



Office of the Governor of Guam

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Felix P. Camacho
Governor

Michael W. Cruz, M.D.
Lieutenant Governor

2009 MAY 12 AM 9:18

11 MAY 2009

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

Dear Speaker Won Pat:

Transmitted herewith is Bill No. 1(2-S) "AN ACT TO AMEND ARTICLE 8 OF CHAPTER 51 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GOVERNMENT OF GUAM TO ISSUE BONDS FOR THE PURPOSE OF FINANCING FACILITIES OF THE SOLID WASTE MANAGEMENT SYSTEM, AND APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF ONE (1) OR MORE SERIES OF SUCH BONDS PURSUANT TO SUCH ARTICLE TO PAY THE COSTS OF A NEW LANDFILL AND THE CLOSURE OF THE ORDOT DUMP AND RELATED SYSTEM COSTS; TO AMEND §24102(f) AND 24103 OF ARTICLE 1 OF CHAPTE 24 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE VALUATION OF PROPERTY SUBJECT TO REAL PROPERTY TAXATION; AND TO AMEND §1512.1 OF CHAPTER 1 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF BONDS TO FINANCE CERTAIN GENERAL FUND EXPENSES" which was signed into law on April 2, 2009 as Public Law 30-7.

Sinseru yan Magåhet,

Handwritten signature of Felix P. Camacho

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

Attachment: copy of Bill

30-89-0602
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date May 11, 2009
Time 5:10 PM
Received by [Signature]

**I MINA'TRENTA NA LIHESLATURAN GUÅHAN**  
**2009 (SECOND) Special Session**

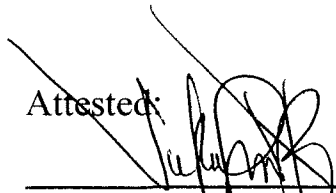
**CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN**

This is to certify that Bill No. 1 (2-S), "AN ACT TO AMEND ARTICLE 8 OF CHAPTER 51 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GOVERNMENT OF GUAM TO ISSUE BONDS FOR THE PURPOSE OF FINANCING FACILITIES OF THE SOLID WASTE MANAGEMENT SYSTEM, AND APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF ONE (1) OR MORE SERIES OF BONDS PURSUANT TO SUCH ARTICLE TO PAY THE COSTS OF A NEW LANDFILL AND THE CLOSURE OF THE ORDOT DUMP AND RELATED SYSTEM COSTS; TO AMEND §24102(f) AND §24103 OF ARTICLE 1 OF CHAPTER 24 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE VALUATION OF PROPERTY SUBJECT TO REAL PROPERTY TAXATION; AND TO AMEND §1512.1 OF CHAPTER 1 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF BONDS TO FINANCE CERTAIN GENERAL FUND EXPENSES", was on the 1<sup>st</sup> day of April, 2009, duly and regularly passed.




**JUDITH T. WON PAT, Ed.D.**  
**Speaker**

Attested:



**TINA ROSE MUÑA BARNES**  
**Legislative Secretary**

This Act was received by *I Maga'lahen Guåhan* this 1 day of April, 2009, at  
10:10 o'clock a.M.



Assistant Staff Officer  
*Maga'lahi's Office*

APPROVED:



**FELIX P. CAMACHO**  
*I Maga'lahen Guåhan*

Date:

2 APRIL 2009

Public Law No.

30-7

**I MINA'TRENTA NA LIHESLATURAN GUÅHAN**  
**2009 (SECOND) Special Session**

**Bill No. 1 (2-S)**

As amended on the Floor.

Introduced by:

Committee on Rules, Natural  
Resources, Federal, Foreign,  
and Micronesian Affairs

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By request of *I Maga'lahaen*  
*Guåhan* in accordance with the  
Organic Act of Guam.

**AN ACT TO *AMEND* ARTICLE 8 OF CHAPTER 51 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GOVERNMENT OF GUAM TO ISSUE BONDS FOR THE PURPOSE OF FINANCING FACILITIES OF THE SOLID WASTE MANAGEMENT SYSTEM, AND APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF ONE (1) *OR* MORE SERIES OF BONDS PURSUANT TO SUCH ARTICLE TO PAY THE COSTS OF A NEW LANDFILL AND THE CLOSURE OF THE ORDOT DUMP AND RELATED SYSTEM COSTS; TO *AMEND* §24102(f) AND §24103 OF ARTICLE 1 OF CHAPTER 24 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE VALUATION OF PROPERTY SUBJECT TO REAL PROPERTY TAXATION; AND TO *AMEND* §1512.1 OF CHAPTER 1 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF BONDS TO FINANCE CERTAIN GENERAL FUND EXPENSES.**

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

**Section 1.** §51802 of Article 8 of Chapter 51 of Title 10, Guam Code Annotated, is hereby *amended* to read as follows:

**"§51802. Definitions.** The following terms wherever used *or* referred to in this Article *or* in any indenture entered into pursuant hereto (*except* to the extent modified therein in accordance with this Article) *shall*

1 have the following meanings, respectively, unless a different meaning  
2 appears from the context:

3 (a) *Bonds* means an instrument of indebtedness, whether in  
4 the form of bonds, notes *or* another such instrument, issued by the  
5 government and providing for repayment of the principal amount of  
6 the indebtedness, plus interest, over a specified timeframe.

7 (b) *Bondholder or holder of bonds, or* any similar term,  
8 means any person who *shall* be:

9 (1) the bearer of any outstanding bond *or* bonds  
10 registered to bearer *or not* registered; or

11 (2) the registered owner of any such outstanding bond  
12 *or* bonds which *shall* at the time be registered other than to  
13 bearer.

14 (c) *Department* means the Department of Public Works,  
15 acting on behalf of the government of Guam.

16 (d) *Director* means the Director of the Department of Public  
17 Works.

18 (e) *Guam Solid Waste Management and Litter Control Act*  
19 means Chapter 51 of Title 10 of the Guam Code Annotated.

20 (f) *Indenture* means an agreement pursuant to which bonds  
21 are issued, regardless of whether such agreement is expressed in the  
22 form of a certificate of the Governor of Guam (*I Maga'lahaen Guåhan*)  
23 *or* by other instrument.

24 (g) *Organic Act* means the Organic Act of Guam, as  
25 amended, and in effect on the effective date of this Article (Title 48,  
26 §1421 et seq. of the United States Code).

1           (h) *Person* includes any individual, firm, corporation,  
2 association, partnership, trust, business trust *or* receiver *or* trustee *or*  
3 conservator for any thereof, and also includes the United States, Guam  
4 *or* any public corporation, political subdivision, city, county *or* district  
5 *or* any agency *or* instrumentality of the United States *or* of Guam.

6           (i) *Pledged revenue* means any revenue of the system and  
7 any General Fund revenue, including any Section 30 revenue, pledged  
8 to the payment of bonds.

9           (j) *Rates, fees and charges* means all rates, fees and charges  
10 (including tipping fees, residential pick-up fees, collection fees, self-  
11 drop fees and all other solid waste management service charges),  
12 received *or* receivable by *or* on behalf of the Department for  
13 providing solid waste management services.

14           (k) *Revenue of the system* means all gross income and other  
15 amounts received by *or* on behalf of the Department as revenues of  
16 any kind from the ownership *or* operation of any part of the system,  
17 including all rates, fees and charges received by the Department, and  
18 all proceeds of insurance *or* grants covering business interruption loss  
19 (and related losses and expenses) relating to the system, and all other  
20 income and revenue howsoever derived by the Department from the  
21 ownership *or* operation of, *or* arising from, the system, together with  
22 all interest, profits *or* other income derived from the investment of  
23 amounts in the Solid Waste Operations Fund, to be deposited to the  
24 Solid Waste Operations Fund in accordance with §51833, Title 10,  
25 Guam Code Annotated.

1           (l) *Section 30 revenue* means revenues derived by the  
2 government of Guam under Section 30 of the Organic Act (Title 48,  
3 §1421h of the United States Code).

4           (m) *Solid Waste Operations Fund* means the fund by that  
5 name established pursuant to §51118(f), Title 10, Guam Code  
6 Annotated.

7           (n) *System* means the solid waste management system, now  
8 *or* hereafter existing, owned and/or operated by the Department *or* its  
9 contractors, agents *or* subcontractors, including, but *not limited to*,  
10 landfills (whether closed *or* open and including Ordot Dump), transfer  
11 stations, recycling facilities, collection trucks, appurtenant equipment  
12 such as scales, ground water monitoring equipment and pollution  
13 control equipment, and administrative facilities supporting the  
14 provision of solid waste management services, including facilities for  
15 payroll, billing and collections.

16           (o) *System operation and maintenance costs* means such  
17 reasonable and necessary current expenses of the Department, paid *or*  
18 accrued, for operation, maintenance and repair of the system,  
19 including, without limiting the generality of the foregoing:

20                 (1) legal and overhead expenses of the Department  
21 directly related and reasonably allocable to the administration  
22 of the system;

23                 (2) fidelity bond and insurance premiums appertaining  
24 to the system *or* a reasonably allocable share of a premium of  
25 any blanket bond *or* policy pertaining to the system;

1 (3) contractual services, professional services, salaries,  
2 administrative expenses, and costs of labor appertaining to the  
3 system; and

4 (4) the costs incurred in the collection of all *or* any  
5 part of the revenues.

6 (p) *United States* means the United States of America."

7 **Section 2.** §51803 of Article 8 of Chapter 51 of Title 10, Guam Code  
8 Annotated, is hereby *amended* to read as follows:

9 **"§51803. Power to Incur Indebtedness.** *I Maga'lahaen Guåhan,*  
10 through the agency of the Guam Economic Development Authority pursuant  
11 to §50103(k), Title 12, Guam Code Annotated, and with the approval of *I*  
12 *Liheslaturan Guåhan* by statute, has the power and is hereby authorized, in  
13 addition to all other powers conferred by the Guam Solid Waste  
14 Management and Litter Control Act *or* any other provision of this Chapter  
15 *or* by any law of Guam *or* of the United States, to incur indebtedness on  
16 behalf of the government of Guam, by the issuance of bonds pursuant to this  
17 Article to raise funds for the purpose of acquiring, constructing, improving,  
18 equipping, maintaining, repairing, renewing, replacing, reconstructing *or*  
19 insuring the system, *or* any part thereof, *or* to reimburse the government for  
20 its payment, after the date of this legislation, of such system bond costs, *or*  
21 for the purpose of refunding any such system bonds *or* any other *prior*  
22 obligations of the government issued for any of such system purposes, *or* for  
23 any combination of such system purposes for which bonds may be issued  
24 and secured as provided in this Article.

25 It is hereby declared that the system and each facility of the system is  
26 and *shall* be a public improvement *or* undertaking as that term is used in  
27 Section 11 of the Organic Act (§1423a, Title 48, U.S. Code). Indebtedness

1 issued by the government pursuant to this Article that is payable *only* from  
2 funds in the Solid Waste Operations Fund available therefor and from  
3 revenue of the system *will not* be and *shall not* be deemed to be public  
4 indebtedness of Guam as that term is used in said Section 11. Indebtedness  
5 that is issued by the government pursuant to this Article and that is payable  
6 from either Section 30 revenue *or* the General Fund may *not* be issued in an  
7 amount that would cause a violation of the debt limitation provisions of said  
8 Section 11.

9 *No* obligation that is undertaken by the government pursuant to this  
10 Article *shall* be *or* become a lien, charge *or* liability against the government  
11 of Guam *or* against the Department *or* against any property *or* funds of the  
12 government of Guam *or* the Department, *except* to the extent of the pledge  
13 of pledged revenue provided by the indenture and any pledge of the full faith  
14 and credit of the government of Guam pursuant to §51822.5 of this Article."

15 **Section 3.** §51804 of Article 8 of Chapter 51 of Title 10, Guam Code  
16 Annotated, is hereby *amended* to read as follows:

17 **"§51804. Powers of Department.** Notwithstanding any provision  
18 of law *or* regulation, the Department has power and is hereby authorized, in  
19 addition to all other powers conferred upon the Department by the Guam  
20 Solid Waste Management and Litter Control Act *or* any other provision of  
21 this Chapter *or* by any law of Guam, to exercise any *or* all of the powers  
22 granted to the Department by this Article. The Department has jurisdiction  
23 over and may collect and transport to permitted solid waste facilities, *or*  
24 contract for the collection and transportation to permitted solid waste  
25 facilities, of solid waste from all individual dwelling units, single-family  
26 residences, duplexes, and government-managed housing units *or* residences.  
27 The Department may operate the Ordot Dump, *or* it may contract for the



1 operation of the Ordot Dump, in accordance with Guam law and its permit  
2 under this Chapter. The Department may contract for the operation of the  
3 landfill.

4 The Department may also operate, *or* contract for the operation of, all  
5 other permitted solid waste management facilities and operations *not*  
6 addressed above and within the policy guidelines of the Integrated Solid  
7 Waste Management Plan. Any such contract for the operation of the Ordot  
8 Dump *or* the landfill may be entered into pursuant hereto *or* pursuant to  
9 Article 9 of this Chapter and may be with any person *or* corporation duly  
10 qualified to provide such services, whether public *or* private, domestic *or*  
11 foreign. Notwithstanding this *or* any other provision of law, the  
12 authorization to enter into a privatization, partnership, *or* contract by the  
13 Department for the operation of the system *shall* require a cost benefit  
14 analysis, economic impact study, and legislative approval."

15 **Section 4.** §51805 of Article 8 of Chapter 51 of Title 10, Guam Code  
16 Annotated, is hereby *amended* to read as follows:

17 "**§51805. Rates, Fees and Charges; Refunds.** Notwithstanding  
18 any provision of law *or* regulation to the contrary, the Department is  
19 authorized to establish and modify from time to time, with prior approval by  
20 the Public Utilities Commission, reasonable rates, fees and charges for solid  
21 waste services at least adequate to cover the full cost of such services,  
22 including the costs of debt service for capital improvements of permitted  
23 solid waste facilities, and to collect money from all users *or* customers, and  
24 to refund charges collected in error. Rates, fees and charges may be  
25 collected before *or* after the provision of the service for which they are  
26 charged.

1           *Except* to the extent otherwise permitted *or* required by an indenture  
2 pursuant to which bonds are issued, rates, fees and charges, together with  
3 other moneys made available to the Department for such purposes, *shall* at  
4 all times be fixed to yield annual revenue of the system at least equal to the  
5 sum of annual principal payments and interest charges on all bonds then  
6 outstanding, all coverage and reserve fund requirements relating to such  
7 bonds, any obligations undertaken pursuant to Article 9 of this Chapter, and  
8 the annual system operation and maintenance costs.

9           An indenture, lease *or* contract of indebtedness may provide for  
10 payment from revenue of the system of refunds of rates and charges that are  
11 collected in error and that are refundable by the Department."

12       **Section 5.** §51811 of Article 8 of Chapter 51 of Title 10, Guam Code  
13 Annotated, is hereby *amended* to read as follows:

14           "**§51811. Covenants and Agreements that may be Contained in**  
15 **Indenture.** An indenture pursuant to which bonds are issued may include  
16 any and all covenants and agreements on the part of the government as *I*  
17 *Maga'lahaen Guåhan* deems necessary *or* advisable, including, without  
18 limiting the generality of the foregoing, any one (1) *or* more of the  
19 following:

20           (a) A provision that payments of principal and interest of  
21 bonds *shall* be secured by a pledge of all *or* by part of the revenue of  
22 the system *or* the Section 30 revenue *or* both.

23           (b) Provisions creating one (1) *or* more funds *or* accounts  
24 into which all *or* any part of pledged revenue *shall* be deposited:

25           (1) for payment of the principal of and interest on  
26 bonds at *or* prior to maturity; or

1                   (2) for reserve *or* sinking funds for the further security  
2 of bonds.

3                   (c) A provision requiring the government to operate the  
4 system continuously, to the extent reasonably practicable under  
5 conditions as they may from time to time exist, in an efficient and  
6 economical manner.

7                   (d) A provision requiring the government to maintain the  
8 system and to make all necessary repairs, renewals and replacements  
9 to the system and to keep the system at all times in good working  
10 order and condition.

11                   (e) A provision requiring the government to preserve and  
12 protect the security of the bonds and the rights of the holders thereof  
13 and to warrant and defend such rights.

14                   (f) A provision requiring the government to pay and  
15 discharge *or* cause to be paid and discharged all lawful claims for  
16 labor, materials and supplies *or* other charges which, *if* unpaid, might  
17 become a lien *or* charge upon pledged revenue *or* any part thereof, *or*  
18 which might impair the security of the bonds.

19                   (g) A provision which limits, restricts *or* prohibits any right,  
20 power *or* privilege of the government to mortgage *or* otherwise  
21 encumber, sell, lease *or* dispose of the system *or* any part thereof, in  
22 any manner that impairs *or* impedes the operation of the system *or*  
23 any part thereof necessary to secure adequate pledged revenue *or* that  
24 otherwise impairs *or* impedes the right of the holders of bonds *or*  
25 other obligations with respect to such pledged revenue.

26                   (h) A provision requiring the government, with the prior  
27 approval of the Guam Public Utilities Commission, to fix, prescribe

1 and collect annually rates *or* other charges in connection with the  
2 solid waste management services furnished from the system which,  
3 together with other available revenues, including, to the extent  
4 provided by an indenture, Section 30 revenue, will be:

5 (1) sufficient to pay the principal of and interest on the  
6 bonds as they become due and payable, together with such  
7 additional sums as may be required for any bond reserve fund  
8 *or* account *or* other fund *or* account created by the indenture for  
9 the security of such bonds;

10 (2) sufficient to pay any payments due under any lease  
11 *or* lease-back entered into pursuant to Article 9 of this Chapter;

12 (3) sufficient to pay the annual system operation and  
13 maintenance costs; and

14 (4) in such additional amount as *shall* be provided in  
15 the indenture for the further security *or* protection of such  
16 bonds.

17 (i) A provision that *no* solid waste management service *shall* be  
18 furnished free of charge to any person, *except* to the extent permitted by  
19 the indenture.

20 (j) A provision requiring the government to hold *or* cause to be  
21 held in trust the pledged revenue *or* any part thereof, *or* to any fund *or*  
22 account created by any indenture for the further security *or* protection  
23 of such bonds and to apply such pledged revenue *or* cause it to be  
24 applied only as provided in the indenture and to invest all *or* any part  
25 of such pledged revenue pending such application in such securities  
26 and subject to such limitations as are specified in the indenture.

1 (k) A provision defining the power of the government in  
2 applying the proceeds of the sale of any issue of bonds for the  
3 acquiring, constructing *or* completing of the system *or* any part  
4 thereof.

5 (l) A provision permitting the government to issue additional  
6 bonds *or* to enter into one (1) *or* more lease-back obligations pursuant  
7 to Article 9 of this Chapter, in each case equally secured with bonds  
8 theretofor issued under the indenture and lease-back obligations  
9 previously entered into, for the purpose of acquiring, constructing *or*  
10 completing, improving *or* extending the system *or* any part thereof, *or*  
11 for the purpose of refunding any *prior* bonds *or* any other prior  
12 obligations of the government relating to the system; and a provision  
13 limiting the power of the government to issue any additional bonds so  
14 secured *or* any other additional bonds for such purpose.

15 (m) A provision requiring, specifying *or* limiting the kind,  
16 amount and character of insurance (or any reserve fund *or* funds in  
17 lieu of insurance) to be maintained by the government on the system  
18 *or* any part thereof and the use and disposition of the proceeds of any  
19 such insurance thereafter collected *or* of the moneys in any such  
20 reserve fund.

21 (n) A provision specifying the events of default and the terms  
22 and conditions upon which any *or* all of the bonds then *or* thereafter  
23 issued may become *or* be declared due and payable prior to maturity,  
24 and the terms and conditions upon which such declaration and its  
25 consequences may be waived.

1 (o) A provision designating the rights, limitations, powers and  
2 duties arising upon breach by the government of any of the covenants,  
3 conditions *or* obligations contained in the indenture.

4 (p) A provision prescribing a procedure by which the terms and  
5 conditions of the indenture may be subsequently amended *or* modified  
6 with the consent of the government and the vote *or* written consent of  
7 the holders of a specified principal amount *or* specified proportion of  
8 the bonds issued and outstanding, including provisions for meetings of  
9 bondholders and for the manner in which the consent of the  
10 bondholders may be given and specifically stating the effect of such  
11 amendment *or* modification upon the rights of the holders of all of the  
12 bonds.

13 (q) With respect to any provision relating to the modification *or*  
14 amendment of an indenture, the government may agree that bonds  
15 held by the government, the United States *or* any instrumentality of  
16 either thereof (including every public corporation, political  
17 subdivision, agency *or* instrumentality of any kind *or* class) *shall not*  
18 be counted as outstanding bonds, *or* be entitled to vote *or* assent, but  
19 *shall*, nevertheless, be subject to any such modification *or*  
20 amendment.

21 (r) A provision limiting the right of action by individual  
22 bondholders in the event of a default by the government *or*  
23 proscribing the procedure for the conduct of any such action by an  
24 individual bondholder.

25 (s) A provision permitting the government to purchase  
26 outstanding bonds from any moneys *or* funds *or* accounts referred to  
27 in the indenture *or* otherwise legally available for such purpose.

1 (t) A provision for any working capital fund *or* account *or*  
2 contingency fund *or* account relating to the system.

3 (u) A provision for the replacement of lost, destroyed *or*  
4 mutilated bonds.

5 (v) A provision *or* provisions relating to such other acts and  
6 matters as may be necessary *or* convenient *or* desirable in order to  
7 better secure the bonds *or* to make the bonds more marketable."

8 **Section 6.** A new §51821(h) is hereby *added* to Article 8 of Chapter 51 of  
9 Title 10, Guam Code Annotated, to read:

10 "(h) For reimbursement of the General Fund or other  
11 source of the government of Guam for cash deposits or other payments made by  
12 the government of Guam between March 1, 2009 and the date of issuance of these  
13 bonds pursuant to the February 13, 2009 Order in the U.S. District Court Case No.  
14 02-00022."

15 **Section 7.** §51822 of Article 8 of Chapter 51 of Title 10, Guam Code  
16 Annotated, is hereby *amended* to read as follows:

17 "**§51822. Bonds May be Secured by Revenue of the System.** An  
18 indenture may provide that payment of the bonds and the interest thereon  
19 *shall* be secured by a pledge of and lien upon all *or* any portion of the  
20 revenue of the system, subject to any parity lien created *or* to be created  
21 pursuant to Article 9 of this Chapter. Any such pledge and lien *shall* be  
22 valid and binding against all parties in accordance with its terms and have  
23 priority against all parties in accordance with its terms from the time the  
24 pledge is made, and property so pledged *shall* immediately be subject to the  
25 lien of the pledge without the need for physical delivery, recordation filing  
26 *or* other further act. The pledge *shall not* be subject to Division 9 of Title 13  
27 of the Guam Code Annotated *or* any successor statute. The revenue of the

1 system pledged and thereafter received by the government *or* by any trustee,  
2 depository *or* custodian *shall* be deposited in a separate subaccount of the  
3 Revenue Account in the Solid Waste Operations Fund. The indenture by  
4 which such pledge is created need *not* be recorded. All such pledged  
5 revenue of the system is hereby appropriated for the purposes of paying the  
6 principal and interest on the bonds issued pursuant to this Article.

7 Pledged revenue released from the lien of the indenture *or* certificate  
8 pursuant to which the bonds are issued *shall* be available for any other  
9 lawful purpose. *If* the bonds are secured *solely* by such a pledge of and lien  
10 upon all *or* a portion of the revenue of the system, then *no* such bond and *no*  
11 other obligation undertaken by the government under any indenture, lease *or*  
12 other instrument relating to such bond *shall* be *or* become a lien, charge *or*  
13 liability against the government of Guam *or* against the Department *or*  
14 against any property *or* funds of the government of Guam *or* the  
15 Department, *except* to the extent of the pledge of revenue of the system  
16 provided by such indenture, lease *or* other instrument."

17 **Section 8.** A new §51822.5 of Article 8 of Chapter 51 of Title 10, Guam  
18 Code Annotated, is hereby *added* to read as follows:

19 **"§51822.5. Bonds May be Secured by Section 30 Revenue.** *If* and  
20 to the extent determined by *I Maga'láhen Guåhan*, all *or* any part of the  
21 revenues derived by the government of Guam under Section 30 of the  
22 Organic Act (Section 30 revenue) may be pledged to secure the payment of  
23 any bonds issued pursuant to this Article, subject to any previously created  
24 lien on *or* pledge of such Section 30 revenue and to any parity lien created  
25 pursuant to Article 9 of this Chapter. Any such pledge *shall* be valid and  
26 binding against all parties in accordance with its terms and have priority  
27 against all parties in accordance with its terms from the time the pledge is



1 made, and property so pledged *shall* immediately be subject to the lien of the  
2 pledge without the need for physical delivery, recordation, filing, *or* other  
3 further act. The pledge *shall not* be subject to Division 9 of Title 13 of the  
4 Guam Code Annotated *or* any successor statute. The Section 30 revenue  
5 pledged and thereafter received by the government of Guam *or* by any  
6 trustee, depository *or* custodian *shall* be deposited in accordance with the  
7 provisions of the applicable indenture *or, if not* otherwise provided for in  
8 such indenture, in a separate subaccount of the Revenue Account in the  
9 Solid Waste Operations Fund. The indenture by which such pledge is  
10 created need *not* be recorded. All Section 30 revenue so pledged is hereby  
11 appropriated for the purpose for which it has been pledged. Pledged Section  
12 30 revenue released from the lien of the indenture *or* certificate pursuant to  
13 which the bonds are issued *shall* be available for appropriation for any other  
14 lawful purpose of the government. Indebtedness issued by the government  
15 pursuant to this Article and that is payable from Section 30 revenue may *not*  
16 be issued in an amount that would cause a violation of the debt limitation  
17 provisions of Section 11 of the Organic Act."

18 **Section 9.** §51833 of Article 8 of Chapter 51 of Title 10, Guam Code  
19 Annotated, is hereby *amended* to read as follows:

20 **"§51833. Revenue Account.** All revenue of the system and, to the  
21 extent provided by an indenture *or* by Article 9 of this Chapter, the Section  
22 30 revenue, *shall* be deposited to the credit of the applicable subaccount of  
23 the Revenue Account, which account is hereby created within the Solid  
24 Waste Operations Fund. The money in such subaccounts may be used for  
25 any of the following purposes in the order of priority set forth in any  
26 indenture as provided in Title 10, Guam Code Annotated, §51811(j) *or* any  
27 lease *or* lease-back as provided in Article 9 of this Chapter:

1 (a) to pay principal *or* interest on any bonds *or* any other  
2 obligations of the Department;

3 (b) to pay amounts due and owing under any lease *or* lease-  
4 back entered into pursuant to Article 9 of this Chapter;

5 (c) to pay any amounts due and owing under any credit  
6 provider reimbursement agreement;

7 (d) to pay the annual system operation and maintenance  
8 costs; and

9 (e) for any other purposes of the system, as provided in any  
10 indenture *or* indentures and subject to any restrictions provided by law  
11 *or* any indenture."

12 **Section 10.** §51837 of Article 8 of Chapter 51 of Title 10, Guam Code  
13 Annotated, is hereby *amended* to read as follows:

14 "§51837. **Credit Enhancement.** *I Maga'lahaen Guåhan* is hereby  
15 authorized to enter into such contracts *or* agreements, on behalf of the  
16 government, with such banks, insurance companies *or* other financial  
17 institutions as *I Maga'lahaen Guåhan* determines are necessary *or* desirable  
18 to improve the security and marketability of the bonds. Such contracts *or*  
19 agreements may contain an obligation to reimburse, with interest, any such  
20 banks, insurance companies *or* other financial institutions for advances used  
21 to pay principal of *or* interest on the bonds and to indemnify any such banks,  
22 insurance companies *or* other financial institutions for costs and expenses  
23 incurred in connection with any such advance. Any such reimbursement  
24 obligation and any other obligations of the government under such contracts  
25 *or* agreements *may* be secured by a pledge of pledged revenue, but *only if*  
26 and to the extent that such revenue has been pledged to the bonds. In the  
27 event that the bonds *shall* constitute the valid and binding general

1 obligations of the government pursuant to Title 10, Guam Code Annotated,  
2 §51823, any such reimbursement obligations *shall* be general obligations of  
3 the government of Guam and any such advance, *if necessary, shall* be treated  
4 for Organic Act purposes as creating an obligation issued to refund the  
5 bonds.

6 Any reimbursement agreement may include a provision that the  
7 obligations of the government under the agreement *shall* be secured by all *or*  
8 by part of pledged revenue; provided that, at the time of execution and  
9 delivery of each such agreement, any such provision *shall* be in compliance  
10 with and *shall not* violate *or* breach any provision of any indenture, lease *or*  
11 other instrument then in effect to which the government *or* the Department is  
12 a party."

13 **Section 11. Approval of Government of Guam Solid Waste**  
14 **Management System Bonds.** *I Liheslaturan Guåhan*, pursuant to §50103 of  
15 Title 12, Guam Code Annotated, and §51803 of Title 10, Guam Code Annotated,  
16 hereby approves the issuance and sale by the government of bonds pursuant to  
17 Article 8, Chapter 51, Title 10, Guam Code Annotated (the Act), in one (1) *or*  
18 more series *or* issues (together with any related reimbursement obligations);  
19 *provided* that the issuance, terms and conditions of the bonds, the indenture *or*  
20 certificate pursuant to which the bonds are to be issued, and any reimbursement  
21 agreements *shall* have been approved by the Guam Public Utilities Commission,  
22 and *further provided* that such bonds *shall* have, together with any lease-back  
23 obligations issued pursuant to Article 9, Chapter 51, Title 10, Guam Code  
24 Annotated, an aggregate principal amount *not to exceed* Two Hundred Two  
25 Million Four Hundred Twenty-five Thousand Dollars (\$202,425,000). Such bonds  
26 *shall* be issued *solely* to pay, *or* reimburse the government for the payment of, the  
27 costs of the closure of the Ordot Dump and the construction of the new landfill, *or*

1 to refund any other *prior* obligations of the government issued for any of such  
2 system purposes, to fund any necessary reserves relating to such bonds, to pay  
3 costs of issuance of such bonds, *or* for any combination of such system purposes  
4 for which bonds may be issued and secured as provided in this Article. Such  
5 bonds *shall* have a final maturity *not later than* 2042, *shall* bear interest at such  
6 rate *or* rates and *shall* be sold for such price *or* prices as *shall* result in a yield to  
7 the bondholders *not exceeding* nine percent (9%) per annum, and *shall* be issued  
8 and sold in the manner, for the purposes and subject to the requirements and  
9 limitations provided in Article 8, Chapter 51, Title 10, Guam Code Annotated.

10 This approval is intended to *supersede* and *replace* the approval, contained  
11 in Section 3 of Public Law 30-1, by *I Liheslaturan Guåhan* of the issuance and sale  
12 by the government of bonds pursuant to Article 8, Chapter 51, Title 10, Guam  
13 Code Annotated, as enacted by said Public Law 30-1, which prior approval is  
14 hereby *repealed*.

15 **Section 12. Amendment of Provisions Relative to the Valuation of**  
16 **Property Subject to Real Property Taxation.**

17 (a) §24102(f) of Article 1, Chapter 24, Division 2 of Title 11, Guam  
18 Code Annotated, is hereby *amended* to read as follows:

19 “(f) *Value, full cash value, fair market value, and cash value*  
20 *means ninety percent (90%) of the appraised value; appraised value*  
21 *means the amount at which property would be taken in payment of a*  
22 *just debt from a solvent debtor as determined by the last completed*  
23 *valuation conducted pursuant to §24306, Title 11, Guam Code*  
24 *Annotated, as amended by the annual adjustments mandated in this*  
25 *Chapter.”*

26 (b) §24103 of Article 1, Chapter 24, Division 2 of Title 11, Guam  
27 Code Annotated, is hereby *amended* to read as follows:

1                   "§24103. Levy. There is hereby levied on all land property in  
2                   Guam a yearly tax at the rate of seven-seventy seconds (7/72%) of the  
3                   value thereof and seven-eighteenths percent (7/18%) of the value of  
4                   the improvements thereon. Such tax shall be assessed and collected in  
5                   the manner prescribed in this Chapter. All proceeds derived by the  
6                   government under any provision of this Chapter *shall* be deposited in  
7                   the Treasury of Guam to the credit of the General Fund."

8                   **Section 13.** §1512.1(c) of Article 5 of Chapter 1 of Title 5, Guam Code  
9                   Annotated, is hereby *amended* to read as follows:

10                   "§1512.1(c). (i) Valid and Binding. The bonds authorized by this  
11                   Section *shall* constitute the valid and legally binding general *or* limited  
12                   obligations of the government of Guam. The government of Guam pledges  
13                   its full faith and credit for the punctual payment of both principal of and  
14                   interest on the bonds and covenants that there *shall* be collected annually in  
15                   the same manner and at the same time as government revenue for other  
16                   purposes is collected, such sum as is required to pay the principal of and  
17                   interest on the bonds. There are hereby appropriated from the General Fund  
18                   such sums as may be necessary in each year to equal the amount of money  
19                   necessary to pay the principal and interest on such bonds. The certificate *or*  
20                   indenture *shall* require interest only payments for Fiscal Years 2009 and  
21                   2010 and *shall not* require bond principal payments until after such Fiscal  
22                   Years. All officers charged by law with any duty in the collection of the  
23                   revenues of the government from which debt service on the bonds will be  
24                   payable *shall* do every lawful thing necessary to collect such sum. The  
25                   validity of any such bonds *shall not* be affected by the validity *or* regularity  
26                   of any proceedings for the payment of the General Fund expenses paid *or* to  
27                   be paid with the proceeds of the bonds.

1           (ii) Pledge of Section 30 Revenues. *All or* any part of the revenues  
2 derived by the government of Guam under Section 30 of the Organic Act  
3 may be pledged to secure the repayment of any bonds issued pursuant to this  
4 Section and pay costs incurred in the creation of such debts, subject to any  
5 previously created lien on *or* pledge of such revenues. Any pledge made to  
6 secure the bonds *shall* be valid and binding from the time the pledge is  
7 made. The revenues pledged and thereafter received by the government of  
8 Guam *or* by any trustee, depository *or* custodian *shall* be deposited in a  
9 separate account and *shall* be immediately subject to the lien of such pledge  
10 without physical delivery thereof *or* further act, and the lien of such pledge  
11 *shall* be valid and binding against all parties having claims of any kind in  
12 tort, contract *or* otherwise, against the government of Guam, such trustee,  
13 depository *or* custodian, irrespective of whether the parties have notice  
14 thereof. The certificate *or* indenture by which such pledge is created need  
15 not be recorded. All revenues pledged are hereby continuously appropriated  
16 for the purpose for which they have been pledged.”

17       **Section 14.** §1512.1(i) of Article 5 of Chapter 1 of Title 5, Guam Code  
18 Annotated, is hereby *amended* to read as follows:

19           “(i) Use of Proceeds from the Sale of the Bonds. The proceeds from  
20 the sale of the bonds *shall* be used and are hereby appropriated to (i) pay the  
21 General Fund expenses described below in this Subsection; (ii) establish  
22 necessary reserves; (iii) pay expenses relating to the authorization, sale and  
23 issuance of the bonds, including, without limitation, printing costs, costs of  
24 reproducing documents, credit enhancement fees, underwriting, legal,  
25 financial advisory and accounting fees and charges, fees paid to banks *or*  
26 other financial institutions providing credit enhancement, costs of credit  
27 ratings and other costs, charges and fees in connection with the issuance,

1 sale and delivery of the bonds; and (iv) fund capitalized interest on the bonds  
2 for a period ending *not later than* thirty (30) months after their issuance.  
3 The General Fund expenses authorized to be paid with the proceeds of the  
4 bonds are as follows and *shall* be paid in the following order of priority:

5 (1) Cost of Living Adjustment (COLA) to discharge finally  
6 and permanently the obligations of the government incurred pursuant  
7 to the settlement agreement entered into between the Government of  
8 Guam and the COLA Class as ordered by the Judgment in Rios v.  
9 Camacho, Superior Court Case No. SP0206-93: \$92,000,000;

10 (2) 2006 and prior year individual and corporate tax refunds  
11 including interest, *if any*, thereon and individual tax refunds *shall* be  
12 paid first: \$112,000,000;

13 (3) Health Care Capital Improvement Projects at the Guam  
14 Memorial Hospital: \$11,000,000;

15 (4) amounts past due as contributions to the Government of  
16 Guam Retirement Fund, including interest, *if any*, thereon, on behalf  
17 of the following:

18 (a) Guam Memorial Hospital: \$10,953,216

19 (b) Guam Public School System: \$10,867,640

20 Total \$236,820,856

21 Payments made pursuant to this Subsection *shall* apply to any other  
22 appropriations for the same items and *shall not* constitute double  
23 appropriations.”

24 **Section 15.** §1512.1(b) of Article 5 of Chapter 1 of Title 5, Guam Code  
25 Annotated, is hereby *amended* to read as follows:

26 “§1512.1 (b) **Terms and Conditions Determined by Certificate or**  
27 **Indenture.** The terms and conditions of the bonds *shall* be as determined by *I*

1 *Maga'lahaen Guåhan*, and approved by *I Liheslaturan Guåhan*, by the execution of  
2 a certificate *or* indenture authorizing the issuance of the bonds prior to the issuance  
3 of the bonds; provided, however, that such terms and conditions *shall* be consistent  
4 with this Section, and that the bonds *shall* mature *not later than* the date thirty (30)  
5 years after their date of issuance and *shall* bear interest at such rates and be sold for  
6 such price *or* prices as *shall* result in a yield to the bond holders that *does not*  
7 *exceed* ten percent (10%) per annum.”

8       **Section 16. (a) Uses of Fees.** The Guam Economic Development Authority  
9 *shall* remit all of the fees earned on any bond issue authorized in Article 8 *or*  
10 Article 9 of Chapter 51 of Title 10, Guam Code Annotated to be deposited into the  
11 cash account that disburses income tax refunds.

12       **(b) Authorization to the Department of Revenue and Taxation.** The  
13 Department of Revenue and Taxation is hereby authorized to disburse funds  
14 generated from this Section for the *sole* purpose of paying tax refunds to persons  
15 with medical emergencies *or* funeral related expenses.

16       **Section 17. Severability.** *If* any provision of this Act *or* its application to  
17 any person *or* circumstance is found to be invalid *or* contrary to law, such  
18 invalidity *shall not* affect other provisions *or* applications of this Act which can be  
19 given effect without the invalid provisions *or* application, and to this end the  
20 provisions of this Act are severable.



**I MINA' TRENTA NA LIHESLATURAN GUAHAN**  
**2009 (SECOND) Special Session**

Date: April 1, 2009

**VOTING SHEET**

Bill No. 1 (2-S)

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

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

<u>NAME</u>	<u>YEAS</u>	<u>NAYS</u>	<u>NOT VOTING/ ABSTAINED</u>	<u>OUT DURING ROLL CALL</u>	<u>ABSENT</u>
ADA, Thomas C.	✓				
AGUON, Frank B., Jr.	✓				
BLAS, Frank F., Jr.		✓			
CALVO, Edward J.B.					✓
CRUZ, Benjamin J. F.		✓			
ESPALDON, James V.		✓			
GUTHERTZ, Judith Paulette	✓				
MUNA-BARNES, Tina Rose	✓				
PALACIOS, Adolpho Borja, Sr.	✓				
PANGELINAN, vicente (ben) cabrera	✓				
RECTOR, Matthew	✓				
RESPICIO, Rory J.	✓				
TAITAGUE, Telo		✓			
TENORIO, Ray		✓			
WON PAT, Judith T.	✓				

**TOTAL**                      9              5              \_\_\_\_\_              \_\_\_\_\_              1

CERTIFIED TRUE AND CORRECT:

  
 Clerk of the Legislature

\* 3 Passes = No vote  
 EA = Excused Absence

**I MINA'TRENTA NA LIHESLATURAN GUÅHAN**  
**2009 (FIRST) Special Session**

2009 MAR 31 AM 9:45

Bill No. *1 (2-5)*

Introduced by:

Committee on Rules, Natural Resources, Federal, Foreign, and Micronesian Affairs  
*By request of I Maga'tahen Guåhan* in accordance with the Organic Act of Guam.

**AN ACT TO *AMEND* ARTICLE 8 OF CHAPTER 51 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GOVERNMENT OF GUAM TO ISSUE BONDS FOR THE PURPOSE OF FINANCING FACILITIES OF THE SOLID WASTE MANAGEMENT SYSTEM, AND APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF ONE (1) OR MORE SERIES OF BONDS PURSUANT TO SUCH ARTICLE TO PAY THE COSTS OF A NEW LANDFILL AND THE CLOSURE OF THE ORDOT DUMP AND RELATED SYSTEM COSTS; TO *AMEND* SECTION 24102(f) AND SECTION 24103 OF ARTICLE 1 OF CHAPTER 24 OF TITLE 11, GUAM CODE ANNOTATED, RELATIVE TO THE VALUATION OF PROPERTY SUBJECT TO REAL PROPERTY TAXATION; TO *AMEND* SECTION 1512.1 OF CHAPTER 1 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF BONDS TO FINANCE CERTAIN GENERAL FUND EXPENSES; AND TO *AMEND* SECTION 58A109 OF CHAPTER 58A OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE PLEDGE OF SECTION 30 REVENUES TO SECURE THE OBLIGATION TO MAKE LEASE PAYMENTS RELATING TO THE FINANCING OF A HIGH SCHOOL TO REPLACE JOHN F. KENNEDY HIGH SCHOOL.**

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

2           **Section 1.** Section 51802 of Article 8 of Chapter 51 of Title 10, Guam  
3 Code Annotated, is hereby *amended* to read as follows:

4                   **"§51802. Definitions.** The following terms wherever used *or*  
5 referred to in this Article *or* in any indenture entered into pursuant hereto

1 (except to the extent modified therein in accordance with this Article) shall  
2 have the following meanings, respectively, unless a different meaning  
3 appears from the context:

4 (a) *Bonds* means an instrument of indebtedness, whether in  
5 the form of bonds, notes or another such instrument, issued by the  
6 government and providing for repayment of the principal amount of  
7 the indebtedness, plus interest, over a specified timeframe.

8 (b) *Bondholder or holder of bonds, or any similar term,*  
9 means any person who shall be:

10 (1) the bearer of any outstanding bond or bonds  
11 registered to bearer or not registered; or

12 (2) the registered owner of any such outstanding bond  
13 or bonds which shall at the time be registered other than to  
14 bearer.

15 (c) *Department* means the Department of Public Works,  
16 acting on behalf of the government of Guam.

17 (d) *Director* means the Director of the Department of Public  
18 Works.

19 (e) *Guam Solid Waste Management and Litter Control Act*  
20 means Chapter 51 of Title 10 of the Guam Code Annotated.

21 (f) *Indenture* means an agreement pursuant to which bonds  
22 are issued, regardless of whether such agreement is expressed in the  
23 form of a certificate of the Governor of Guam (*I Maga'lahaen Guåhan*)  
24 or by other instrument.

25 (g) *Organic Act* means the Organic Act of Guam, as  
26 amended, and in effect on the effective date of this Article (Title 48,  
27 §1421 et seq. of the United States Code).

1           (h) *Person* includes any individual, firm, corporation,  
2 association, partnership, trust, business trust *or* receiver *or* trustee *or*  
3 conservator for any thereof, and also includes the United States, Guam  
4 *or* any public corporation, political subdivision, city, county *or* district  
5 *or* any agency *or* instrumentality of the United States *or* of Guam.

6           (i) *Pledged revenue* means any revenue of the system and  
7 any General Fund revenue, including any Section 30 revenue, pledged  
8 to the payment of bonds.

9           (j) *Rates, fees and charges* means all rates, fees and charges  
10 (including tipping fees, residential pick-up fees, collection fees, self-  
11 drop fees and all other solid waste management service charges),  
12 received *or* receivable by *or* on behalf of the *Department* for  
13 providing solid waste management services.

14           (k) *Revenue of the system* means all gross income and other  
15 amounts received by *or* on behalf of the Department as revenues of  
16 any kind from the ownership *or* operation of any part of the system,  
17 including all rates, fees and charges received by the Department, and  
18 all proceeds of insurance *or* grants covering business interruption loss  
19 (and related losses and expenses) relating to the system, and all other  
20 income and revenue howsoever derived by the *Department* from the  
21 ownership *or* operation of, *or* arising from, the system, together with  
22 all interest, profits *or* other income derived from the investment of  
23 amounts in the Solid Waste Operations Fund, to be deposited to the  
24 Solid Waste Operations Fund in accordance with §51833, Title 10,  
25 Guam Code Annotated.

1                   (l) Section 30 revenue means revenues derived by the  
2 government of Guam under Section 30 of the Organic Act (Title 48,  
3 §1421h of the United States Code).

4                   (m) *Solid Waste Operations Fund* means the fund by that  
5 name established pursuant to §51118(f), Title 10, Guam Code  
6 Annotated.

7                   (n) *System* means the solid waste management system, now  
8 *or* hereafter existing, owned and/or operated by the *Department* *or* its  
9 contractors, agents *or* subcontractors, including, but *not limited to*,  
10 landfills (whether closed *or* open and including Ordot Dump), transfer  
11 stations, recycling facilities, collection trucks, appurtenant equipment  
12 such as scales, ground water monitoring equipment and pollution  
13 control equipment, and administrative facilities supporting the  
14 provision of solid waste management services, including facilities for  
15 payroll, billing and collections. ~~Notwithstanding this *or* any other~~  
16 ~~provision of law, the authorization to enter into a privatization,~~  
17 ~~partnership, *or* contract by the *Department* for the operation of the~~  
18 ~~system *shall* require a cost benefit analysis and economic impact~~  
19 ~~study, and legislative approval.~~

20                   (o) *System operation and maintenance costs* means such  
21 reasonable and necessary current expenses of the *Department*, paid *or*  
22 accrued, for operation, maintenance and repair of the system,  
23 including, without limiting the generality of the foregoing:

24                   (1) legal and overhead expenses of the *Department*  
25 directly related and reasonably allocable to the administration  
26 of the system;

1 (2) fidelity bond and insurance premiums appertaining  
2 to the system *or* a reasonably allocable share of a premium of  
3 any blanket bond *or* policy pertaining to the system;

4 (3) contractual services, professional services, salaries,  
5 administrative expenses, and costs of labor appertaining to the  
6 system; and

7 (4) the costs incurred in the collection of all *or* any  
8 part of the revenues.

9 (p) *United States* means the United States of America."

10 **Section 2.** Section 51803 of Article 8 of Chapter 51 of Title 10, Guam  
11 Code Annotated, is hereby *amended* to read as follows:

12 **"§51803. Power to Incur Indebtedness.** *I Maga'lahaen Guåhan,*  
13 through the agency of the Guam Economic Development Authority pursuant  
14 to §50103(k), Title 12, Guam Code Annotated, and with the approval of *I*  
15 *Lihe slaturan Guåhan* by statute, has the power and is hereby authorized, in  
16 addition to all other powers conferred by the Guam Solid Waste  
17 Management and Litter Control Act *or* any other provision of this Chapter  
18 *or* by any law of Guam *or* of the United States, to incur indebtedness on  
19 behalf of the government of Guam, by the issuance of bonds pursuant to this  
20 Article to raise funds for the purpose of acquiring, constructing, improving,  
21 equipping, maintaining, repairing, renewing, replacing, reconstructing *or*  
22 insuring the system, *or* any part thereof, *or* to reimburse the government for  
23 its payment, ~~after the date of this legislation,~~ of such system bond costs, *or*  
24 for the purpose of refunding any such system bonds *or* any other *prior*  
25 obligations of the government issued for any of such system purposes, *or* for  
26 any combination of such system purposes for which bonds may be issued  
27 and secured as provided in this Article; ~~provided, however, that bonds may~~

1 ~~not be issued in an amount that will cost a violation of the debt limitation~~  
2 ~~provisions of Section 11 of the Organic Act (§1423a, Title 48, U.S. Code).~~

3 It is hereby declared that the system and each facility of the system is  
4 and *shall* be a public improvement *or* undertaking as that term is used in  
5 Section 11 of the Organic Act (§1423a, Title 48, U.S. Code). Indebtedness  
6 issued by the government pursuant to this Article that is payable only from  
7 funds in the Solid Waste Operations Fund available therefor and from  
8 revenue of the system will *not* be and *shall not* be deemed to be public  
9 indebtedness of Guam as that term is used in said Section 11. Indebtedness  
10 that is issued by the government pursuant to this Article and that is payable  
11 from ~~both either Section 30 revenue or the General Fund and revenue of the~~  
12 ~~system constitutes a general obligation of the government pursuant to Title~~  
13 ~~10, Guam Code Annotated, §51823, and may not be issued in an amount that~~  
14 ~~would cause a violation of the debt limitation provisions of said Section 11.~~

15 *No obligation that is undertaken by the government pursuant to this*  
16 ~~Article and that is secured solely by a pledge of revenue of the system shall~~  
17 ~~be or become a lien, charge or liability against the government of Guam or~~  
18 ~~against the Department or against any property or funds of the government~~  
19 ~~of Guam or the Department, except to the extent of the pledge of pledged~~  
20 ~~revenue of the system provided by the indenture and any pledge of the full~~  
21 ~~faith and credit of the government of Guam pursuant to Section 51822.5 of~~  
22 ~~this Article."~~

23 **Section 3.** Section 51804 of Article 8 of Chapter 51 of Title 10, Guam  
24 Code Annotated, is hereby *amended* to read as follows:

25 **"§51804. Powers of Department.** Notwithstanding any provision  
26 of law *or* regulation, the *Department* has power and is hereby authorized, in  
27 addition to all other powers conferred upon the *Department* by the Guam

1 Solid Waste Management and Litter Control Act *or* any other provision of  
2 this Chapter *or* by any law of Guam, to exercise any *or* all of the powers  
3 granted to the *Department* by this Article. The *Department* has jurisdiction  
4 over and may collect and transport to permitted solid waste facilities, *or*  
5 contract for the collection and transportation to permitted solid waste  
6 facilities, of solid waste from all individual dwelling units, single-family  
7 residences, duplexes, and government-managed housing units *or* residences.  
8 ~~The *Department* does not have jurisdiction over the collection and~~  
9 ~~transportation of solid waste from any hotels, commercial *or* industrial~~  
10 ~~establishments, and government agencies, *or* from any multiple dwelling~~  
11 ~~units other than duplexes.~~ The *Department* may operate the Ordot Dump, *or*  
12 it may contract for the operation of the Ordot Dump, in accordance with  
13 Guam law and its permit under this Chapter. The *Department* may contract  
14 for the operation of the landfill.

15 The *Department* may also operate, *or* contract for the operation of, all  
16 other permitted solid waste management facilities and operations *not*  
17 addressed above and within the policy guidelines of the Integrated Solid  
18 Waste Management Plan. Any such contract for the operation of the Ordot  
19 Dump *or* the landfill may be entered into pursuant hereto *or* pursuant to  
20 Article 9 of this Chapter and may be with any person *or* corporation duly  
21 qualified to provide such services, whether public *or* private, domestic *or*  
22 foreign. Notwithstanding this *or* any other provision of law, the  
23 authorization to enter into a privatization, partnership, *or* contract by the  
24 *Department* for the operation of the system *shall* require a cost benefit  
25 analysis, economic impact study, and legislative approval."

26 **Section 4.** Section 51805 of Article 8 of Chapter 51 of Title 10, Guam  
27 Code Annotated, is hereby *amended* to read as follows:



1           **"§51805. Rates, Fees and Charges; Refunds.** Notwithstanding  
2 any provision of law *or* regulation to the contrary, the *Department* is  
3 authorized to establish and modify from time to time, with prior approval by  
4 the Public Utilities Commission, reasonable rates, fees and charges for solid  
5 waste services at least adequate to cover the full cost of such services,  
6 including the costs of debt service for capital improvements of permitted  
7 solid waste facilities, and to collect money from all users *or* customers, and  
8 to refund charges collected in error. Rates, fees and charges may be  
9 collected before *or* after the provision of the service for which they are  
10 charged.

11           *Except* to the extent otherwise permitted *or* required by an indenture  
12 pursuant to which bonds are issued, rates, fees and charges, together with  
13 other moneys made available to the Department for such purposes, *shall* at  
14 all times be fixed to yield annual revenue of the system at least equal to the  
15 sum of annual principal payments and interest charges on all bonds then  
16 outstanding, all coverage and reserve fund requirements relating to such  
17 bonds, any obligations undertaken pursuant to Article 9 of this Chapter, and  
18 the annual system operation and maintenance costs ~~and expenses incurred in~~  
19 ~~connection with any such advance~~.

20           An indenture, lease *or* contract of indebtedness may provide for  
21 payment from revenue of the system of refunds of rates and charges that are  
22 collected in error and that are refundable by the Department."

23           **Section 5.** Section 51811 of Article 8 of Chapter 51 of Title 10, Guam  
24 Code Annotated, is hereby *amended* to read as follows:

25           **"§51811. Covenants and Agreements That May be Contained**  
26 **in Indenture.** An indenture pursuant to which bonds are issued may include  
27 any and all covenants and agreements on the part of the government as *I*

1        *Maga'lahaen Guåhan* deems necessary *or* advisable, including, without  
2        limiting the generality of the foregoing, any one (1) *or* more of the  
3        following:

4                (a)    A provision that payments of principal and interest of  
5                bonds shall be secured by a pledge of all *or* by part of the revenue of  
6                the system *or* the Section 30 revenue *or* both; ~~A provision specifying~~  
7                ~~the security for payments of principal and interest of bonds.~~

8                (b)    Provisions creating one (1) *or* more funds *or* accounts  
9                into which all *or* any part of pledged revenue *shall* be deposited:

10                (1)    for payment of the principal of and interest on  
11                bonds at *or* prior to maturity; *or*

12                (2)    for reserve *or* sinking funds for the further security  
13                of bonds.

14                (c)    A provision requiring the government to operate the  
15                system continuously, to the extent reasonably practicable under  
16                conditions as they may from time to time exist, in an efficient and  
17                economical manner.

18                (d)    A provision requiring the government to maintain the  
19                system and to make all necessary repairs, renewals and replacements  
20                to the system and to keep the system at all times in good working  
21                order and condition.

22                (e)    A provision requiring the government to preserve and  
23                protect the security of the bonds and the rights of the holders thereof  
24                and to warrant and defend such rights.

25                (f)    A provision requiring the government to pay and  
26                discharge *or* cause to be paid and discharged all lawful claims for  
27                labor, materials and supplies *or* other charges which, *if* unpaid, might

1           become a lien *or* charge upon pledged revenue *or* any part thereof, *or*  
2           which might impair the security of the bonds.

3           (g)    A provision which limits, restricts *or* prohibits any right,  
4           power *or* privilege of the government to mortgage *or* otherwise  
5           encumber, sell, lease *or* dispose of the system *or* any part thereof, in  
6           any manner that impairs *or* impedes the operation of the system *or*  
7           any part thereof necessary to secure adequate pledged revenue *or* that  
8           otherwise impairs *or* impedes the right of the holders of bonds *or*  
9           other obligations with respect to such pledged revenue.

10          (h)    A provision requiring the government, with the prior  
11          approval of the Guam Public Utilities Commission, to fix, prescribe  
12          and collect annually rates *or* other charges in connection with the  
13          solid waste management services furnished from the system which,  
14          together with other available revenues, including, to the extent  
15          provided by an indenture, Section 30 revenue, will be:

16                (1)    sufficient to pay the principal of and interest on the  
17                bonds as they become due and payable, together with such  
18                additional sums as may be required for any bond reserve fund  
19                *or* account *or* other fund *or* account created by the indenture for  
20                the security of such bonds;

21                (2)    sufficient to pay any payments due under any lease  
22                *or* lease-back entered into pursuant to Article 9 of this Chapter;

23                (3)    sufficient to pay the annual system operation and  
24                maintenance costs; and

25                (4)    in such additional amount as *shall* be provided in  
26                the indenture for the further security *or* protection of such  
27                bonds.

1                    (i) A provision for a rate stabilization fund.

2                    ~~(i)~~(j) A provision that *no* solid waste management service *shall*  
3 be furnished free of charge to any person, *except* to the extent permitted  
4 by the indenture.

5                    ~~(j)~~(k) A provision requiring the government to hold *or* cause to  
6 be held in trust the pledged revenue *or* any part thereof, *or* to any fund  
7 *or* account created by any indenture for the further security *or*  
8 protection of such bonds and to apply such pledged revenue *or* cause  
9 it to be applied only as provided in the indenture and to invest all *or*  
10 any part of such pledged revenue pending such application in such  
11 securities and subject to such limitations as are specified in the  
12 indenture.

13                    ~~(k)~~(l) A provision defining the power of the government in  
14 applying the proceeds of the sale of any issue of bonds for the  
15 acquiring, constructing *or* completing of the system *or* any part  
16 thereof.

17                    ~~(l)~~(m) A provision permitting the government to issue  
18 additional bonds *or* to enter into one (1) *or* more lease-back  
19 obligations pursuant to Article 9 of this Chapter, in each case equally  
20 secured with bonds theretofor issued under the indenture and lease-  
21 back obligations previously entered into, for the purpose of acquiring,  
22 constructing *or* completing, improving *or* extending the system *or* any  
23 part thereof, *or* for the purpose of refunding any *prior* bonds *or* any  
24 other *prior* obligations of the government relating to the system; and a  
25 provision limiting the power of the government to issue any additional  
26 bonds so secured *or* any other additional bonds for such purpose.

1           ~~(m)~~(n) A provision requiring, specifying *or* limiting the kind,  
2 amount and character of insurance (or any reserve fund *or* funds in  
3 lieu of insurance) to be maintained by the government on the system  
4 *or* any part thereof and the use and disposition of the proceeds of any  
5 such insurance thereafter collected *or* of the moneys in any such  
6 reserve fund.

7           ~~(n)~~(o) A provision specifying the events of default and the  
8 terms and conditions upon which any *or* all of the bonds then *or*  
9 thereafter issued may become *or* be declared due and payable *prior* to  
10 maturity, and the terms and conditions upon which such declaration  
11 and its consequences may be waived.

12           ~~(o)~~(p) A provision designating the rights, limitations, powers  
13 and duties arising upon breach by the government of any of the  
14 covenants, conditions *or* obligations contained in the indenture.

15           ~~(p)~~(q) A provision prescribing a procedure by which the terms  
16 and conditions of the indenture may be subsequently amended *or*  
17 modified with the consent of the government and the vote *or* written  
18 consent of the holders of a specified principal amount *or* specified  
19 proportion of the bonds issued and outstanding, including provisions  
20 for meetings of bondholders and for the manner in which the consent  
21 of the bondholders may be given and specifically stating the effect of  
22 such amendment *or* modification upon the rights of the holders of all  
23 of the bonds.

24           ~~(q)~~(r) With respect to any provision relating to the modification  
25 *or* amendment of an indenture, the government may agree that bonds  
26 held by the government, the United States *or* any instrumentality of  
27 either thereof (including every public corporation, political

1 subdivision, agency *or* instrumentality of any kind *or* class) *shall not*  
2 be counted as outstanding bonds, *or* be entitled to vote *or* assent, but  
3 *shall*, nevertheless, be subject to any such modification *or*  
4 amendment.

5 ~~(s)~~(s) A provision limiting the right of action by individual  
6 bondholders in the event of a default by the government *or*  
7 proscribing the procedure for the conduct of any such action by an  
8 individual bondholder.

9 ~~(s)~~(t) A provision permitting the government to purchase  
10 outstanding bonds from any moneys *or* funds *or* accounts referred to  
11 in the indenture *or* otherwise legally available for such purpose.

12 ~~(u)~~(u) A provision for any working capital fund *or* account *or*  
13 contingency fund *or* account relating to the system.

14 ~~(v)~~(v) A provision for the replacement of lost, destroyed *or*  
15 mutilated bonds.

16 ~~(w)~~(w) A provision *or* provisions relating to such other acts and  
17 matters as may be necessary *or* convenient *or* desirable in order to  
18 better secure the bonds *or* to make the bonds more marketable."

19 **Section 6.** Section 51821 of Article 8 of Chapter 51 of Title 10, Guam  
20 Code Annotated, is hereby *amended* to read as follows:

21 **"§51821. Payments Which May be Made Out of Proceeds of**  
22 **Sale of Bonds.** The proceeds of sale of any bonds may be expended for any  
23 one (1) *or* more of the following purposes, all as provided in the indenture  
24 relating to such bonds:

25 (a) for payment of any costs *or* expenses of the acquisition,  
26 construction *or* improvement of the system *or* any part thereof (including  
27 any closed landfill *or* dump) *or* any costs *or* expenses incidental thereto,

1 including payment to the United States *or* any other public body for the  
2 portion to be borne by the government of the cost of any work done by the  
3 United States *or* such public body for *or* jointly *or* in conjunction with the  
4 *Department*;

5 (b) for payment *or* reimbursement of any engineering, inspection,  
6 legal, consultants' *or* paying agents' fees relating *or* incidental to:

7 (1) the acquisition, construction *or* improvement of the  
8 system *or* any part thereof;

9 (2) the authorization, issue *or* sale of bonds; ~~or~~

10 ~~(3) professional technical services to prepare the technical~~  
11 ~~specifications for a bid invitation for a Finance, Build, Operate, and~~  
12 ~~Lease Back (FBOL) to meet the requirements for USEPA compliant~~  
13 ~~municipal solid waste services on Guam, and for the evaluation of~~  
14 ~~bids which have been submitted, and to provide its findings and~~  
15 ~~recommendation to the Governor and the Legislature within one~~  
16 ~~hundred eighty (180) days from enactment of the Act.~~

17 (c) for payment of any costs *or* expenses relating to the  
18 authorization, issuance *or* sale of bonds;

19 (d) for deposit in any one (1) *or* more reserve funds *or* accounts in  
20 lieu of insurance *or* in any working capital fund *or* account *or* contingency  
21 fund *or* account relating to the system;

22 (e) for payment of interest on bonds during the projected period of  
23 acquisition, construction *or* improvement of the system *or* any part thereof  
24 for the acquisition, construction *or* improvement of which such bonds have  
25 been issued and for a period *not to exceed* three (3) years thereafter;

26 (f) for deposit in any reserve *or* sinking fund; *or*

1 (g) for the payment of any prior bonds *or* other obligations of the  
2 government issued for solid waste management purposes."

3 **Section 7.** Section 51822 of Article 8 of Chapter 51 of Title 10, Guam  
4 Code Annotated, is hereby *amended* to read as follows:

5 **"§51822. Bonds May be Secured by Revenue of the System.** An  
6 indenture may provide that payment of the bonds and the interest thereon  
7 *shall* be secured by a pledge of and lien upon all *or* any portion of the  
8 revenue of the system, subject to any parity lien created *or* to be created  
9 pursuant to Article 9 of this Chapter. Any such pledge and lien *shall* be  
10 valid and binding against all parties in accordance with its terms and have  
11 priority against all parties in accordance with its terms from the time the  
12 pledge is made, and property so pledged *shall* immediately be subject to the  
13 lien of the pledge without the need for physical delivery, recordation filing  
14 *or* other further act. The pledge *shall not* be subject to Division 9 of Title 13  
15 of the Guam Code Annotated *or* any successor statute. The revenue of the  
16 system pledged and thereafter received by the government *or* by any trustee,  
17 depository *or* custodian *shall* be deposited in a separate subaccount of the  
18 revenue account in the Solid Waste Operations Fund. The indenture by  
19 which such pledge is created need *not* be recorded. All such pledged  
20 revenue of the system is hereby appropriated for the purposes of paying the  
21 principal and interest on the bonds issued pursuant to this Article.

22 Pledged revenue released from the lien of the indenture *or* certificate  
23 pursuant to which the bonds are issued *shall* be available for any other  
24 lawful purpose. *If* the bonds are secured *solely* by such a pledge of and lien  
25 upon all *or* a portion of the revenue of the system, then *no* such bond and *no*  
26 other obligation undertaken by the government under any indenture, lease *or*  
27 other instrument relating to such bond *shall* be *or* become a lien, charge *or*



1 liability against the government of Guam *or* against the *Department or*  
2 against any property *or* funds of the government of Guam *or* the  
3 *Department, except* to the extent of the pledge of revenue of the system  
4 provided by such indenture, lease *or* other instrument.—~~Every such bond~~  
5 ~~shall contain a recital on its face stating that it is a limited obligation of the~~  
6 ~~government of Guam and shall not be deemed to be secured by the faith and~~  
7 ~~credit of the government of Guam."~~

8 **Section 8.** Section 51822.5 of Article 8 of Chapter 51 of Title 10, Guam  
9 Code Annotated, is hereby *added* to read as follows:

10 **"§51822.5. Bonds May be Secured by Section 30 Revenue.** *If and*  
11 *to the extent determined by I Maga'láhen Guåhan, all or any part of the*  
12 *revenues derived by the government of Guam under Section 30 of the*  
13 *Organic Act (Section 30 revenue) may be pledged to secure the payment of*  
14 *any bonds issued pursuant to this Article, subject to any previously created*  
15 *lien on or pledge of such Section 30 revenue and to any parity lien created*  
16 *pursuant to Article 9 of this Chapter. Any such pledge shall be valid and*  
17 *binding against all parties in accordance with its terms and have priority*  
18 *against all parties in accordance with its terms from the time the pledge is*  
19 *made, and property so pledged shall immediately be subject to the lien of the*  
20 *pledge without the need for physical delivery, recordation, filing, or other*  
21 *further act. The pledge shall not be subject to Division 9 of Title 13 of the*  
22 *Guam Code Annotated or any successor statute. The Section 30 revenue*  
23 *pledged and thereafter received by the government of Guam or by any*  
24 *trustee, depository or custodian shall be deposited in accordance with the*  
25 *provisions of the applicable indenture or, if not otherwise provided for in*  
26 *such indenture, in a separate subaccount of the revenue account in the Solid*  
27 *Waste Operations Fund. The indenture by which such pledge is created need*

1 not be recorded. All Section 30 revenue so pledged is hereby appropriated  
2 for the purpose for which it has been pledged. Pledged Section 30 revenue  
3 released from the lien of the indenture or certificate pursuant to which the  
4 bonds are issued shall be available for appropriation for any other lawful  
5 purpose of the government. Indebtedness issued by the government  
6 pursuant to this Article and that is payable from Section 30 revenue may not  
7 be issued in an amount that would cause a violation of the debt limitation  
8 provisions of Section 11 of the Organic Act."

9 **Section 9.** Section 51832 of Article 8 of Chapter 51 of Title 10, Guam  
10 Code Annotated, is hereby *amended* to read as follows:

11 "§51832. **Construction Account.** The proceeds from the sale of  
12 all bonds authorized by this Article (except for any refunding bonds) shall  
13 be deposited to the credit of a Construction Account, which account is  
14 hereby created within the Solid Waste Operations Fund. The money in the  
15 account shall be expended in the manner provided by law for any of the  
16 purposes authorized by this Article, including any *or* all of the purposes  
17 specified by Title 10, Guam Code Annotated, §51821, and for such other  
18 purposes, subject to the restrictions provided by law *or* by such indenture, as  
19 may be authorized by such indenture."

20 **Section 10.** Section 51833 of Article 8 of Chapter 51 of Title 10, Guam  
21 Code Annotated, is hereby *amended* to read as follows:

22 "§51833. **Revenue Account.** All revenue of the system and, to the  
23 extent provided by an indenture or by Article 9 of this Chapter, the Section  
24 30 revenue, shall be deposited to the credit of the applicable subaccount of  
25 the Revenue Account, which account is hereby created within the Solid  
26 Waste Operations Fund. The money in such subaccounts may be used for  
27 any of the following purposes in the order of priority set forth in any

1 indenture as provided in Title 10, Guam Code Annotated, §51811(j) *or* any  
2 lease *or* lease-back as provided in Article 9 of this Chapter:

3 (a) to pay principal *or* interest on any bonds *or* any other  
4 obligations of the *Department*;

5 (b) to pay amounts due and owing under any lease *or* lease-  
6 back entered into pursuant to Article 9 of this Chapter;

7 (c) to pay any amounts due and owing under any credit  
8 provider reimbursement agreement;

9 (d) to pay the annual system operation and maintenance  
10 costs; and

11 (e) for any other purposes of the system, as provided in any  
12 indenture *or* indentures and subject to any restrictions provided by law  
13 *or* any indenture."

14 **Section 11.** Section 51837 of Article 8 of Chapter 51 of Title 10, Guam  
15 Code Annotated, is hereby *amended* to read as follows:

16 "**§51837. Credit Enhancement.** *I Maga'lahañ Guåhan* is hereby  
17 authorized to enter into such contracts *or* agreements, on behalf of the  
18 government, with such banks, insurance companies *or* other financial  
19 institutions as *I Maga'lahañ Guåhan* determines are necessary *or* desirable  
20 to improve the security and marketability of the bonds. Such contracts *or*  
21 agreements may contain an obligation to reimburse, with interest, any such  
22 banks, insurance companies *or* other financial institutions for advances used  
23 to pay principal of *or* interest on the bonds and to indemnify any such banks,  
24 insurance companies *or* other financial institutions for costs and expenses  
25 incurred in connection with any such advance. Any such reimbursement  
26 obligation and any other obligations of the government under such contracts  
27 *or* agreements ~~*shall*~~ *may* be secured by a pledge of the pledged revenue of

1        ~~the system~~, but *only if* and to the extent that such revenue ~~of the system~~ has  
2        been pledged to the bonds. In the event that the bonds *shall* constitute the  
3        valid and binding general obligations of the government pursuant to Title 10,  
4        Guam Code Annotated, §51823, any such reimbursement obligations *shall*  
5        be general obligations of the government of Guam and any such advance, *if*  
6        necessary, *shall* be treated for Organic Act purposes as creating an  
7        obligation issued to refund the bonds.

8                Any reimbursement agreement may include a provision that the  
9        obligations of the government under the agreement *shall* be secured by all *or*  
10       by part of pledged revenue; provided that, at the time of execution and  
11       delivery of each such agreement, any such provision *shall* be in compliance  
12       with and *shall not* violate *or* breach any provision of any indenture, lease *or*  
13       other instrument then in effect to which the government *or* the *Department*  
14       is a party."

15        **Section 12.** Section 51843 of Article 8 of Chapter 51 of Title 10, Guam  
16        Code Annotated, is hereby repealed.

17        **Section 13. Approval of Government of Guam Solid Waste**  
18        **Management System Bonds.** *I Liheslaturan Guåhan*, pursuant to §50103 of  
19        Title 12, Guam Code Annotated, and §51803 of Title 10, Guam Code Annotated,  
20        hereby approves the issuance and sale by the government of bonds pursuant to  
21        Article 8, Chapter 51, Title 10, Guam Code Annotated (the Act), in one (1) *or*  
22        more series *or* issues (together with any related reimbursement obligations);  
23        *provided* that the issuance, terms and conditions of the bonds, the indenture *or*  
24        certificate pursuant to which the bonds are to be issued, and any reimbursement  
25        agreements *shall* have been approved by the Guam Public Utilities Commission,  
26        and *further provided* that such bonds shall have, together with any lease-back  
27        obligations issued pursuant to Article 9, Chapter 51, Title 10, Guam Code

1 Annotated, an aggregate principal amount *not to exceed* Two Hundred Two  
2 Million Four Hundred Twenty-five Thousand Dollars (\$202,425,000). Such bonds  
3 shall be issued solely to pay, *or* reimburse the government for the payment of, the  
4 costs of the closure of the Ordot Dump and the construction of the new landfill, *or*  
5 to refund any other prior obligations of the government issued for any of such  
6 system purposes, to fund any necessary reserves relating to such bonds, to pay  
7 costs of issuance of such bonds, *or* for any combination of such system purposes  
8 for which bonds may be issued and secured as provided in this Article. Such  
9 bonds *shall* have a final maturity *not later than* 2042, *shall* bear interest at such  
10 rate *or* rates and *shall* be sold for such price *or* prices as *shall* result in a yield to  
11 the bondholders *not exceeding* nine percent (9%) per annum, and *shall* be issued  
12 and sold in the manner, for the purposes and subject to the requirements and  
13 limitations provided in Article 8, Chapter 51, Title 10, Guam Code Annotated.

14 This approval is intended to *supersede* and *replace* the approval, contained  
15 in Section 3 of Public Law 30-1, by *I Liheslaturan Guåhan* of the issuance and sale  
16 by the government of bonds pursuant to Article 8, Chapter 51, Title 10, Guam  
17 Code Annotated, as enacted by said Public Law 30-1, which prior approval is  
18 hereby repealed.

19 **Section 14. Amendment of Provisions Relative To The Valuation Of**  
20 **Property Subject To Real Property Taxation.**

21 (a) §24102(f) of Article 1, Chapter 24, Division 2 of Title 11, Guam Code  
22 Annotated, is hereby *amended* to read as follows:

23 "§24102(f). Value, full cash value, fair market value, and cash value  
24 mean ninety percent (90%) ~~seventy percent (70%)~~ of the appraised value;  
25 appraised value means the amount at which property would be taken in  
26 payment of a just debt from a solvent debtor as determined by the last  
27 completed valuation conducted pursuant to §24306, Title 11, Guam Code

1 Annotated, as amended by the annual adjustments mandated in this  
2 Chapter."

3 (b) §24103 of Article 1, Chapter 24, Division 2 of Title 11, Guam Code  
4 Annotated, is hereby *amended* to read as follows:

5 "§24103. Levy. There is hereby levied on all land property in Guam a  
6 yearly tax at the rate of seven-seventy seconds ~~one-eighth-percent-(1/8%)~~  
7 (7/72%) of the value thereof and seven-eighteenths ~~one-half-percent-(1/2%)~~  
8 (7/18%) of the value of the improvements thereon. Such tax shall be  
9 assessed and collected in the manner prescribed in this Chapter. All proceeds  
10 derived by the government under any provision of this Chapter shall be  
11 deposited in the Treasury of Guam to the credit of the General Fund."

12 **Section 15.** §1512.1(c) of Title 5, Guam Code Annotated, is hereby  
13 *amended* to read as follows:

14 "§1512.1(c). **Valid and Binding.** The bonds authorized by this  
15 Section *shall* constitute the valid and binding general obligations of the  
16 government of Guam. The government of Guam pledges its full faith and  
17 credit ~~and its Section 30 revenues~~ for the punctual payment of both principal  
18 of and interest on the bonds and covenants that there *shall* be collected  
19 annually in the same manner and at the same time as government revenue for  
20 other purposes is collected, such sum as is required to pay the principal of  
21 and interest on the bonds. There are hereby appropriated from the General  
22 Fund such sums as may be necessary in each year to equal the amount of  
23 money necessary to pay the principal and interest on such bonds. The  
24 certificate *or* indenture *shall* require interest only payments for Fiscal Years  
25 2009 and 2010 and *shall not* require bond principal payments until after such  
26 Fiscal Years. All officers charged by law with any duty in the collection of  
27 the revenues of the government from which debt service on the bonds will be

1 payable *shall* do every lawful thing necessary to collect such sum. The  
2 validity of any such bonds *shall not* be affected by the validity *or* regularity  
3 of any proceedings for the payment of the General Fund expenses paid *or* to  
4 be paid with the proceeds of the bonds.

5 **Section 16.** Subsection 1512.1(i) of Title 5, Guam Code Annotated, is  
6 hereby amended to read as follows:

7 **"(i) Use of Proceeds from the Sale of the Bonds.** The proceeds from  
8 the sale of the bonds shall be used and are hereby appropriated to (i) pay the  
9 General Fund expenses described below in this Subsection, (ii) establish  
10 necessary reserves, (iii) pay expenses relating to the authorization, sale and  
11 issuance of the bonds, including, without limitation, printing costs, costs of  
12 reproducing documents, credit enhancement fees, underwriting, legal,  
13 financial advisory and accounting fees and charges, fees paid to banks *or*  
14 other financial institutions providing credit enhancement, costs of credit  
15 ratings and other costs, charges and fees in connection with the issuance,  
16 sale and delivery of the bonds, and (iv) fund capitalized interest on the bonds  
17 for a period ending not later than thirty (30) months after their issuance. The  
18 General Fund expenses authorized to be paid with the proceeds of the bonds  
19 are as follows and shall be paid in the following order of priority:

20 (1) Cost of Living Adjustment (COLA) to discharge finally  
21 and permanently the obligations of the government incurred pursuant  
22 to the settlement agreement entered into between the Government of  
23 Guam and the COLA Class as ordered by the Judgment in Rios v.  
24 Camacho, Superior Court Case No. SP0206-93: \$92,000,000;

25 (2) 2006 and prior year individual and corporate tax refunds  
26 including interest, if any, thereon and individual tax refunds shall be  
27 paid first: \$112,000,000;

1 (3) Health Care Capital Improvement Projects at the Guam  
2 Memorial Hospital: \$11,000,000;

3 (4) amounts past due as contributions to the Government of  
4 Guam Retirement Fund, including interest, if any, thereon, on behalf  
5 of the following:

6 (a) Guam Memorial Hospital: \$14,953,216

7 (b) Guam Public School System: \$16,867,640.

8 Total \$246,820,856

9 Payments made pursuant to this Subsection shall apply to any other  
10 appropriations for the same items and shall not constitute double appropriations.

11 ~~Upon the issuance of the bonds authorized by this Section, *I Maga'lahi* is~~  
12 ~~authorized to reprogram to pay costs of a new landfill the following amounts from~~  
13 ~~the following priority categories, with the balance of the respective priority~~  
14 ~~category to be used for its original purpose prior to the use of such bond proceeds~~  
15 ~~for the landfill from any subsequent category: (X) up to Seven Million Dollars~~  
16 ~~(\$7,000,000) of the amount provided for payment of the COLA, (Y) up to Seven~~  
17 ~~Million Dollars (\$7,000,000) of the amount provided for payment of tax refunds,~~  
18 ~~and (Z) up to Six Million Dollars (\$6,000,000) from the amount provided for~~  
19 ~~Guam Memorial Hospital; and *further provided*, that the proceeds of the first~~  
20 ~~revenue *bonds* or other obligations issued by the government to finance the costs~~  
21 ~~of the new landfill *shall* be used to reimburse the General Fund, whereupon such~~  
22 ~~reimbursement amounts *shall* be used to pay the General Fund expenses listed in~~  
23 ~~subparagraphs (1) through (3) of this Subsection in amounts *not exceeding* the~~  
24 ~~amounts reprogrammed."~~

25 **Section 17. Amendment Relative To The Pledge Of Section 30 Revenues**  
26 **To Secure High School Lease-Leaseback Financing.** §58A109 of Chapter 58A,  
27 Division 5 of Title 5, Guam Code Annotated, is hereby amended to read as



1 follows:

2           "**§58A109. Pledge of Section 30 Revenues.** Rental payments under  
3 the Lease and the Lease-Back may be secured by a pledge *or* other  
4 reservation of revenues received by *or* on behalf of the government of Guam  
5 from the United States of America pursuant to Section 30 of the Guam  
6 Organic Act (48 U.S.C.A. Section 1421h). ~~Any pledge *or* reservation of~~  
7 ~~Section 30 revenues authorized by the Act shall be subordinate *only* to the~~  
8 ~~existing lien securing the Government of Guam Limited Obligation (Section~~  
9 ~~30) Bonds, Series 2001A.~~

10           Any such pledge *or* reservation authorized hereunder *shall* be valid  
11 and binding from the time the pledge *or* reservation is made and *shall be*  
12 *limited to* Nine Million Eight Hundred Twenty-five Thousand Dollars  
13 (\$9,825,000) per year during the Lease-Back Period. The Section 30  
14 revenues pledged *or* reserved and thereafter received by the government of  
15 Guam *or* by any trustee, depository *or* custodian *shall* be deposited in a  
16 separate account and *shall* be immediately subject to such reservation *or* the  
17 lien of such pledge without any physical delivery thereof *or* further act, and  
18 such reservation *or* the lien of such pledge *shall* be valid and binding against  
19 all parties having claims of any kind in tort, contract *or* otherwise against the  
20 government of Guam *or* such trustee, depository *or* custodian, irrespective  
21 of whether the parties have notice thereof. The instrument by which such  
22 pledge *or* reservation is created need *not* be recorded."

23           **Section 18. Severability.** *If* any provision of this Act *or* its application to  
24 any person *or* circumstance is found to be invalid *or* contrary to law, such  
25 invalidity *shall not* affect other provisions *or* applications of this Act which can be  
26 given effect without the invalid provisions *or* application, and to this end the  
27 provisions of this Act are severable.