and credit of, any state or territory of the United States, or the District of Columbia, where there exists the power to levy taxes for the prompt payment of the principal and interest of such bonds or evidences of indebtedness; but the issuer shall not be in default in the payment of principal or interest on any bonds or other evidences of indebtedness.

(b) Bonds authorized under this Section may be purchased and held in investment funds authorized under § 8158, or in exchange-traded funds authorized under § 8158.1; such purchases shall be excluded from the limitations of § 8158(e) and § 8158.1(b).

SOURCE: GC § 4225.9. Repealed and reenacted by P.L. 26-035:IV:26 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:11 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8153. Same: Public Revenue Bonds.

(a) Bonds or other obligations which are payable from revenues or earnings specifically pledged therefore of a public utility, state, municipally or territorially owned, either directly or through civil division, authority or public instrumentality of a state or territory or municipality; provided that:

(1) the laws of the state or territory or municipality authorizing the issuance of such bonds or other obligations require that rates for service shall be fixed, maintained and collected at all times so as to produce sufficient revenue or earnings to pay all operating and maintenance charges, and both principal and interest of such bonds or obligations; and

(2) no such bonds or other obligations shall be in default in the payment of principal or interest.

(b) Bonds authorized under this Section may be purchased and held in investment funds authorized under § 8158, or in exchange-traded funds authorized under § 8158.1; such purchases shall be excluded from the limitations of § 8158(e) and § 8158.1(b).

SOURCE: GC § 4225.10. Amended by P.L. 32-086:12 (Nov. 27, 2013).

2018 NOTE: Subsection/subitem designations added/altered pursuant to authority of 1 GCA § 1606.

§ 8154. Same: Bonds of Domestic and Foreign Corporations; Index-Eligible Securities.

(a) Bonds of Domestic Corporations. Bonds, debentures, notes and other evidences of indebtedness of any corporation, or corporations created or existing under the laws of the United States, or of any of the states or territories of the United States, or the District of Columbia, which are not in default either as to principal or interest, provided that:

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(1) such bonds or other evidence of indebtedness are rated within the four (4) highest categories of two (2) nationally recognized and published rating services which have been approved by the Board and the investment agent; or

(2) in case such bonds or other evidence of indebtedness are not so rated by two (2) such services, investments in such lesser-ranked domestic corporate bonds shall not exceed eight percent (8%) of the Fund at cost; unless the net earnings available for fixed charges over a prior period of five (5) fiscal years next preceding the date of investment have averaged per year and during either of the last two (2) years have been, after depreciation and after taxes, not less than:

(A) two (2) times its average annual fixed charges over the same period, in the case of any public utility company;

(B) one and one-half (1½) times its average annual fixed charges over the same period, in the case of any finance company; or

(C) three (3) times its average annual fixed charges over the same period, in the case of any other company.

(3) No more than two percent (2%) of the Fund at cost shall be invested in the obligations of any one (1) domestic corporation or other single domestic issuing entity described in this Subsection.

(b) Bonds of Foreign Corporations. Bonds, debentures, notes and other evidences of indebtedness of any corporation, or corporations created or existing under the laws of nations other than the United States which are not in default either as to principal or interest; provided, that the investment agent in its informed opinion, determines that such an investment would be employed by a prudent person acting in a like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims. No more than one and one-half percent (1½%) of the Fund at cost shall be invested in the obligations of any one (1) foreign corporation or other single issuing foreign entity described in this Subsection.

(c) No investment shall be made in any one (1) issue described in Subsections (a) and (b) of this Section in an amount in excess of ten percent (10%) of such issues.

(d) Other Securities in the U.S. Aggregate Bond Index. Bonds, debentures, notes and other evidences of indebtedness which are denominated in U.S. dollars, investment-grade, fixed-rate and of the quality of fixed income securities covered by the U.S. Aggregate Bond Index.

(e) Bonds authorized under this Section may be purchased and held in investment funds authorized under § 8158, or in exchange-traded funds authorized under § 8158.1; such purchases shall be excluded from the limitations of § 8158(e) and § 8158.1(b).

SOURCE: GC § 4225.11; repealed and reenacted by P.L. 22-006:3 (Mar. 29, 1993). Repealed by P.L. 26-035:IV:27 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 30-120:2 (Apr. 1, 2010), P.L. 32-086:13 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8155. Same: Equipment Trust Obligations.

(a) Equipment trust obligations or certificates evidencing an interest in or lien upon transportation equipment used or to be used by a common carrier or carriers and a right to receive determined portions of fixed obligatory payments for the use or purchase of such equipment, when such obligations or certificates are issued and are unconditionally guaranteed as to principal and interest, and, as to the payment of such obligatory payments, by a corporation created or existing under the laws of the United States or any state,

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district or territory thereof, or the Dominion of Canada or any of its provinces, and when the face amount of such obligations or certificates does not exceed eighty percent (80%) of the purchase price of the transportation equipment.

(b) No investment shall be made in any one issue described in this Section in an amount in excess of ten percent (10%) of such issue.

SOURCE: GC § 4225.12. Repealed by P.L. 26-035:IV:27 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

§ 8156. Same: Domestic and Foreign Preferred Stock.

(a) Domestic Preferred Stock. Domestic preferred or guaranteed stock or shares of any institution created or existing under the laws of the United States or of any state, district or territory thereof or the District of Columbia; provided that:

(1) All publicly held prior obligations and prior preferred stock, if any, of such institution at the date of acquisition are eligible as investments under §§ 8143 through 8160; and

(2) the net earnings of the institution available for fixed charges over a period of five (5) fiscal years next preceding the date of investment have averaged per year, and during either of the last two (2) years have been, after depreciation and after income taxes, no less than:

(A) two times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any public utility company; or

(B) three (3) times its average annual fixed charges, maximum contingent interest and preferred dividend requirements over the same period, in the case of any other company.

For purposes of this Subsection, the term “preferred dividend requirements” shall mean cumulative and noncumulative dividends on all preferred stock of the issuer, whether paid or not.

(b) Foreign Preferred Stock. Foreign preferred or guaranteed stock or shares of any institution created or existing under the laws of nations other than the United States which are not in default either as to principal or interest; provided, that the investment agent in its informed opinion, determines that such an investment would be employed by a prudent person acting in a like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

(c) Limitations:

(1) No investment shall be made in any one issue described in Item (1) of Subsection (a) of this Section in an amount in excess of ten percent (10%) of such issues.

(2) No more than two percent (2%) of the Fund at cost shall be invested in the preferred stock of any one issuing domestic company.

(3) No more than two percent (2%) of the Fund at cost shall be invested in the preferred stock of any one issuing foreign company.

(4) The aggregate of all investments authorized under this Section shall not exceed fifteen percent (15%) of Fund assets at cost.

(5) Preferred stock authorized under this Section may be purchased and held in investment funds authorized under § 8158, or in exchange-traded funds authorized under § 8158.1; such purchases shall be excluded from the limitations of § 8158(e) and § 8158.1(b).

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SOURCE: GC § 4225.13, subsection (a)(1) amended by P.L. 13-056:3 (Sept. 22, 1975); Repealed and reenacted by P.L. 22-006:4 (Mar. 29, 1993). Repealed by P.L. 26-035:IV:27 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 32-086:14 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

2012 NOTE: Subsection designations were amended in subsection (a)(2) to adhere to the Compiler's alpha-numeric scheme in accordance with the authority granted by 1 GCA § 1606.

§ 8157. Same; Common Stock.

(a) [No text]

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

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

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

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

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

(2) No more than five percent (5%) of the Fund shall be invested directly in the common or capital stock of anyone issuing domestic company described in this Section.

(b) Common or capital stock of any institution or entity created or existing under the laws of nations other than the United States; provided, that the investment agent determines that such an investment would be employed by a prudent person acting in a like capacity and familiar with such matters would use in the investment of a fund with like character and with like aims. No more than one and one-half percent (1½%) of the Fund at cost shall be invested directly in the common or capital stock of anyone issuing foreign company described in this Section.

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

(d) Common or capital stock of any institution or entity created or existing under the laws of the United States, or any state, district, or territory thereof, or of the District of Columbia, or of any foreign country, purchased and held in investment funds authorized under § 8158, or in exchange-traded funds authorized under § 8158.1; such purchases being excluded from the limitations of § 8158(e) and § 8158.1(b).

(e) The aggregate amount of all direct and indirect investments under this Section at cost shall not exceed seventy percent (70%) of the Fund.

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SOURCE: GC § 4225.14. Repealed and reenacted by P.L. 22-006:5 (Mar. 29, 1993). Repealed by P.L. 26-035:IV:27 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Subsection (a) amended by P.L. 22-009:3 (May 7, 1993). Entire section amended by P.L. 28-136:2 (July 11, 2006), P.L. 32-086:15 (Nov. 15, 2013).

2025 NOTE: The Compiler has added “no text” to indicate a change in formatting only; the content of the provision has not been altered. The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.

2018 NOTE: Subsection/subitem designations in subsection (a) added/alterd pursuant to authority of 1 GCA § 1606.

2012 NOTE: In maintaining the general codification scheme of the GCA the Compiler changed the hierarchy of subsections beginning with “Lowercase Roman Numerals” to “Numbers” in subsection (a).

§ 8158. Investment Funds.

(a) Common or capital shares of any investment trust or mutual fund (including any index fund) registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as from time to time amended; provided, that the cost of the shares acquired is no greater than their net asset value on the date of acquisition.

(b) Units in any common trust fund or commingled fund (including any index fund) maintained by a custodian meeting the requirements of Title 4 GCA, § 8144, and advised or sub-advised by an investment management organization meeting the requirements of Title 4 GCA, § 8145.

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

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

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

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

(e) Limitation:

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

(2) The aggregate of all investments under this Section, except for investment fund purchases of cash equivalents authorized under § 8149, bonds authorized under §§ 8150 through 8154, domestic and foreign preferred stock authorized under § 8156, and common or capital stock authorized under § 8157, shall not exceed thirty percent (30%) of the Fund at cost.

SOURCE: GC § 4225.15. Repealed by P.L. 26-035:IV:27 (Sept. 28, 2001). Reenacted to its prior version by P.L. 26-058:XI:10 (Nov. 20, 2001). Amended by P.L. 28-135:2 (July 11, 2006), P.L. 32-086:16 (Nov. 27, 2013).

2025 NOTE: The Compiler has corrected manifest errors in past publications of the GCA, including omissions of legislative history.



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senortelot@gmail.com

I Mina'trentai Ocho Na Liheslaturan Guåhan • 38th Guam Legislature

COMMITTEE VOTE SHEET

Bill No. 263-38 (LS)- Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.

Table with 7 columns: COMMITTEE MEMBERS, SIGNATURE/ DATE SIGN, TO DO PASS, TO NOT PASS, TO REPORT OUT ONLY, TO ABSTAIN, TO PLACE IN INACTIVE FILE. Rows include Senator Telo T. Taitague, Senator Darrel Christopher Barnett, Senator Sabina F. Perez, Senator Therese M. Terlaje, Senator Shelly V. Calvo, and Speaker Frank F. Blas, Jr.



Senator Telo Taitague <senatortelot@gmail.com>

REQUEST FOR EVOTE: BILL NO. 263-38 (LS)- AS INTRODUCED

4 messages

Senator Telo Taitague <senatortelot@gmail.com>

27 February 2026 at 08:56

To: Senator Darrel Christopher Barnett <malafunkshun@guamlegislature.gov>, Senator Therese Terlaje <senatorterlajeguam@gmail.com>, "Speaker Frank Blas, Jr." <speakerblas@guamlegislature.gov>, Office of Senator Shelly Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, Office of Senator Sabina Perez <office.senatorperez@guamlegislature.gov>, Senator Telo Taitague <senatortelot@gmail.com>
 Cc: senatortelot.charissa@gmail.com, Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>, Rowena Fejeran <senatortelot.rowena@gmail.com>

Håfa Adai Committee Members,

Please see the attached Committee Report on **Bill No. 263-38 (LS) - Introduced by Telo T. Taitague. V. Anthony Ada, Joe S. San Agustin- AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.**

Please indicate your preferred action, based on the following options:

_____ TO DO PASS;
 _____ TO NOT PASS;
 _____ TO REPORT OUT ONLY;
 _____ TO ABSTAIN;
 _____ TO PLACE IN INACTIVE FILE

Please submit your response **ASAP**. Your responses will be logged into the Committee Vote Sheet for **Bill No. 263-38 (LS)**.

Should you have any questions, please do not hesitate to contact our office.

Si Yu'os Ma'åse,

Create a Great Day!

Senator Telo T. Taitague

38th Guam Legislature

Chairperson


Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement

Suite 407 DNA Building
 238 Archbishop Flores St.

Hagatna, Guam 96910

Tel: (671) 989-8356

Email: senatortelot@gmail.com

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Office Senator Perez <office.senatorperez@guamlegislature.gov>
To: Senator Telo Taitague <senatortelot@gmail.com>

27 February 2026 at 08:58

To report out only.

[Quoted text hidden]

Senator Darrel Christopher Barnett <malafunkshun@guamlegislature.gov>
To: Senator Telo Taitague <senatortelot@gmail.com>

27 February 2026 at 09:13

Cc: Senator Therese Terlaje <senatorterlajeguam@gmail.com>, "Speaker Frank Blas, Jr." <speakerblas@guamlegislature.gov>, Office of Senator Shelly Calvo <officeofsenatorshellycalvo@guamlegislature.gov>, Office of Senator Sabina Perez <office.senatorperez@guamlegislature.gov>, senatortelot.charissa@gmail.com, Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>, Rowena Fejeran <senatortelot.rowena@gmail.com>

Håfa Adai,

To report out only.

Si Yu'us Ma'åse

On Fri, Feb 27, 2026 at 8:57 AM Senator Telo Taitague <senatortelot@gmail.com> wrote:

[Quoted text hidden]

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The Office of Senator Chris Barnett

I Mina'trentai Ocho Na Liheslaturan Guåhan

Suite 202 · Calvo- Arriola Building · 259 Martyr St. · Hagåtña, Guam 96910

(671)969-3586 · malafunkshun@guamlegislature.gov

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Office of Senator Shelly Calvo <officeofsenatorshellycalvo@guamlegislature.gov>

27 February 2026 at 10:35

To: Senator Darrel Christopher Barnett <malafunkshun@guamlegislature.gov>
Cc: Senator Telo Taitague <senatortelot@gmail.com>, Senator Therese Terlaje <senatorterlajeguam@gmail.com>, "Speaker Frank Blas, Jr." <speakerblas@guamlegislature.gov>, Office of Senator Sabina Perez <office.senatorperez@guamlegislature.gov>, senatortelot.charissa@gmail.com, Alana Ungacta <senatortelot.alana@gmail.com>, Isah Peredo <senatortelot.isah@gmail.com>, Rowena Fejeran <senatortelot.rowena@gmail.com>

Hafa Adai,

To report out only

Respectfully,



Office of the People | Senator Shelly V. Calvo

Majority Whip & Chairwoman

Committee on Child Welfare, Youth Affairs, Senior Citizens, Women's Affairs, Disability Services, the Arts, Culture, Historic Preservation & Hagåtña Restoration

38th Guam Legislature

163 Chalan Santo Papa, Hagåtña, Guam 96910

T +1 (671) 989-5682

E officeofsenatorshellycalvo@guamlegislature.gov

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OFFICE OF SENATOR
Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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COMMITTEE REPORT DIGEST

I. OVERVIEW

Bill No. 263-38 (LS)- “AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN,” was introduced on January 27, 2025 by Telo T. Taitague, V. Anthony Ada, and Joe S. San Agustin, and subsequently referred by *I Liheslaturan Guåhan*’s Committee on Rules to the Committee on *Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement*, on Thursday, February 05, 2026. The Committee convened a Public Hearing on Wednesday, February 25, 2026, in the Guam Congress Building, Public Hearing Room.

Public Notice Requirement:

In compliance with Open Government Law, a five (5) day public notice of this hearing was published on Wednesday, February 18, 2026, and a forty-eight (48) hour notice was published on Monday, February 23, 2026, on KUAM-TV and on the Guam Public Notice Website. Notices were also sent to all senators, and all main media broadcasting outlets via email on the same dates.

Senators Present:

Senator Telo T. Taitague, Chairperson
Senator Chris Barnett, Member
Senator Eulogio Shawn Gumataotao

Appearing Before the Senate Panel:

Antolina S. Leon Guerrero, Chairperson, Government of Guam Retirement Fund, Board of Trustees (GGRF BOT)
Artemio R.A. Hernandez, Ph.D., Treasurer and Investment Committee Chairperson, GGRF BOT
Paula Blas, Director, GGRF
Maggie Ralbovsky, GGRF Direct Benefit Investment Consultant, Wilshire Associates

Written Testimony Submitted:

Antolina S. Leon Guerrero, Chairperson, GGRF BOT
Nick Collier, ASA, EA, MAAA, Principal and Consulting Actuary, Milliman, Inc.
Stephen Amaguin, Government of Guam Retiree

II. SUMMARY OF TESTIMONY & DISCUSSION

The Public Hearing was Called-to-Order at **9:09 a.m.** **Bill No. 263-38 (LS)** was the only item on the agenda.

SENATOR TELO T. TAITAGUE, CHAIRPERSON: *Buenas yan háfa adai!* This public hearing is now called to order and the time now is 9:09 a.m. Apologize for the lateness on this rainy Wednesday morning and it's Wednesday, February 25th, 2026. This hearing is conducted by myself, *Senadot* Telo T. Taitague, chairwoman on the committee on economic investment, military buildup, regional relations, technology, regulatory affairs, justice, election, and retirement. To comply with the open government law, notices of this hearing were published on KUAM and the Government of Guam public notice portal on Wednesday, February 18th, 2026, and the second notice on February 23rd, 2026. The notices of this hearing were also disseminated to all senators and media via email and is made available on the Guam legislative website. I would like to recognize those who are here in person and those watching from home. Welcome to your Guam legislature. I'd also like to recognize my colleagues who are joining us today. A member of my committee, Senator Chris Barnett, and also Senator Shawn Gumataotao. Colleagues, a copy of the legislation and docents received ahead of this hearing can be accessed through the group Google Drive link which is published on the public hearing notice for this hearing and also emailed to you in advance. For the listening public, you can access the Google Drive link on the public hearing notice published on the Government of Guam public notice portal at notices.guam.gov or on the Guam legislator's website at guamlegislature.gov. If you need assistance, please feel free to call the legislature at (671) 472-3465.

Before I begin, I would like to set some rules of engagement before this public hearing. When you speak, please make sure you speak directly into the microphone and for record purposes, state your name, position, and who you represent. I ask that those who are testifying today to please stay seated for any questions. My colleagues may have. If you need to be excused early, please let me know. I respectfully ask that we conduct ourselves professionally and respect each other's opinion and those who do not comply will be asked to be removed from this hearing.

The agenda this morning is a bill introduced by myself, Bill No. 263-38 (LS), which is AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.

So, I'm going to go ahead and get started with this bill and I wanted to give some information before we get started. So, there was a fiscal note that was provided for the bill on February 16th, 2026 and BBMR noted that according to the comments received from the Government of Guam Retirement Fund, the bill is a GGRF sponsored measure. The Bureau further noted that the GGRF will provide an official position statement at the legislature's public hearing. Our legal council had the opportunity to also review Bill 263-38 (LS) and during that introduction there were no recommendations or changes or amendments at this time. Invitations were sent out to the Judiciary of Guam, the office of the attorney general, the



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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Guam Bar Association, and of course the Guam Election Commission. Also, OTECH was invited to this hearing too, as well. So, if they're not here, don't be discouraged. You know, we will probably get some feedback from them.

I mean, we definitely give them a call to ask them for their testimonies, and we'll co of course, we'll share it with the Guam Election Commission. So, at this time, I will just do an introduction of this bill. It's going to be too long because I know that the testimony from Guam Retirement is quite lengthy, so I'll try and make this as short as possible. Okay. Thank you again everyone for being here to testify on Bill 263-38. At its heart, this bill is about protecting our retirees and making sure our government can meet its promises without disrupting essential services. So right now, under current law, the Government of Guam must completely pay off its pension systems unfunded liability by the year 2033. In simple terms, unfunded liability is the gap between what the Retirement Fund has set aside and what it owes current and future retirees. It is like having a mortgage. You owe a certain amount and you must make payments over a time to fully pay it off. As we get closer to 2033, the time left to pay off the balance becomes shorter. When there is less time to pay off a large amount of debt, the required payment can suddenly increase. This is what experts call a cliff. It means employer contribution rates, which is the amount the government must pay to the Retirement Fund each year, could jump sharply if investment returns are lower than expected. This bill addresses that concern in a careful and responsible way. First, instead of requiring the entire pension debt to be paid off all at once by 2033, the bill allows the remaining balance to be paid down in a structured rolling 15 years period. This does not erase the debt. It does not reduce anyone's pension benefits. Second, the bill updates investment rules that were written decades ago. This bill gives them flexibility that is similar to what other pension systems use so they can responsibly manage investments that year yield stronger returns. I look forward to all the testimony on this bill today and any written testimonies that is provided to this committee. *Si Yu'os ma'åse'* and at this time I'd like to recognize the retirement agency and its director Paula Blas. You now have the floor.

PAULA BLAS, DIRECTOR, GGRF: Good morning, Senator Taitague, Senator Barnett, and Senator Gumataotao. I'm going to introduce the representatives from the Government of Guam Retirement Fund who will be providing testimony today, and we will be here also to answer any questions, you know, you may have. To my far right is Maggie Ralbovsky. She is our Defined Benefit Investment Consultant from Wilshire Associates. To her left is Artemio Hernandez, also known as Ricky to all of you. He is our treasurer and our Chairman for the Investment Committee. And to his left is our Chair, Lina Leon Guerrero. So, I'm going to go ahead and turn it off to turn it over to our chair to go ahead and provide the oral testimony.

ANTOLINA S. LEON GUERRERO, CHAIRPERSON, GGRF BOT: Thank you, Paula. Thank you, Senator Taitague, Senator Barnett, and Senator Gumataotao. That was a very well done, very thoughtful

and informative introduction. So, I appreciate that. I am pleased to present on behalf of the Government of Guam Retirement Fund our position statement for the legislative record. Our position statement will include both general comments and specific comments regarding Bill No. 263-38 (LS). The Government of Guam Retirement Fund hereby submits its position statement in full support of Bill No. 263-38 (LS). Under general comments, if enacted, this bill would amend five sections of the Defined Benefit Plan statute codified at Title 4, Chapter 8, Article 1 of the Guam Code Annotated:

- Paragraph A. Amendments to Section 8137 (b)(1) would improve the Government of Guam's ability to prudently plan and budget for contributions to the Defined Benefit Plan and the Defined Benefit 1.75 Plan, as well as for ongoing government operations. Amendments to the amortization periods for the Government of Guam to fund the Defined Benefit Plan's Unfunded Actuarial Accrued Liability, as recommended by Milliman (the actuary refer firm retained by the Trustees of the Retirement Fund) are reasonable, prudent, and necessary to decrease the volatility of the Government of Guam's contribution rate and to smooth out government contributions each fiscal year.
- Paragraph B. Four sections in the Defined Benefit Plan's investment statutes (Sections 8143, 8146, 8154, and 8157) would be amended to provide the Retirement Fund with greater opportunities to improve risk adjusted returns on its investments, with the desired result of safeguarding the pension Fund while reducing the Government of Guam's retired contributions to the Defined Benefit Plan and the Defined Benefit 1.75 Plan. These opportunities arise from increased globalization and geographic diversity of the public securities market and in recognition that the limited parameters and the Defined Benefit Plan's investment statutes are not in keeping with the evolving market opportunity set.

Specific comments regarding Bill No. 263-38 (LS):

- Paragraph A, Section 8137(b)(1), Article 1, Chapter 8, Title 4 of the Guam Code Annotated, requires the remaining liability for prior service (referring to the Government of Guam's Unfunded Actuarial Accrued Liability (UAAL) beyond its normal cost to be funded over 82 years following May 1st, 1951. The relatively short remaining period, only seven years until May 1, 2033, to amortize the unfunded liability means that the required funding will be spread over shorter periods, which can cause large swings in the required government contribution rate from one year to the next. For example, if investments perform below the assessed rate of investment return, that underperformance could potentially result in experience losses in the tens or even hundreds of millions of dollars. The losses could very well be required to be made up in one year through the Government of Guam's contribution rate.
- Paragraph B. If Bill No. 263-38 is enacted, then the unfunded liability bases shall be ascertained as of September 30th of each year. And each new unfunded liability base shall be equal to the unexpected change in the unfunded liability for the year and amortized over periods of up to fifteen (15) years. The new unfunded liability base could be amortized, in whole or in separate parts, from the date each new unfunded liability base is established.



OFFICE OF SENATOR
Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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As an example, solely for the purposes of illustration, Milliman, our actuarial firm, modeled a situation in which the investment return in fiscal year 2028 was flat or 0%, to show that in that situation, the Government of Guam's contribution rates were projected to be more volatile over a 15-year period than smoother, more gradual contribution rate changes if Bill No. 263-38 were enacted. A reduction in volatility would improve the government's planning and budgeting efforts as contribution rates are smoothed over applicable amortization periods.

- Paragraph C. If enacted, Bill No. 263-38, Section 3 would clarify and codified the Board of Trustees' authority to consider and incorporate long-term sustainability factors in evaluating investment products. Materiality assessments shall be based on whether such considerations may impact the investment product's long-term sustainable earnings power on a risk adjusted basis.
- Paragraph D and its subsections. If enacted, Bill No. 263-38, Sections 4 to 6 would also update certain investment limitations in the Defined Benefit Plan statute. These changes are reasonably expected to provide the Retirement Fund with better opportunities to improve diversification of investments and potentially achieve higher risk-adjusted long-term returns.
 - a. One, Bill 263-38, Section 4 would expand capacity in Section 8146 for investments in non-US bonds and equity combined from 35% to 50% of the fund at cost, and the limitation on Section 8146 investments in any single issuing entity from 5% to 10% of the Fund at cost.
 - b. Bill No. 263-38, Section 5 would raise the upper threshold in Section 8154(a)(2) for investments in lesser ranked domestic corporate bonds from 8% to 15% of the Fund at cost, and the 2% limitation on investments in any single issuer from 2% to 5% of the Fund at cost.
 - c. Bill No. 263-38, Section 5 would eliminate fixed charged ratio tests in Section 8154. Given that the Fund relies on rating agencies to define bond quality, these types of debt ratio tests are no longer needed.
 - d. Bill No. 263-38, Section 5 would also eliminate the limiting requirement of fixed rate and investment grade, as many bonds are floating rate and non-investment grade. Instead, Bill No. 263-38 would amend the appropriate benchmark so that tracking will include indices other than the U.S. Aggregate Bond Index, as approved from time to time by the Board of Trustees.
 - e. Bill No. 263-38, Section 6 would eliminate specific security level selection requirements (such as dividend payout requirements) for domestic common stock in Section 8157(a) and apply the same prudent person investment standard to non-U.S. stock in Section 8157(b) as well as to non U.S. government bonds in Section 8151(b); non-U.S. corporate

bonds in Section 8154(b); non- U.S. preferred stock in Section 8156(b); and management of the Retirement Fund generally in Section 8139.1(b)(2).

- f. Bill No. 263-38, Section 6 also would increase the limitation on any one issuer of domestic stock from 5% to 10%. and would eliminate the restriction on aggregate common stock investments at 70% of the fund at cost.

For the foregoing reasons and along with the further testimony to be provided this morning at the public hearing, the Government of Guam Retirement Fund and the Board of Trustees support the passage and enactment of Bill No. 263-38 (LS). Thank you.

SENATOR TELO T. TAITAGUE, CHAIRPERSON: Thank you so much. Would you like the consultant to read her letter to you or just here to ask questions or would like to make a statement?

ANTOLINA S. LEON GUERRERO, CHAIRPERSON, GGRF BOT: Madam Chair, we're here to answer questions and she could submit written testimony later. Thank you.

SENATOR TELO T. TAITAGUE, CHAIRPERSON: Okay. And you did introduce Maggie here who's a consultant, but could you just again state your name for the record, who you are and what company and how you represent retirement?

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: Thank you. Thank you, Senator. My name is Maggie Ralbovsky. I work at Wilshire and I act as the Investment Consultant to the Board, advising the board in a fiduciary capacity.

SENATOR TELO T. TAITAGUE, CHAIRPERSON: Thank you so much. You know, and I'm glad we caught you while you were on island to have any questions. We know that this bill is very complicated in some way, but I've tried to make it in layman's terms when discussing what the bill really does. And it's been a long time coming, you know, that we made some changes to the bylaws and the rules and regs that govern the Retirement Fund too as well. So, also Ricky, thank you so much for all your help on this legislation. It was good to have you guys in my office and to talk more on this as we go down. So, at this time I'd like to recognize the Committee Chair, well actually a member of our Committee, Senator Barnett, to actually come up with any questions that you may have.

SENATOR CHRIS BARNETT: *Si Yu'os ma'åse'* madam chairman to the people of Guam. Thank you for watching on our YouTube and our Docomo, GTA channels. I think the Chair is right. It is a little bit complicated. I was looking through the bill. I was wondering what language this is? It's money talk, right? So, I think anytime we as a member of the Committee hear anything about retirement or anytime there's a bill that has to do with retirement, *Tan Ana* and *Tun Pete* may be watching and might get a little bit nervous and they might be thinking about how this will impact their retirement or how it will impact the potential retirement of our hardworking Government of Guam employees. So, I know that's a pretty general question, but just generally speaking, if you could bring it down to auntie and uncle terms.



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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ANTOLINA S. LEON GUERRERO, CHAIRPERSON, GGRF BOT: Senator, that's a great question and I will tell you, I am the layperson on the Board of Trustees. I don't have the financial background that many people do. So, it's always very important that everybody explain it to me so that I can understand it and explain it to others. I think two things that we're seeing in this bill really are to improve and continue to diversify the investment opportunities for the Retirement Fund. As fiduciaries, we are protective of the fund as it serves our members. Those are both active employees as well as retirees. So, this bill allows for us to modernize our investment statute to allow us to in fact gain better returns or potentially gain better returns for the long run to serve. The piece on the amortization of the unfunded liability, that's an obligation of the Government of Guam that they pay to the Retirement Fund on a payroll basis. It's a debt that's owed to the Government of Guam Retirement Fund to the Trust. And so that's how they pay it, every pay period. So, what this bill allows us to do is to take this seven-year remaining amortization period of our "mortgage", so to speak, "the Government of Guam," and to spread it out. It gives us more flexibility. It allows for a much more smoothing of the contribution rates and ultimately is going to allow for the Government of Guam to plan and budget for its contributions to pay off its debt to the Government of Guam Trust.

SENATOR CHRIS BARNETT: So, I know that, thank you for that Ms. Leon Guerrero. And I know that the Chair has characterized this, and you as well, as something similar to refinancing a mortgage, right? But you raised some pretty alarming scenarios in your testimony about if the bill didn't pass just some of the fluctuations, extreme fluctuations that we could see. In fact, if I remember your testimony correctly, and I'm sure I do because it was just a couple minutes ago, you had mentioned anywhere between tens to hundreds of millions of dollars. That's pretty alarming. And so, how did we, I guess my question is, how do we get to this point where we have to do the refinancing and the mortgaging? Because like I said, when *Tan Ana* and *Tun Pete* hear about the contribution and some of the fluctuations, I mean, I don't want to say the sky is falling, but it kind of sounded like a pretty bad situation.

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: So, Senator, the way I would think about the volatility to relate to your analogy of refinancing a mortgage is that you would refinance the mortgage to a variable rate because the calculated contribution is based on the difference between the actual return versus the target return. So the target return is 7%. And in the scenario presented, let's say one year you had a 0% return. You basically have to change your calculation to make up that difference in that short time period. So you're refinancing your mortgage with a variable rate calculation, but do not change the maturity date, which you can imagine the volatility of contribution will significantly amplify.

SENATOR CHRIS BARNETT: Ma'am if I may though, so you had said if we saw a 0% return on the investments. How realistic is 0%?

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: It is not rare if you think about the bubble bursting between 2000 and 2002. In those three-year periods the equity market was down double digit every single year. So, the retirement plan has a very long horizon and if your amortization is in a very short time horizon, you're misaligning the investment horizon with the reality. So just having three years of equity market draw down is not the end of day because it is going to come back. But if you have to recognize the loss immediately in the amortization scheme, that's going to cause you to have to make significant contributions that is actually not necessary.

SENATOR CHRIS BARNETT: Okay. So, I did want to ask you because if we're going to go with this analogy, refinancing the mortgage, what the bill also does is it gives you guys flexibility, the ability to invest more in different areas. So how does that kind of play into that analogy? Because what the bill is doing is raising the, and forgive me if I get this wrong, the non-U.S. investments by 15%; from 35% to 50 %. So, I'm assuming that you guys believe that this is going to give you the opportunity to generate better returns on investments because you're increasing the different types of investments.

ARTEMIO R.A. HERNANDEZ, TREASURER AND INVESTMENT COMMITTEE CHAIR, GGRF BOT: Yes, Senator. Good afternoon. I'm sorry. Good morning. Ricky Hernandez, representing the Retirement Fund as Treasurer and Investment Committee Chair, and thanks for the questions. I was hoping maybe I could also help to translate some of the complicated language of the bill. So, I'll get to your question that you just asked. But I wanted to kind of also add a little bit more to the discussion on the amortization period and kind of the example of refinancing. And so, you know, really the bill, as our Chair Lina had mentioned, is it does really two main things. One of which is this amortization period. And I think when we think about what this bill, what we're doing here, is we're trying to be proactive. So being proactive, we're here early enough so that any of these potential volatility risks and volatility, meaning, if markets go up and down as compared to what we expect the investment returns should be which is 7% every year. We're trying to be proactive because we still have seven years till 2033, which is when the unfunded liability is expected to be paid off. But this action that we're taking and we're recommending and supporting is to ensure that in the event there is that volatility that occurs close to 2033 or just maybe even a year before that we had addressed that already today. Seven years, six years prior.

So, the ultimate goal of the bill is really to ensure that we have the tools necessary to improve and get the best risk adjusted returns for the Fund. And what does that mean for retirees or active members that are looking to retire under the DB Plan or the DB175 plan? What that means is the higher the returns, the more secure the Fund is. Right? We look at our security ratio when we compare our liability to our assets to our liabilities. And so, what that means is that our goal is always to ensure that the promises we have made to our active members and our current retirees are fulfilled based on legislative mandate, based on the calculations and the promises that are made by this body. And so that's our charge. And so,



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
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these provisions in this bill help us to look forward and say, 'we have these risks ahead of us in the next seven years. How do we mitigate those potential risks?' So, we're not saying today that there are any issues currently. What we are saying is that there may be issues in the future. And so that's kind of hopefully... And you know, when it gets down to *Tan Maria* for example, what does that mean for a retiree? What that means is that they can live their retirement life without any risk because we're doing the best job we can here and you're providing us the tools necessary to be able to ensure that they get their retirement check every semimonthly or twice a month, and so forth.

And so the other factor to that is it affects the Government of Guam's budget. And so, when you look at the Government of Guam budget, personnel costs are quite high. Part of that personnel cost is what we call the retirement contribution rate. Currently it is 33.85% of every base salary dollar. So, this amortization period is very key because the Retirement Fund we have our actuaries determine what are some of the assumptions that we make every year in terms of investment earnings. We assume that we are going to make 7%. If we make less that may mean the contribution rate goes up. What does that mean to you? That means less dollars you're able to appropriate for other things. If total payroll for example goes, if total payroll increases the above the assessed amount which is 2.5%, then that has a positive impact. So, your retirement contribution rate may go down. So, we have these assumptions that if the actual data comes in above or below, that will impact the contribution rate and that'll impact your ability to budget more or less. And so, this amortization period why it's so important from a budgetary standpoint is because the more we can smooth out that contribution rate for your planning purposes, the better it is that we'll be able to plan for budgeting in the future. And so, as the example that Lina had mentioned, a 0% earnings or investment earnings in any given year between now and 2033 means that we didn't hit the 7% assumed rate. And so, we have to make up for that. And how do we make up for that? We may have to increase the contribution rate for that year.

And so that's kind of the ultimate goal we're trying to achieve here is to ensure that as we look over the next seven years, how can we use the language in the law to the benefit of the members, to the benefit of the legislature, and the people of Guam so that more services can be planned for in the future instead of having to deal with potential volatility. I think when we look at the actuaries... So, Milliman is our actuary and their testimony was attached to the Retirement Fund Retirement Funds testimony and in that they mentioned that this is the language that we're requesting is actually standard- standard language that other large Retirement Funds have been adopting, to include Calsters which is California's state employee retirement system, Los Angeles, Calsters which is a teacher state teachers retirement system, Seattle City employees, Texas County, University of California retirement. There's a lot of large, sophisticated retirement systems such as ours that are also doing this. And so, I know that there might be questions as to the mechanics of this, and I always think of my role as trying to translate some of these

kind of complicated things into something that is understandable. But also, that you can see the benefit on your end and also the benefit for the retiree. But I know that and I hope that helps to add to the answer to your question related to the amortization period. And I know that your question now, the most recent question you asked was related to the increasing percentages.

SENATOR CHRIS BARNETT: Sure. Could I just get in on what you said? Is there any scenario and presumably, it be a really good one where you talked about the contribution rate dropping like what's the, do we have any ballpark baseline type of figure that we could realize down the road?

ARTEMIO R.A. HERNANDEZ, TREASURER AND INVESTMENT COMMITTEE CHAIR, GGRF BOT: I think. So, what we're doing currently is every year we do an actuarial valuation and so that updates based off of the prior year's actual data. and so that usually is updated in the next month or so. And so, once we get that actual data, we can conduct another kind of assumed percentage that will possibly decrease the contribution rate as soon as probably even next fiscal year. But we don't want to kind of provide that number until we get the most updated actuarial valuation. But the expectation with this potential amortization smoothing is that there should be some savings up front. But when we get that actuarial valuation done which is going to also provide information related to the contribution rate as it would be without this bill, then we can kind of look at how this bill will impact that number for next fiscal year.

SENATOR CHRIS BARNETT: Okay. Thank you, Ricky, that was a great answer. If we could now just talk about the investment. So, the other thing the bill does, the two things, which is first; you know we'll just for lack of a better term say the refinancing of the mortgage, and I just want to amend my comments. I know I said that your testimony made it seem like the sky is falling and that was just a relative comment because you're here you know seven years ahead of the cliff which is a lot better than a lot of agencies do. Sometimes they're coming in here like, "Yo, we needed this yesterday or you know, hey, we need it tomorrow." So, that's great. And then the other part is that it gives you guys more flexibility on the types of investments. So, we're seeing the one part that jumped out at me was the non-US investment going from 35 to 50%. If you could, ma'am, could just describe some of the benefits and or risks with that movement.

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: Yes, Senator. So, if you look at the proposed changes relating to investment statutes, most of them is to changing the limits not just limited to the non- US investment but also all the other related sections are changing the different limits. Now the way we should think about that is it actually helps us to be more consistent with the original intent of this statute because the original intent in writing these limits is for risk management. And that writing however has been misaligned with the opportunity set we see today in the marketplace. And the writing from many, many, years ago was also based on in a very artificial or I should say arbitrary limits. So, somebody basically sat down to say hey we need to put 35% here 30% there or 5% here, which has disconnected with the



OFFICE OF SENATOR
Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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reality we're facing today. So, if we apply these limits today to the opportunity set we're facing, we're basically misaligned with where the liquidity is, where the investment opportunity is, and where the growth drivers are. And we think that the Board needs to have the ability to assess the current investment paradigm rather than to be forced to comply with these very rigid numbers that was written 50 years ago. Specifically regarding the U.S. versus non U.S., we know that that opportunity set in the world changes from time to time and at some point in the past the U.S. was the dominant opportunity set and there were times in the past there it wasn't the dominant opportunity set so these things are changing especially as we today are facing a technological revolution which may disrupt certain sectors, certain countries, which also may define a company's domicile not by where it's registered. So, if you think of the current charter that a company registered elsewhere is considered to be non-U.S. equity, and if you think about all the, for example, mining companies, right. Mining is an important sector today to support the AI revolution- support the reindustrialization of the US, you know, base. And mining companies are usually not domiciled in the United States. A lot of them are in Canada, a lot of them are in Australia because that's where the mines are. So just artificially or arbitrarily defining risk by where the company is domiciled is misaligned with the actual risk drivers of the market.

SENATOR CHRIS BARNETT: Okay, I get that. So, can you tell us what we are missing out on currently with just being able to invest 35% and give us some names. Like what types of companies, non-US investments, do you think that we should be getting behind?

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: Yeah. Yeah.

SENATOR CHRIS BARNETT If you're able to.

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: As I mentioned, the mining sector is right now a huge focus for the next phase of AI competition, right? In our view, the AI competition will determine who will be the dominant player in the world, next decade. And to drive the AI revolution you need resources because you know when people typing into Chat GPT ask a question, you think that's costless. It is actually hugely energy intensive because the AI center, the data center will take electricity to generate an answer, and then it will also take electricity to cool down this data center. So, there is a shortage of the metals, the base metals, the critical resources that supports such a growth and there is a global war trying to secure these resources. And what we are missing by rigidly being compliant with what's written in the statute is to lose sight of where the, for example, where the mining operations are. As I said most of the mining operations are in Canada, in Australia, in Africa, in South America. They're not in the United States. And the companies are domiciled in those jurisdictions. That doesn't mean they're not global companies.

They sell globally, but they're domiciled not in the United States. So, by this particular definition, you are putting them in a box that is disconnected with the global nature of such business.

SENATOR CHRIS BARNETT: I'm just a little uncomfortable talking about mining because you keep saying that it's in Australia and it's over in Canada. But you know, actually it's right in our front yard and I believe tomorrow there's going to be a meeting with the Administration and the Bureau of Ocean Energy Management officials. So, you know, I'm a little leery about discussing the investment potential of this, you know, environmentally destructive practice.

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: Senator, I'm not talking about deep sea mining. I do think that is a hugely controversial issue, but...

SENATOR CHRIS BARNETT: Okay. So, what type of mining are you talking about?

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: I'm talking about gold and cobalt, copper.

SENATOR CHRIS BARNETT: Okay. Yes. Thank you. And so currently we're unable to invest in those types of things because it would exceed the 35% threshold.

MAGGIE RALBOVSKY, GGRF DIRECT BENEFIT INVESTMENT CONSULTANT, WILSHIRE ASSOCIATES: We are bumping into all kinds of limits in the current statute.

SENATOR CHRIS BARNETT: Okay, Madam Chair, thank you for the time and thank you again for your explanations. Like my lean going into this hearing was just to you know reassure *Tan Ana* and *Tun Pete* about the potential impacts if any on their retirement, and then of course on the active Government of Guam employees. I did just have one last question. So, can we just discuss this like short-term benefit versus long-term benefit? Are there any critics who would look at this bill and say that it relies too heavily on short-term benefits versus long-term sustainability of the fund? And I know that based on what you guys are saying, we're looking at extending this beyond 2033, right, and refinancing the mortgage. But are we going to be seeing the best long-term benefit with this bill?

ARTEMIO R.A. HERNANDEZ, PH.D., TREASURER AND INVESTMENT COMMITTEE CHAIRPERSON, GGRF BOT: Can I try and answer your question, Senator? I think most of what we're doing here, if we're looking at the short-term benefit of the bill, that's really the part where we're trying to adjust the percentages and kind of the flexibility, and I know Maggie mentions opportunity sets. It's just kind of the universe of different things that we can invest in. And so, that kind of will provide more of a short-term benefit to the fund and the members through the ability to capture investment earnings that we're currently missing because there are these limitations. And so, I think that would be the short-term benefit. There will be some short-term benefits as it relates to the implementation of the, we'll just call it the smoothing of the amortization period. We don't expect this smoothing to be something where we're carrying this unfunded liability longer than we are expecting to.



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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I think maybe about 8 years ago the amortization period was increased by 2 years and that effectively lowered the need for the government because we spread that, we extended the payment period for two years. But we're not doing an extension of the amortization period. We're doing something that's a lot more sustainable and long-term, and we're trying to smooth it out. And so I know there may be some questions related to the mechanics of that and we can answer that when those come. But, yeah, those would be more of the longer-term aspects of it.

SENATOR CHRIS BARNETT: Thank you, Ricky. And again, you know, with the contribution rate, hopefully all of these things that you're trying to do with the bill, if the bill passes, we could see that go down because that's a significant cost that, you know, it's a budgeting challenge, right? And we see like I mean, even in some of our offices, you know, sometimes we're not able to get that retirement contribution from term to term because, you know, we might need an additional staffer or whatever. So, anything we could do to bring those costs down without jeopardizing, of course, the security of the fund. So, thank you Madam Chair for the opportunity to ask questions and get this in layman's terms.

SENATOR TELO T. TAITAGUE, CHAIRPERSON: You're very welcome, Senator Barnett, and also thank you for those questions. You know, I'm sure there's a lot of people, especially retirees who are at home who make an effort to listen to our public hearings as well as session to find out what's going on. But before I move on to our next senator for questions, I just wanted to make a slight correction. You were probably wondering why I would ask testimony from the Attorney General's office, from Judicial Court. So, I read the wrong line and I just wanted to make that correction. We sent invitations to the following: BBMR, DOA, Government of Guam of course, Retirement Fund, the Guam Fire Retirees Association, and the Guam Federation of Teachers, as well as GEDA. Now that sounds about right as far as people sending testimony in to contribute to this hearing. So, that being said, thank you and I apologize again for that wrong information. And I'd like to now move over to Senator Gumataotao. You are now recognized.

SENATOR SHAWN GUMATAOTAO: Thank you, Madam Chair, and thank you to the Retirement Fund for being with us this morning. And I just want to say just to start off that I appreciate where Lina's coming from that this bill is to modernize and but in order to appreciate where we are at today as a member of the Retirement Fund since 2003. I think it helps us kind of maybe if I can go back just a bit to help me kind of frame this at least of my understanding and hopefully this will be helpful in the discussion today.

Recognizing that the Governor's message accompanying an executive veto of the DB175 or the DB retirement plan in 2016. It concluded that we as a government did not know if we could afford the plan at the time. Does the bill before us today help us confirm some of the concerns that were expressed by

the former Governor and his fiscal team? And to what extent have the amendments that this particular branch of government made to our retirement statute since 2016, notwithstanding their merits, with which I do not disagree, challenged our ability to settle the unfunded liability and safeguard the contributions of employees who are 10, 20, or 30 years away from retirement?

ARTEMIO R.A. HERNANDEZ, PH.D., TREASURER AND INVESTMENT COMMITTEE

CHAIRPERSON, GGRF BOT: Okay. Thank you for the question, Senator. I've had the opportunity to be part of the, I guess, the process of the implementation through the legislature, as well as my role here at the Retirement Fund of the DB175, which previously at the time was working with Senator Ben Pangelinan, who originally introduced it and then with former Speaker BJ Cruz. And I know that from the perspective of the DB175 and the implementation of that, and then also the subsequent reopening of the DB75 just effective January 1, 2024, there have been over 5,000 retirees and including their families that have shifted over from the DC Plan and over to the DB175 Plan with an extensive educational campaign conducted by the Retirement Fund with all of the agencies of the Government of Guam.

I think it's important to note with these 5,000 plus members, active members, that moved over, I could just maybe say hundreds of them had the ability to retire with dignity and with basically a lifetime, with a lifetime of service, retire with dignity, with a retirement annuity that they could rely on in their retirement years. I think as we look back at the unfunded liability and how that has gone up and down based on even the implementation of the most recent reopening of the DB175 Plan, the fund has been able to manage that and keep it stable. And because I know that with the passage of the prior bill that was introduced by the late Senator Pedro Terlaje, that also improved benefits that had an impact on the unfunded liability. But it also had an impact on our actual value of our assets. The actual market value of our assets at the Retirement Fund is probably at the highest level it's been in its history. I think it's \$2.6 Billion. But of course, the unfunded that we have to pay using those funds is something that this bill is going to help us to manage a bit more with flexibility and increased potential for investment earnings and also helping with the contribution rate volatility potential in the next seven years. So, I don't know if that answers your question directly but hope that answers some of it.

SENATOR SHAWN GUAMATAOTAO: No, it is helpful Ricky. Which gets me to my next question:

1. So, what information is available confirming whether the Retirement Fund prepared an updated cost/benefit analysis on the 2016 legislation establishing the DB 1.75 Retirement Plan?
2. And if the analysis was complete, what was the estimated annual and total cost to the government?
3. And how did that information impact subsequent amendments to the retirement statutes, including policies specifically affecting our public safety and law enforcement officers?

So, should I just add perhaps maybe: was the actuarial evaluation as of September 30, 2017 where it noted that report represents best estimates. Is that helpful for this question?

ARTEMIO R.A. HERNANDEZ, PH.D., TREASURER AND INVESTMENT COMMITTEE

CHAIRPERSON, GGRF BOT: Yeah, I think if we look back at the actuarial evaluations- because we



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Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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don't have that necessarily in front of us- I think the two subsequent years after implementation. Because I think the DB175 implementation date was actually January 1st, 2018 and then the second iteration of that was passed by the prior legislature, the effective date was January 1st 2024.

SENATOR SHAWN GUAMATAOTAO: Yeah, because I was looking to it. So that would be the experience study per se that you're mentioning then, right?

ARTEMIO R.A. HERNANDEZ, PH.D., TREASURER AND INVESTMENT COMMITTEE CHAIRPERSON, GGRF BOT: Yeah, the experience study is something that the law requires every 5 years. The evaluations are done every year. So, to see the results, I guess if we can call it that, the results of the transition period for each of those different time periods, then the actuarial evaluation should provide some insight. If you look at probably the 2019 one, and then the most recent one that's coming out 2025, those should provide some of the answers that you're looking for.

SENATOR SHAWN GUAMATAOTAO: Right. Thank you so much for that. And then finally, I know from your experience, my collective experience and having had a chance to work at that particular level with the policy team in my first time in the executive branch, if you will.

But based on, and I'm just going to say it because I think it's important for this discussion today, based on conflicting feedback that's been provided by BBMR and the Retirement Fund several years ago on a policy that expanded retirement policies for uniformed officers to DYA youth service workers, there BBMR considered the policy to be administrative in nature, while the Retirement Fund at the time declared that any legislation involving the Retirement Fund remains conditioned on the government's obligation to remit employer contributions to the Retirement Fund benefit plan at adequate funding levels. Is there a need as we're talking about this policy, but is there really a need for the Guam Legislature to consider changes to the fiscal note statute so that decision makers in this particular branch receive the best information available, including potential impacts on current and future funding sources and obligations, to include the Government of Guam Retirement Fund? You're not going to get in trouble by answering, so just ...

ARTEMIO R.A. HERNANDEZ, PH.D., TREASURER AND INVESTMENT COMMITTEE CHAIRPERSON, GGRF BOT: No, I can take the question.

SENATOR SHAWN GUAMATAOTAO: Okay, thanks.

ARTEMIO R.A. HERNANDEZ, PH.D., TREASURER AND INVESTMENT COMMITTEE CHAIRPERSON, GGRF BOT: Just to repeat your question, you're requesting at least some comments

as it relates to the fiscal note statute, which is I guess found in Title 2. And I think as it relates to fiscal notes generally, and I'll just speak to at least my understanding of the process, it's typically something that is run and required to be driven by BBMR. And the ability for them to work with agencies and get timely responses to those, I think may be the hurdle that they'll have to kind of overcome. Because I think as it relates to the complexity of the entire government, and the complexity of any type of proposed legislation, the capacity at BBMR will require that they rely on these subject matter experts whether it be at the Director cabinet level or the program level, or even the staff level. And I think the process to get that information in a timely manner to meet the deadlines as required by the Legislature is the hurdle, I think. how to change that or how to improve that, we can probably talk offline if you wanted to discuss that further. But I think as it relates to this bill, you know, the complexity you can see with this bill and looking at the fiscal note that BBMR did provide does mention at least to their extent that they understand and are aware of, that they'll rely more heavily on the Retirement Fund, because we have the actuarial analysis and so forth to really provide what impact this will have on the budget if any.

SENATOR SHAWN GUMATAOTAO: Right, and why I asked that, it goes back to what Lina said earlier, is that if we're going to modernize, but she as a lay person, it's the rest of the government who is relying on folks. Yes, the input is invaluable from the Retirement Fund, but if there's a disconnect between the two in the process that we have before us, because then you're asking us to vote for a policy to modernize.

But if we can't understand it, I mean, I don't I mean, I don't know how it gets out of committee. And I think that's the goal is to be able to pass good public policy based on the best available information and even in the most complex of issues, to include the things that face the Retirement Fund. It makes just a lot of sense for us to think about how that process and how it works here. So, we're when we go next door at the end then you get eight votes up or down. It really is going to be helpful to our process, that's all. That's where I was going with that. Madam Chair, thank you for the time and thank you for allowing me to ask questions of this policy.

SENATOR TELO T. TAITAGUE, CHAIRPERSON: Thank you, Senator Gumataotao. Yeah, I knew this was going to take a little bit longer, you know, and the questions that were asked today are to hopefully provide some guidance for the other senators who are not here today. I guess they're going to study, you know, what this bill is about, which I hope they do and I wish there were more senators here to ask any questions, but you're the experts. You know, we rely on you to make the decisions for the Government of Guam retirees as well as the Government of Guam as a whole to ensure that you know, their savings for our government. None of us has the background that you four have right now, and even though you've been there for a while, you do know a lot more than any of us senators do. So, we rely most especially on your comments today and your guidance and that this bill being supported by the retirement as well as seeking additional support from your council as well the consultant that you have here today.



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Telo T. Taitague
CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory
Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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I feel very comfortable moving this bill forward as soon as possible. I'm going to do my very best to try to get it on the March session agenda because I know that time is important. It's of the essence. We're not just talking about something, you know, if anyone says that the 2033 cliff is, you know, we still have seven years to go, that's not just part of this legislation. It's also the changes of being able to invest in areas that's going to yield more for our retirees as well as the Government of Guam itself. So if there are any other questions that senators may have, which I will reach out to them, you know, to please seek some guidance or anything I can provide them for information so that they're prepared for the session then that's what we're going to need to do. But by all means, we are not the experts.

We rely on your testimony and making those decisions on behalf of the people of Guam, which we also serve. So, that being said, I want to sincerely thank you, the Guam Retirement Fund, its Board of Trustees. Madam Chair, thank you for reading that testimony. Its actuaries and the professional staff for working closely with my office on this legislation. They raised concerns early about the approaching payment cliff and collaborated on a solution before retirees or tax players are negatively impacted. So, our retirees dedicate their careers to serving our island. They earn their pensions. They deserve certainty, stability, and a retirement system that is responsibly managed for long term. And I think this bill does just that. And again, I'd like to thank you for working closely with my office to ensure this. It actually took us, right Paula probably, to get to this point almost a year, you know, just to get our ducks in order, our tees crossed and our I's dotted.

So that being said, *Si Yu'os ma'åse'*. Create a great day and if there's anybody who wants to submit testimony, we will leave that open till actually the end of this week because like I said, we are trying very hard to get this bill on the session agenda as we move forward. So, this is now so Bill No. 263-38 (LS) has been heard and if again testimonies to the end of this week only will be mailed to my office if you'd like, at 238 Archbishop Flores Street, Suite 407 at the DNA building in Hagåtña.

You may also send your written testimonies to my office via email at senatortelot@gmail.com and again, create a great day. And the time now is 10:09am. *Si Yu'os ma'åse'*.

Public Hearing Adjourned at: 10:09 AM.

III. FINDINGS & RECOMMENDATIONS

Bill No. 263-38 (LS) seeks to amend provisions of the Defined Benefit Plan under Title 4, Chapter 8, Article 1 of the Guam Code Annotated, relative to the amortization of the Unfunded

Actuarial Accrued Liability (UAAL) and certain investment parameters of the Government of Guam Retirement Fund (GGRF).

The Committee received formal testimony in strong support of the measure from GGRF and its retained actuary, Milliman, Inc. In written actuarial testimony, Mr. Nick Collier, ASA, EA, MAAA, Principal and Consulting Actuary with Milliman, confirmed that following actuarial review, the proposed amendments in Bill No. 263-38 (LS) would enhance contribution rate stability and predictability while maintaining strong funding progress for the Retirement Fund. The actuary noted that under current law, the UAAL must be amortized over a closed period ending May 1, 2033, resulting in a relatively short remaining amortization window that may create significant volatility in required employer contribution rates as the deadline approaches.

The Committee finds particularly compelling, the actuarial analysis demonstrating that under the current statutory framework, required contribution rates may experience sharp year-to-year fluctuations in the event of investment underperformance. By contrast, the bill's proposed rolling 15-year amortization bases would allow for smoother and more predictable contribution rates over time. The testimony further indicated that the bill would align Guam's funding approach more closely with actuarial model guidance and practices adopted by other public retirement systems. The current fixed amortization structure was characterized under published actuarial guidance as a non-recommended practice, and the proposed changes would permit adoption of a funding approach consistent with higher actuarial standards.

Additionally, the GGRF Board of Trustees formally stated its full support for Bill No. 263-38 (LS), affirming that the amendments are reasonable, prudent, and necessary to reduce contribution rate volatility and improve long-term financial planning for the Government of Guam.

During the hearing, Senator Chris Barnett raised questions regarding the practical impact of the proposed amendments, asking that the amortization changes be explained in layperson's terms and how they would affect retirees in their daily lives. He also inquired about the risks of maintaining the current May 1, 2033 amortization deadline, including testimony that significant market underperformance could result in large experience losses and sharp increases in employer contribution rates. In response, Retirement Fund representatives explained that the bill is a proactive measure intended to address potential market volatility well before 2033. While the Fund assumes a 7% annual investment return, any material shortfall under the current compressed timeline could require steep contribution increases in a short period. The proposed rolling 15-year amortization bases would smooth gains and losses over time, reducing volatility and improving budget predictability.

Senator Barnett also questioned the proposed increase in non-U.S. investment limits from 35% to 50%. The Fund's investment consultant testified that the amendments modernize outdated statutory caps and enhance diversification consistent with current global market conditions. Officials further emphasized that the bill supports long-term sustainability by improving risk-adjusted returns and aligning the Fund's investment horizon with its funding structure.

Senator Shawn Gumataotao raised questions regarding the historical context of prior retirement legislation, including the establishment and reopening of the DB 1.75 Plan, and whether the bill



OFFICE OF SENATOR

Telo T. Taitague

CHAIRWOMAN

Committee on Economic Investment, Military Buildup, Regional Relations, Regulatory Affairs, Technology, Justice, Elections, and Retirement

Ste. 407 DNA Building
2238 Archbishop Flores St.
Hagatna, Guam 96910
(671) 989-8356
senatortelot@gmail.com

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reflects earlier concerns about affordability and management of the unfunded liability. He asked whether updated actuarial evaluations and cost analyses were conducted following prior legislative changes and how those findings informed the Fund's current funding status and contribution rates. Fund representatives responded that annual actuarial valuations and required experience studies provide ongoing assessment of funding levels and contribution requirements. While prior legislative changes affected both liabilities and assets, testimony indicated that the Fund's assets are currently at historically high levels and that Bill No. 263-38 (LS) is not addressing a present crisis, but rather mitigating potential future volatility.

Senator Gumataotao also expressed concern that if senators cannot fully understand the bill's mechanics, it raises the question of whether it should be reported out of committee. In response, officials affirmed their willingness to provide further clarification, and Chairperson Taitague emphasized that the hearing process was intended to ensure transparency and informed deliberation prior to session consideration.

The Committee acknowledges and appreciates the written testimony submitted by Mr. Stephen A. Amaguin in support of Bill No. 263-38 (LS). Mr. Amaguin expressed confidence in the collaboration between the Government of Guam Retirement Fund and its subject matter experts and supported the bill's objective of preventing potential contribution volatility associated with the 2033 amortization deadline.

In addition to his support, Mr. Amaguin suggested that the Legislature review provisions of the RainyDay Fund (RDF) statute under 5 GCA Chapter 22, including the statutory deposit cap and the potential redirection of excess General Fund revenues toward payment of the Unfunded Actuarial Accrued Liability (UAAL). He further recommended consideration of a formal audit of RDF balances and expenditures.

The Committee notes that while these recommendations relate to broader fiscal policy considerations concerning reserve management and debt reduction, they are outside the immediate scope of Bill No. 263-38 (LS), which focuses specifically on amortization methodology and investment statutory modernization within the Defined Benefit Plan framework. Nevertheless, the Committee recognizes the importance of continued discussion regarding long-term strategies to reduce the UAAL and strengthen the Government of Guam's overall fiscal position. Mr. Amaguin's testimony will remain part of the legislative record for future consideration.

Chairperson Taitague emphasized throughout the hearing that the bill is fundamentally intended to protect retirees and ensure long-term pension stability. She noted that the Retirement Fund and its professional advisors raised concerns proactively regarding the potential for contribution rate volatility as the 2033 deadline approaches and worked collaboratively with the Committee to develop the proposed amendments.

COMMITTEE REPORT DIGEST: Bill No. 263-38 (LS)

PUBLIC HEARING HELD: Wednesday, February 25, 2026

YOUTUBE LINK: https://www.youtube.com/live/-rrGRaueNfU?si=XOhS2XNeFi5_nz4b

The Chair expressed confidence that the testimony provided by the Retirement Fund, its Board of Trustees, and its retained actuaries sufficiently addressed concerns raised during the hearing.

A Markup Meeting on the bill was held on Friday, February 27, 2026, at which time, no recommendations for amendments were received from Committee members or other senators. The Committee therefore reports out Bill No. 263-38 (LS), as introduced.

The Committee on Economic Investment, Military Buildup, Regional Relations, Technology, Regulatory Affairs, Justice, Elections, and Retirement hereby reports out, **Bill No. 263-38 (LS)**- As Introduced by Telo T. Taitague, V. Anthony Ada, and Joe S. San Agustin, ***“AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN ,”*** with the recommendation [To Report Out Only](#).

I MINA'TRENTAI OCHO NA LIHESLATURAN GUÅHAN
2026 (SECOND) Regular Session

Bill No. 263-38 (LS)

Introduced by:

Telo T. Taitague 

V. Anthony Ada 

Joe S. San Agustin 

**AN ACT TO *AMEND* SECTIONS 8137(b)(1), 8143, 8146,
8154, AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF
THE GUAM CODE ANNOTATED RELATIVE TO THE
DEFINED BENEFIT PLAN.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that the Defined Benefit Plan of the Government of Guam Retirement Fund is prudently managed by the Trustees of the Retirement Fund with professional advice rendered by investment agents (consultants and managers), and pension actuaries procured and retained by the Trustees. *I Liheslaturan Guåhan* further finds that amendments to several of the investment guidelines in the Defined Benefit statute, as recommended to the Trustees, will provide the Retirement Fund with greater opportunities to improve risk-adjusted returns on investments, with the desired result of reducing the Government of Guam's required contributions to the Defined Benefit Plan and the Defined Benefit 1.75 Plan.

I Liheslaturan Guåhan further finds that Section 8137(b)(1) of the Defined Benefit Plan, as amended by Public Law No. 33-186:9, provides for "the remaining liability for prior service" (referring to government of Guam's unfunded actuarial

1 accrued liability (“UAAL”), beyond its normal cost actuarial accrued liability as
2 described in Section 8137(a)) to be amortized “over a period of eighty-two (82) years
3 following May 1, 1951.” *I Liheslaturan Guåhan* further finds that the relatively
4 short period until May 1, 2033 to amortize the government of Guam’s UAAL
5 (calculated as of September 30th of each fiscal year) could lead to significant
6 overfunding or underfunding in each subsequent year for which the contribution rate
7 is established.

8 *I Liheslaturan Guåhan* further finds that as the amortization period gets
9 shorter and shorter, the unpredictability and volatility could adversely impact the
10 government of Guam’s ability to prudently plan and budget for predictable
11 contributions to the Defined Benefit Plan as well as for ongoing government
12 operations. As 2033 approaches, the remaining funding period will become shorter
13 and shorter, which means that the government of Guam’s ability to fund the UAAL
14 will be spread over shorter periods, which may cause large swings in the required
15 employer contribution rate from one year to the next. For example, if the
16 investments perform below the assumed rate of investment return during the fiscal
17 years ending prior to September 30, 2032, that underperformance could potentially
18 result in experience losses in the tens or even hundreds of millions of dollars, which,
19 based upon the current requirement to be fully funded by May 1, 2033, could require
20 employer contributions equal to that amount to be made within one year.
21 Conversely, if investments perform at or above the assumed rate of investment return
22 during the fiscal years ending prior to September 30, 2032, potentially resulting in
23 full or excess funding by May 1, 2033, the government’s contributions could
24 drastically drop in that last year to an amount equal to the normal cost actuarial
25 accrued liability as defined in Section 8137(a) (currently approximately six percent
26 (6%) of total salaries). The current amortization period ending in 2033 is projected
27 to result in unpredictable and potentially disruptive employer contributions in and

1 prior to 2033. Because of the aforementioned risk of volatility in earnings that may
2 increase unpredictability in required contributions prior to 2033, it may be prudent
3 for government planning and budgeting purposes to offset that risk by phasing-in
4 (smoothing out) that decrease in contributions over a longer period of time.

5 *I Liheslaturan Guåhan* further finds that the government’s obligation to fund
6 the actuarial accrued liability (normal cost) as well as the unfunded actuarial accrued
7 liability under Sections 8137(a) and (b) will necessarily continue after May 1, 2033,
8 even if the Defined Benefit Plan is fully funded as of that date. Economic
9 assumptions (investment returns, salary increases, payroll growth, and
10 administrative expenses) and demographic assumptions (mortality, disability,
11 withdrawal rates and return of contributions, ages at retirements, marital status,
12 survivors, and leave adjustments) may differ from actual events, which, after 2033,
13 would cause the pension plans to be overfunded or underfunded.

14 *I Liheslaturan Guåhan* therefore finds that amendments to the amortization
15 periods for the government of Guam to fund the Defined Benefit Plan’s unfunded
16 actuarial accrued liability in Section 8137(b)(1) of the Defined Benefit statute, as
17 recommended by the actuaries retained by the Trustees, are reasonable, prudent, and
18 necessary to decrease contribution rate volatility and to smooth out employer
19 contributions each fiscal year.

20 Therefore, *I Liheslaturan Guåhan* finds that the UAAL established as of the
21 actuarial valuation as of September 30, 2024 shall serve as the Initial UAAL, which
22 may be amortized over periods of up to fifteen (15) years, in whole or in separate
23 parts, to result in a phase down of the employer contribution rate over the chosen
24 amortization period.

25 Additionally, *I Liheslaturan Guåhan* further finds that new UAAL bases shall
26 be ascertained as of September 30th of each subsequent year, which UAAL bases
27 may be positive or negative, as actual events are measured against economic and

1 demographic actuarial assumptions. Each new UAAL base shall be equal to the
2 unexpected change in the UAAL for each year, and amortized over periods of up to
3 fifteen (15) years, in whole or in separate parts, from the date each new UAAL base
4 is established. *I Liheslaturan Guåhan* finds that the Initial UAAL and each new
5 UAAL base will be factors in determining the amount of the government’s
6 contribution as described in Section 8137(b)(1)(F).

7 *I Liheslaturan Guåhan* further finds that in recognition of increased
8 globalization and geographical diversity of the public securities market, the current
9 limitation for non-U.S. investments (bonds and equity combined) to thirty-five
10 percent (35%) of the Fund’s assets has become disconnected to the evolving market
11 opportunity set. To provide the Retirement Fund with better opportunities to achieve
12 higher levels of diversification and potentially higher risk-adjusted long-term return,

13 *I Liheslaturan Guåhan* therefore finds that the current thirty-five percent
14 (35%) limit on non-U.S. investments in Section 8146 should be increased to fifty
15 percent (50%), and that the five percent (5%) limitation on any one political
16 subdivision, corporation, or other single issuing entity be increased to ten percent
17 (10%) of Fund assets at cost.

18 *I Liheslaturan Guåhan* further finds that bond quality defined by rating
19 agencies’ ratings go through cycles as economic conditions change, and therefore
20 the current eight percent (8%) limitation in Section 8154(a)(2) on lesser-ranked
21 domestic corporate bonds should be increased to fifteen percent (15%) of the Fund
22 at cost, and the two percent (2%) limitation on obligations of any single corporation
23 or domestic issuing entity be increased to five percent (5%).

24 Additionally, *I Liheslaturan Guåhan* further finds that fixed charge ratios are
25 no longer applicable because the Fund relies on ratings agencies to define bond
26 quality, and therefore these types of independent debt ratio tests are no longer needed
27 in Section 8154’s requirements. *I Liheslaturan Guåhan* further finds that limiting

1 bond investments to only fixed rate and investment grade is overly restrictive, as
2 many bonds are floating rate and non-investment grade, so *I Liheslaturan Guåhan*
3 further finds that such limits should be eliminated, and the appropriate benchmark
4 should be amended so that tracking indices will include ones other than the U.S.
5 Aggregate Bond Index, as approved from time to time by the Board of Trustees.

6 *I Liheslaturan Guåhan* further finds that specific security level selection
7 requirements (such as dividend payout requirements) for domestic common stock in
8 Section 8157(a) should be eliminated and replaced with the same prudent person
9 investment standards applicable to non-U.S. common stock in Section 8157(b). *I*
10 *Liheslaturan Guåhan* further finds that the five percent (5%) limitation on any one
11 issuing domestic company be increased to ten percent (10%). *I Liheslaturan Guåhan*
12 further finds that the current restriction on aggregate common stock investments at
13 seventy percent (70%) severely constrains the Fund's asset allocation choices, and
14 deviates from peer group practices. *I Liheslaturan Guåhan* therefore finds that the
15 seventy percent (70%) maximum be eliminated.

16 *I Liheslaturan Guåhan* further finds that investments in companies that
17 recognize and affirmatively implement business practices focused on long-term
18 sustainability may provide investors in those companies with greater opportunities
19 for improved investment returns, as such practices also contribute to change and
20 innovations that may identify potential risks sooner. Many institutional funds
21 employ criteria for assessing long-term sustainability business practices. *I*
22 *Liheslaturan Guåhan* therefore finds that the Board of Trustees' consideration of
23 long-term sustainability business practices should be expressly added to Section
24 8143. Based on these findings, *I Liheslaturan Guåhan* intends to amend Sections
25 8137(b)(1), 8143, 8146, 8154, and 8157, and add Section 8143(k) in the best
26 interests of the Retirement Fund.

1 **Section 2.** Subsection 8137(b)(1), Article 1, Chapter 8, Title 4 of the Guam
2 Code Annotated, is hereby *amended*, to read:

3 “(b) Government Unfunded, Liability Amortization Cost.

4 (1) An amount resulting from the application of a rate percent,
5 not less than zero, of total salaries of all members, which will amortize the
6 remaining unfunded liability for prior service as of September 30, 2024, and
7 for any changes thereto calculated as of each subsequent September 30th
8 thereafter, over a one or more amortization periods, each period not to exceed
9 fifteen (15) years from the September 30th upon which the applicable
10 remaining unfunded liability is calculated ~~eighty-two (82) years following~~
11 ~~May 1, 1951.~~”

12 **Section 3.** A new Subsection (k) is hereby *added* to § 8143, Article 1, Chapter
13 8, Title 4 of the Guam Code Annotated, to read:

14 “(k) If deemed material, the Board may, at its discretion, incorporate
15 long-term sustainability factors in evaluating investment products offered by
16 investment agents for consideration by the Fund. Materiality assessments by
17 the Board shall be based on whether such considerations may impact the
18 investment product’s long-term sustainable earnings power, on a risk-adjusted
19 basis.”

20 **Section 4.** Section 8146, Article 1, Chapter 8, Title 4 of the Guam Code
21 Annotated, is hereby *amended* to read:

22 **“§ 8146. General Investment Limitations.**

23 No investment shall be made if, after such investment, the Fund would own:

24 (a) any combination of obligations of any one political subdivision,
25 corporation or other single issuing entity in excess of ~~five~~ten percent (~~5~~10%)
26 of Fund assets at cost. This limitation shall not apply to general obligations

1 of the United States, investments authorized under § 8150, or general
2 obligations of the territory of Guam.

3 (b) any combination of investment instruments as covered by §
4 8151, Subsection (b) of § 8154, Subsection (b) of § 8156, and Subsection (b)
5 of § 8157 in excess of ~~Thirty-Five~~Fifty Percent (~~35~~50%) of Fund assets at
6 cost.

7 (c) Obligations or other investments issued or guaranteed by the
8 Territory government of Guam in excess of ten percent (10%) of Fund assets
9 at cost; provided, however, that this limitation shall not apply to such
10 obligations or other investments that are unconditionally guaranteed as to
11 principal and interest by, or supported by lease assignment from, another
12 entity whose principle business is outside of said Territory of Guam, and
13 whose obligations are authorized investments under §§ 8143 through 8159,
14 inclusive.”

15 **Section 5.** Section 8154, Article 1, Chapter 8, Title 4 of the Guam Code
16 Annotated, is hereby amended to read:

17 **“§ 8154. Same: Bonds of Domestic and Foreign Corporations;**
18 **Index-Eligible Securities.**

19 (a) Bonds of Domestic Corporations. Bonds, debentures,
20 notes and other evidences of indebtedness of any corporation, or
21 corporations created or existing under the laws of the United States,
22 or of any of the states or territories of the United States, or the District
23 of Columbia, which are not in default either as to principal or interest,
24 provided that:

25 (1) such bonds or other evidence of indebtedness are
26 rated within the four (4) highest categories of two (2) nationally

1 recognized and published rating services which have been
2 approved by the Board and the Investment Agent; or

3 (2) in case such bonds or other evidence of
4 indebtedness are not so rated by two (2) such services,
5 investments in such lesser-ranked domestic corporate bonds
6 shall not exceed ~~eight~~fifteen percent (~~8~~15%) of the Fund at cost;
7 ~~unless the net earnings available for fixed charges over a prior~~
8 ~~period of five (5) fiscal years next preceding the date of~~
9 ~~investment have averaged per year and during either of the last~~
10 ~~two (2) years have been, after depreciation and after taxes, not~~
11 ~~less than:~~

12 ~~—— (A) two (2) times its average annual fixed~~
13 ~~charges over the same period, in the case of any public~~
14 ~~utility company;~~

15 ~~—— (B) one and one half (1-1/2) times its average~~
16 ~~annual fixed charges over the same period, in the case of~~
17 ~~any finance company; or~~

18 ~~—— (C) three (3) times its average annual fixed~~
19 ~~charges over the same period, in the case of any other~~
20 ~~company.~~

21 (3) No more than ~~two~~five percent (~~2~~5%) of the Fund
22 at cost shall be invested in the obligations of any one (1)
23 domestic corporation or other single domestic issuing entity
24 described in this Subsection.

25 (b) Bonds of Foreign Corporations. Bonds, debentures, notes
26 and other evidences of indebtedness of any corporation, or
27 corporations created or existing under the laws of nations other than

1 the United States which are not in default either as to principal or
2 interest, provided that the Investment Agent in its informed opinion,
3 determines that such an investment would be employed by a prudent
4 person acting in a like capacity and familiar with such matters would
5 use in the investment of a fund of like character and with like aims.
6 ~~No more than one and one-half percent (1-1/2%) of the Fund at cost~~
7 ~~shall be invested in the obligations of any one (1) foreign corporation~~
8 ~~or other single issuing foreign entity described in this Subsection.~~

9 (c) No investment shall be made in any one (1) issue
10 described in Subsections (a) and (b) of this Section in an amount in
11 excess of ten percent (10%) of such issues.

12 (d) ~~Other Securities in the U.S. Aggregate Board-Approved~~
13 ~~Bond~~Index Benchmark Indices. Bonds, debentures, notes and other
14 evidences of indebtedness which are denominated in U.S. Dollars,
15 ~~investment-grade, fixed-rate~~ and of the quality of fixed income
16 securities covered by applicable bond benchmark indices approved by
17 the Board of Trustees~~the U.S. Aggregate Bond Index~~.

18 (e) Bonds authorized under this Section may be purchased
19 and held in investment funds authorized under §8158, or in exchange-
20 traded funds authorized under §8158.1; such purchases shall be
21 excluded from the limitations of §8158(e) and §8158.1(b).”

22 **Section 6.** Section 8157, Article 1, Chapter 8, Title 4 of the Guam Code
23 Annotated, is hereby amended to read:

24 “§ 8157. **Same; Common Stock.**

25 (a) [No text.]

1 ~~(1)~~ Common or capital stock of any institution or entity created
2 or existing under the laws of the United States, or any state, district, or
3 territory thereof, or of the District of Columbia, provided that the Investment
4 Agent determines that such an investment would be employed by a prudent
5 person acting in a like capacity and familiar with such matters would use in
6 the investment of a fund with like character and with like aims. ~~or of any~~
7 ~~foreign country; provided that, with respect to at least fifty percent (50%) of~~
8 ~~the investments at cost purchased directly under this Section:~~

9 ~~(A) the issuing institution, entity or a predecessor thereto,~~
10 ~~has reported a profit in at least four (4) of the five (5) fiscal years next~~
11 ~~preceding the date of investment or alternatively in at least seven (7)~~
12 ~~of the ten (10) fiscal years next preceding the date of investment; and~~

13 ~~(B) the institution, entity or such predecessor has paid~~
14 ~~cash dividends on its common or capital stock in at least four (4) of~~
15 ~~the five (5) years next preceding the date of investment, or~~
16 ~~alternatively in at least seven (7) of the ten (10) fiscal years next~~
17 ~~preceding the date of investment; and~~

18 ~~(C) total cash dividends have not exceeded total earning~~
19 ~~in the five (5) years next preceding the date of investment; and~~

20 ~~(D) On the date of investment, the issuer shall not be in~~
21 ~~default in payment of principal or interest on any of its publicly held~~
22 ~~bonds or other evidences of indebtedness and any contingent interest,~~
23 ~~cumulative and noncumulative preferred dividends and dividends on~~
24 ~~prior common or capital stock shall have been paid in full.~~

1 (21) No more than ~~five~~ten percent (~~5~~10%) of the Fund shall be
2 invested directly in the common or capital stock of anyone issuing domestic
3 company described in this Section.

4 (b) Common or capital stock of any institution or entity created or
5 existing under the laws of nations other than the United States; provided, that
6 the Investment Agent determines that such an investment would be
7 employed by a prudent person acting in a like capacity and familiar with such
8 matters would use in the investment of a fund with like character and with
9 like aims. ~~No more than one and one-half percent (1-1/2%) of the Fund at~~
10 ~~cost shall be invested directly in the common or capital stock of any one~~
11 ~~issuing foreign company described in this Section.~~

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

14 (d) Common or capital stock of any institution or entity created or
15 existing under the laws of the United States, or any state, district, or territory
16 thereof, or of the District of Columbia, or of any foreign country, purchased
17 and held in investment funds authorized under § 8158, or in exchange-traded
18 funds authorized under §8158.1; such purchases being excluded from the
19 limitations of §8158(e) and §8158.1(b).

20 (e) ~~The aggregate amount of all direct and indirect investments under~~
21 ~~this Section at cost shall not exceed seventy percent (70%) of the~~
22 ~~Fund.~~[RESERVED]

23 **Section 7. Effective Date.** Except as expressly provided herein, this Act shall
24 become effective upon enactment.

25 **Section 8. Severability.** If any provision of this Act or its application to any
26 person or circumstance is held invalid, the invalidity shall not affect any other
27 provision or applications of this Act which can be given effect without the invalid

1 provision or application, and to this end the provisions of the Act are severable.



COMMITTEE ON RULES

Vice Speaker V. Anthony Ada, Chairperson
I Mina'trentai Ocho Na Liheslaturan Guåhan
38th Guam Legislature

February 16, 2026

To: **Rennae V. C. Meno**
Clerk of the Legislature

From: **Senator Christopher M. Dueñas** 
Acting Chairperson, Committee on Rules

Subject: **Fiscal Note for Bill No. 263-38 (LS)**

Håfa Adai!

Find the attached, Fiscal Note for the following bill:

Bill No. 263-38 (LS).

I also request that the same be sent to the respective Chairperson of the Standing Committee, to which this bill has been referred. Kindly copy the same to Management Information Services (MIS) for posting on our website.



Bureau of Budget & Management Research
Fiscal Note of Bill No. 263-38 (LS)

AN ACT TO AMEND SECTIONS 8137(b)(1), 8143, 8146, 8154 AND 8157, ARTICLE 1, CHAPTER 8, TITLE 4 OF THE GUAM CODE ANNOTATED RELATIVE TO THE DEFINED BENEFIT PLAN.

Department/Agency Appropriation Information

| | |
|--|---|
| Dept./Agency Affected: Government of Guam Retirement Fund (GGRF) | Dept./Agency Head: Paula M. Blas, Director |
| Department's General Fund (GF) appropriation(s) to date: Medicare premiums (\$6,262,835); Governor/Lt. Governor Pensions (\$321,643); Superior Court Judges/Supreme Justices Annuities (\$228,965); Retiree Medical/Dental /Life Insurance (\$45,442,906) | \$52,256,347 |
| Department's Other Fund appropriation(s) to date: | \$0 |
| Total Department/Agency Appropriation(s) to date: | \$52,256,347 |

Fund Source Information of Proposed Appropriation

| | General Fund: | Special Fund: | Total: |
|--|---------------|---------------|--------|
| FY 2025 Unreserved Fund Balance | \$0 | \$0 | \$0 |
| FY 2026 Adopted Revenues | \$0 | 0 | 0 |
| FY 2026 Appropriations (P.L. 38-60) | \$0 | 0 | 0 |
| Sub-total: | \$0 | 0 | 0 |
| Less appropriation in Bill | \$0 | 0 | 0 |
| Total: | \$0 | 0 | 0 |

Estimated Fiscal Impact of Bill

| | One Full Fiscal Year | For Remainder of FY 2026 (if applicable) | FY 2027 | FY 2028 | FY 2029 | FY 2030 |
|---------------------|----------------------|--|---------|---------|---------|---------|
| General Fund | \$0 | \$0 | 1/ | 1/ | 1/ | 1/ |
| Special Fund | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Total | \$0 | \$0 | 1/ | 1/ | 1/ | 1/ |

- Does the bill contain "revenue generating" provisions? // Yes /X/ No
If Yes, see attachment
- Is amount appropriated adequate to fund the intent of the appropriation? /X/ N/A // Yes // No
If no, what is the additional amount required? \$ _____ /X/ N/A
- Does the Bill establish a new program/agency? // Yes /X/ No
If yes, will the program duplicate existing programs/agencies? /X/ N/A // Yes // No
Is there a federal mandate to establish the program/agency? // Yes /X/ No
- Will the enactment of this Bill require new physical facilities? /X/ No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: /X/ Yes // No
// Requested agency comments not received by due date: _____ // Other: _____

| | |
|---|--|
| Analyst: <u>William P. Taitingfong</u> Date: <u>2/13/24</u> | Director: <u>Lester L. Carlson, Jr.</u> Date: <u>FEB 13 2026</u> |
| William P. Taitingfong, Acting B&MA Supervisor | Lester L. Carlson, Jr., Director |

Footnotes:

1/ See comments on Bill No. 263-38 (LS).

**BUREAU OF BUDGET AND MANAGEMENT RESEARCH
COMMENTS ON BILL NO. 263-38 (LS)**

The proposed Bill No. 263-38 (LS) is an act to amend Sections 8137(b)(1), 8143, 8146, 8154, and 8157, Article 1, Chapter 8, Title 4 of the Guam Code Annotated, relative to the Defined Benefit Plan.

According to comments received from the Government of Guam Retirement Fund (GGRF), Bill No. 263-38 (LS) is a GGRF piece of legislation and will be providing a position statement on the measure at its legislative public hearing. Overall, per the GGRF, the legislation aims to modernize pension rules, reduce contribution volatility, enhance investment diversification, and give trustees greater discretion to manage the Retirement Fund prudently. In regards to the financial impact of the proposed measure, the GGRF is projecting that the financial impact will be positive as the GGRF expect the results will help reduce the retirement contribution rate.

The Government of Guam Retirement Fund Rate of Contribution for the Fiscal Year 2023 through Fiscal Year 2026 and as per the Governor's Executive Budget Request for Fiscal Year 2027 are as follows:

- FY 2023 – 28.43% (P.L. 36-107)
- FY 2024 – 29.43% (P.L. 37-42)
- FY 2025 – 30.77% (P.L. 37-125)
- FY 2026 – 33.85% (P.L. 38-60)
- FY 2027 – 30.70% (Executive Budget Request)

The Bureau had requested a copy of the GGRF's noted position statement, however, it was not available from the GGRF as of the date of this fiscal note. Absent detailed information as to the exact financial impact from the GGRF, the Bureau is unable to provide an estimated cost impact at this time. However, as the GGRF has indicated the proposed measure to reduce the retirement contribution rate, such reduction on the retirement contribution rate will surely help reduce the annual personnel services cost requirements of the Government of Guam.