EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

JUN 1 2 2015

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Tres Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

2015 JUN 15 PM 1:01

Dear Madame Speaker:

Transmitted herewith is Bill No. 55-33 (COR) **"AN ACT TO APPROVE THE LEASE OF LOT NO. 13, BLOCK NO. 3, TRACT NO. 1143 (FORMERLY LOT 10120-R17) IN *DEDEDO*, GUAM, BETWEEN THE GOVERNMENT OF GUAM AND THE PALAUAN COMMUNITY ASSOCIATION OF GUAM"** which I signed into law on June 10, 2015, as **Public Law 33-37.**

Senseramente,

EDDIE BAZA CALVO

33-15-0525
Office of the Speaker
Judith T. Won Pat, Ed.D
Date: 06-15-15
Time: 11:13AM
Received By:

0525

P.O. Box 2950 • Hagatna, Guam 96932
Tel: (671) 472-8931 • Fax: (671) 477-4826 • governor.guam.gov • calendar.guam.gov
Eddie Baza Calvo @eddiebazacalvo @governorcalvo governorofguam

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2015 (FIRST) Regular Session

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

This is to certify that **Substitute Bill No. 55-33 (COR), "AN ACT TO APPROVE THE LEASE OF LOT NO. 13, BLOCK NO. 3, TRACT NO. 1143 (FORMERLY LOT 10120-R17) IN *DEDEDO,* GUAM, BETWEEN THE GOVERNMENT OF GUAM AND THE PALAUAN COMMUNITY ASSOCIATION OF GUAM,"** was on the 29th day of May 2015, 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 1st day of June, 2015, at 5:20 o'clock P.M.

Assistant Staff Officer
Maga'lahi's Office

APPROVED:

EDWARD J.B. CALVO
I Maga'lahen Guåhan

Date: JUN 10 2015

Public Law No. 33-37

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2015 (FIRST) Regular Session

Bill No. 55-33 (COR)
As substituted by the Author.

Introduced by:

T. R. Muña Barnes
T. C. Ada
V. Anthony Ada
Frank F. Blas, Jr.
FRANK B. AGUON, JR.
B. J.F. Cruz
James V. Espaldon
Brant T. McCreadie
Tommy Morrison
R. J. Respicio
Dennis G. Rodriguez, Jr.
Michael F.Q. San Nicolas
Mary Camacho Torres
N. B. Underwood, Ph.D.
Judith T. Won Pat, Ed.D.

AN ACT TO APPROVE THE LEASE OF LOT NO. 13, BLOCK NO. 3, TRACT NO. 1143 (FORMERLY LOT 10120-R17) IN *DEDEDO,* GUAM, BETWEEN THE GOVERNMENT OF GUAM AND THE PALAUAN COMMUNITY ASSOCIATION OF GUAM.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that, previously, the United States Air Force had jurisdiction and control over that certain piece of real property commonly referred to as the "*Harmon* Cliffline." As such, the United States Air Force authorized and permitted non-profit organizations to utilize certain areas within this property.

Eventually, however, the Guam Excess Lands Act, Public Law 103-339, 108 Stat. 3116, required the relocation of these non-profit organizations. In response to this mandate, Executive Order No. 98-13 was issued, and this provided for the orderly and expeditious transfer of these non-profit organizations located at the "*Harmon* Cliffline" property to government of Guam property under a formal lease agreement. The parcel of property selected for the transfer was identified as the property designated for the Cultural Center in *Dededo* under Public Law 22-18. *I Liheslaturan Guåhan* further finds that Public Law 25-47 mandates that all leases between non-profit organizations and the government of Guam within this site be approved by *I Liheslaturan Guåhan.*

The Palauan Community Association of Guam has complied with the rules and regulations governing the lease of government-owned property pursuant to Public Law 25-47, and has subsequently submitted its lease agreement to *I Liheslaturan Guåhan* for approval. It is the intent of *I Liheslaturan Guåhan* to approve said lease as required by Section 8003 of the Department of Land Management Rules and Regulations (codified at 18 GARR § 1533) for leasing land reserved for the Cultural Center, as enacted by Section 3 of Public Law 25-47.

Section 2. Approval of Lease. Notwithstanding any provision of law, the lease of Lot No. 13, Block No. 3, Tract No. 1143, containing an area of 1,920± square meters or 20,667± square feet, Agricultural Subdivision Survey Map of Tract 1143 (Formerly Lot 10120-R17, for Lease Purposes) Municipality of Dededo L.M. Check No. 472FY97, recorded in the office of the Recorded Department of Land Management under Document No. 572938, entered into between the Palauan Community Association of Guam and the Department of Land Management of the government of Guam, attached hereto and labeled as "Attachment A," is hereby approved by *I Liheslaturan Guåhan* in accordance with both Public Law 25-47 and § 60112 of Chapter 60, Title 21, Guam Code Annotated.

1 **Section 3. Waiver of Appraisal Requirement.** § 2107(b) of Chapter 2,
2 Title 2, Guam Code Annotated, requires two (2) appraisals for any transfer of land
3 or leasing of land before any consideration by *I Liheslatura* (the Legislature). *I*
4 *Liheslaturan Guåhan* hereby waives this requirement.

ATTACHMENT A

14-0690

CULTURAL CENTER LEASE

THIS LEASE is made this _____ day of _____, 2014, by and between the DEPARTMENT OF LAND MANAGEMENT, GOVERNMENT OF GUAM, whose address is P.O. Box 2950, Hagatna, Guam 96932, hereinafter the "Lessor", and PALAUAN COMMUNITY ASSOCIATION OF GUAM, a non-profit organization organized and existing under the laws of the territory of Guam, whose address is P.O. Box 10765 Tamuning, Guam 96931, hereinafter the "Lessee".

WHEREAS, Lessee was a legal occupant of real property located along the Harmon cliffline area pursuant to an agreement entered into the government of Guam, which had a valid permit to use the same from the U.S. Air Force who is the legal owner; and

WHEREAS, the Harmon cliffline area was identified by the federal government as excess federal land to be returned to the government of Guam in U.S. Public Law 103-391; and

WHEREAS, in preparation for the eventual return of the Harmon cliffline area to the government of Guam, environmental survey work is required at the site, and those occupying the Harmon cliffline area must therefore leave; and

WHEREAS, Lessor has reserved certain lands identified in P.L. 22-18 for the purpose of establishing "cultural centers", and certain of these reserved lands are ready for leasing; and

WHEREAS, Lessee has been found eligible and qualified to lease government land identified herein, and this Lease being in the best public interest; now therefore,

FOR AND IN CONSIDERATION of the following terms and conditions, Lessor and Lessee agree as follows:

OFFICE OF THE ATTORNEY GENERAL OF GUAM
RECEIVED
Civil Solicitor
AUG 21 2014
3576

CFD1114-4532

1. **Subject of Lease.** Lessor leases to Lessee the real property in the Municipality of Dededo, territory of Guam described as follows, hereinafter the "Demised Premises":

Lot No. 13, Block No. 3, Tract No. 1143, containing an area of 1,920± square meters or 20,667± square feet. Agricultural Subdivision Survey Map of Tract 1143 (Formerly Lot 10120-R17, for Lease Purposes) Municipality of Dededo L.M. Check No. 472FY97, recorded in the office of the Recorded Department of Land Mangement under Document No. 572938

2. Term. Lessee shall have and hold the Demised Premises for a term of twenty-five (25) years commencing on _____, **2014** and ending on _____, **2039**, unless sooner terminated in accordance with the terms of this Lease.

3. Rent. Lessee shall pay Lessor, in addition to any other charges required to be paid hereunder by Lessee, rent for the Demised Premises in annual installments. Each annual installment of rent due hereunder shall be paid in advance on the anniversary date hereof.

a. **Nominal Rent for Income-Tax Exempted Lessees.** Lessee shall have provided to Lessor prior to entering into this Lease, a written determination or other proof from the appropriate government authority, signifying Lessee's status as a tax-exempt entity. Tax-Exempt status shall allow Lessee to pay a nominal annual rental amount as provided for in the rules governing this Lease at the time the Lease is entered into by Lessor and Lessee.

b. Rental Amount. The annual rental amount is One Hundred Dollars ($100.00), which shall be due for each year of the twenty-five (25) years of the term of this Lease. If the term of this Lease is renewed for an additional twenty-five (25) years, then for each year of the renewal term, the rent shall be Three Hundred Dollars (300.00). The annual rent shall be due each year on the anniversary date of this Lease.

c. Payee. All amounts due as rent under Section 3.b above shall be made payable to the Chamorro Land Trust Commission in accordance with P.L. 22-18, Section 3.d, but shall be delivered to Lessor in the name of the Chamorro Land Trust Commission for the sake of record-keeping. Lessor shall transmit any amount paid for rent under Section 3.b above to the Commission. Any and all other amounts due or which may become due according to the other terms of this Lease shall be paid directly to Lessor.

4. Taxes and Assessments. In addition to the rent payable under Section 3 above, Lessee shall pay and discharge promptly as the same become due and before delinquency all taxes and assessments, whether general or special, of every kind which may be levied or assessed or become a lien on or against the Demised Premises or any part thereof, or any building or improvements on the Demised Premises, or on or against the leasehold of Lessee, during the term of this Lease. Any such taxes or assessments which shall relate to a fiscal year during which the terms of this Lease shall commence or terminate shall be prorated between Lessor and Lessee.

5. Warranties of Title and Quiet Enjoyment. Lessor covenants that Lessor is seized of the real property in fee simple and has full right to make this Lease and that Lessee shall have quiet and peaceable possession of the Demised Premises during the term hereof.

6. Use of Premises. The Demised Premises shall be used by Lessee only for the purpose of a clubhouse or building, as constructed by Lessee, in which Lessee regularly conducts its normal activities. Lessee shall comply with all sanitary laws, rules and orders of appropriate governmental authorities affecting the cleanliness, occupancy, and preservation of the Demised Premises. The use by Lessee of the premises for any other use other than for the specific purpose for which it is leased shall give Lessor the right to terminate this Lease in its sole discretion.

7. Covenant against Gambling. In no event shall the Demised Premises be used for the purpose of gambling, except to the extent that Lessee is licensed and legally may do so, and Lessee specifically agrees to observe this covenant for itself, it's members, guests, employees, and any other persons using the premises. Any breach of this covenant at any time by Lessee or any person on the premises shall result in the automatic termination of this Lease without notice to Lessee at Lessor's option.

8. Construction of Improvements.

a. Covenant to Erect New Improvements. On delivery of possession of the Demised Premises to Lessee pursuant to the terms of this Lease, Lessee shall within one year following the effective date of this Lease, begin construction on the Demised Premises a building or buildings, or other improvements, for the purpose of conducting its normal activities, at its sole cost and expense in accordance with plans, specifications, and a detailed description of the work which shall be approved by Lessor. Improvements to be constructed shall in substantial conformity to the conceptual plans submitted by Lessee to Lessor prior to the execution of this Lease and upon which approval of this Lease was granted. In the event of disapproval of the plans and specifications, Lessor shall give to Lessee an itemized statement of reasons therefore within twenty (20) days after the same are submitted to Lessor. Lessor shall

not unreasonably withhold its approval. Prior to the commencement of any such work, Lessee shall furnish Lessor with a good and sufficient surety bond guaranteeing the completion of such improvements and the payment of all bills therefore. Construction shall be completed within three years of the effective date of this Lease.

b. Further Construction. Lessee shall further have the right to construct on the Demised Premises other improvements or to make alterations or additions thereto and to remove, remodel, demolish, and rebuild the same as approved by Lessor. All such buildings and improvements constructed, altered or repaired by Lessee shall be and remain Lessee's property. All improvements or alterations and additions thereto shall comply with any building code or regulations in force.

9. Failure to Construct. If Lessee shall have failed to begin construction of a building or any improvement within one year of the effective date of this Lease, then this Lease shall automatically terminate and be void and of no force or effect. If Lessee shall have failed to complete construction of the improvement or improvements within three years of the effective date of this Lease, then Lessor may terminate this Lease at its sole option.

10. Repairs and Destruction of Improvements.

a. Maintenance of Improvements. Lessee shall, at all times during the Lease term and at its own cost and expense, and without any expense to Lessor, keep and maintain the premises, including all buildings and improvements of every kind which may be a part thereof, and all appurtenances thereto, in good sanitary and neat order, substantial condition and repair, and except as specifically provided herein, restore and rehabilitate any improvements of any kind which may be destroyed or damaged by fire, casualty, or any other cause whatsoever. Lessor shall be obligated to make any repairs, replacements, or renewals of any kind, nature, or description, whatsoever to the Demised Premises or any buildings or improvements thereon.

b. Damage to and Destruction of Improvements. The damage, destruction, or partial destruction of any building or other improvement which is a part of the premises shall not release Lessee from any obligation hereunder, except as hereinafter expressly provided, and in case of damage to or destruction of any such building or improvement, Lessee shall at its own expense promptly repair and restore the same to a condition as good or better than that which existed prior to such damage or destruction. Without limiting such obligations of Lessee, it is agreed that the proceeds of any insurance covering such damage or destruction shall be made available to Lessee for such repair or replacement.

11. Compliance with Laws; Prohibition against Waste. During the term of this Lease, Lessee shall comply with all applicable laws affecting the Demised Premises.

Lessee shall not commit waste on the Demised Premises except as necessary for the removal or construction of any buildings and improvements thereon as required or permitted by this Lease.

12. Utilities. All water, gas, electricity, telephone, telegraph, and other public utility services used on or furnished to the Demised Premises during the term hereof shall be in Lessee's name and paid for by Lessee.

13. Liens. Lessee shall keep the fee estate of the Demised Premises free and clear from all mechanics' and materialmen's and other liens for work or labor done, services performed, materials, appliances, power contributed, used or furnished or to be used in or about the Demised Premises for or in connection with any operations of Lessee, or any alteration, improvement, repairs, or additions which Lessee may make or permit or cause to be made, or any work or construction by, for, or permitted by Lessee on or about the Demised Premises.

14. Indemnification of Lessor. Lessor shall not be liable for any loss, injury death, or damage to persons or property which at any time may be suffered or sustained by Lessee or by any person whosoever may be at any time be using or occupying or visiting the Demised Premises or be in, on, or about the same, whether such loss, injury, death, or damage shall be caused by or in any way result from or arise out of any act, omission, or negligence of Lessee or of any occupant, visitor, or user of any portion of the Demised Premises, or shall result from or be caused by any other matter or thing whether of the same kind as or of a different kind than the matters or things above set forth, and Lessee shall indemnify Lessor against all claims, liability, loss, or damage whatsoever on account of any such loss, injury, death, or damage. Lessee hereby waives all claims against Lessor for damages to the buildings and improvements that are now on or hereafter placed or built on the Demised Premises and to the property of Lessee in, on, or about the Demised Premises, and for injuries to persons or property in or about the Demised Premises, from any cause arising at any time during the term hereof.

15. Assignment and Subletting. Lessee shall not transfer, assign or sublet the Demised Premises, or grant any concession or license to use the premises or any part thereof, without the prior express written approval of Lessor. Any transfer, assignment, subletting, concession, or license, or any attempt to do so without Lessor's prior written consent shall be void and shall, at Lessor's option, terminate this Lease. A consent by Lessor to one transfer, assignment, sublease, concession, or license shall not be deemed to be a consent to any subsequent transfer, assignment, subletting, concession or license. The terms of this Lease shall bind any approved assignee, sublease, transferee, concessionaire, or licensee.

16. Encumbrance of Leasehold Interest.

a. Lessee's Right to Encumber Leasehold Interest. Lessee may encumber by mortgage or deed of trust, or other proper instrument, its leasehold interest and estate in the Demised Premises, together with all buildings and improvements placed by Lessee thereon, as security for any indebtedness of Lessee. The execution of any such mortgage or deed of trust, or other instrument, or the foreclosure thereof, or any sale thereunder, either by judicial proceeding or by virtue of any power reserved in such mortgage or deed of trust, or conveyance by Lessee to the holder of such indebtedness, or the exercising of any right, power, or privilege reserved in any mortgage or deed of Trust, shall not be held as a violation of any of the terms or conditions hereof, or as an assumption by the holder of such indebtedness personally of the obligations hereof. No such encumbrance, foreclosure, conveyance, or exercise of right shall relieve Lessee of its liability hereunder.

b. Notice of Holder of Encumbrance; Right of Holder to cure Lessee's Default. If Lessee shall encumber its leasehold interest and estate in the Demised Premises and if Lessee or the holder of the indebtedness secured by such encumbrance shall give notice to Lessor of the existence thereof and the address of such holder, then Lessor will mail or deliver to such holder, at such address, a duplicate copy of any and all notices in writing which Lessor may, from time to time, give to or serve on Lessee under and pursuant to the provisions hereof; such copies shall be mailed or delivered to such holder at, or as near as possible to, the same time as notices are given to or served on Lessee. Such holder may, at its option, at any time before the rights of Lessee shall have been terminated as provided herein, pay any of the rents due hereunder, or pay any taxes and assessments, or do any other act or thing required of Lessee by the terms hereof, or do any act or thing which may be necessary and proper to be done in observance of the covenants and conditions hereof, or to prevent the termination hereof; all payments so made, and all things so done and performed by such holder shall be as effective to prevent a forfeiture of the rights of Lessee hereunder as the same would have been if done and performed by Lessee.

17. Priority of Lessor's Rights Over Encumbrances. Except as herein provided, no mortgage, deed of trust, mechanic's lien, or other encumbrance, lien, or security interest in, on, or against the Demised Premises or the improvements to be constructed thereon shall in any way, matter, or degree effect the interest of Lessor in the improvements or its rights on the premises. Lessee shall give written notice of such priority of Lessor's rights to any contractor or contractors furnishing material or labor for any building or improvements to be erected on the premises or any other improvements made thereon before any such contract is let. Furthermore, Lessor shall have the right and privilege to pay or discharge any lien thereby accruing, or any portion of the same after it is legally established, and Lessee shall be obligated to repay Lessor the amount

so paid as additional rent due from Lessee, together with interest at the legal rate per annum from the date of the payment.

18. Prohibition of Involuntary Assignment. Neither this Lease nor the leasehold estate of Lessee nor any interest of Lessee hereunder in the Demised Premises or any buildings or Improvements thereon shall be subject to involuntary assignment, transfer, or sale, or to assignment, transfer, or sale by operation of law in any manner whatsoever (except through a statutory merger or consolidation) and any such attempted involuntary assignment, transfer, or sale shall be void and of no effect.

19. Effect of Bankruptcy. Without limiting the generality of the provisions of the preceding Section 18, Lessee agrees that in the event any proceedings under any bankruptcy law or any amendment thereto shall be commenced by or against Lessee, and, if against Lessee, such proceedings shall not be dismissed before either an adjudication in bankruptcy or the confirmation of a composition, agreement, or plan or reorganization, or in the event lessee is adjudged insolvent or makes and assignment for the benefit of its creditors, or if a receiver is appointed in any proceeding or action to which Lessee is a party, with authority to take possession or control of the Demised Premises or the business conducted thereon by Lessee, and such receiver is not discharged within a period of thirty (30) days after his appointment, any such event or any involuntary assignment prohibited by the provisions of the preceding Section 18 shall be deemed to constitute a breach of this Lease by Lessee and shall, at the election of Lessor, but not otherwise, and without notice or entry or other action of lessor terminate this Lease and also all rights of Lessee hereunder and in and to the Demised Premises and also the rights of any and all persons claiming under Lessee.

20. Parties Bound. Subject to the provisions hereunder, this Lease shall be binding on and shall inure to the benefit of and shall apply to the respective successors and assigns of Lessor and Lessee, and all references in this Lease to "Lessor" or "Lessee" shall be deemed to refer to and include successors and assigns of Lessor or Lessee without specific mention of such successors or assigns.

21. Effect of Eminent Domain. If the portion of land taken under the power of eminent domain by any person or by any public or quasi-public authority renders the remainder of the Demised Premises unsuitable for the uses or use for which the land was leased, Lessee shall have the option to surrender this Lease and be discharged and relieved from any further liability on giving to Lessor written notice of such election within twenty (20) days after such appropriation or taking. In such event Lessee shall be released from any further liability under this Lease as of the date of such appropriation or taking, and rent, taxes, and assessments shall be prorated as of such date.

If this Lease shall not be terminated, as provided above, but shall continue as to that portion of the Demised Premises which shall not have been appropriated or taken, then in that event Lessor agrees that effective as of the date of such appropriation or taking, the rent shall be reduced in the ratio that the land area taken which is included within the Demised Premises bears to the land area which was included within the Demised Premises before such appropriation or taking.

22. Holdover by Lessee. Should Lessee remain in possession of the Demised Premises with the consent of Lessor after the natural expiration of this Lease, a new tenancy from month to month shall be created between Lessor and Lessee which shall be subject to all the terms and conditions hereof but shall be terminable on thirty (30) days written notice served by either Lessor or Lessee on the other party, or shall automatically terminate upon the entering into of a new lease by Lessor and Lessee. In the event of a holdover, the monthly rent shall be one-twelfth of the last annual rent paid.

23. Insurance.

a. Insurance Coverage of Premises. Lessee shall, at all times during the term of this Lease and at Lessee's sole expense, keep all improvements which are now or hereafter a part of the premises insured against loss or damage by fire and the extended coverage hazards for at least one hundred percent (100%) of the full replacement value of such improvements, with loss payable to Lessor and Lessee as their interest may appear. Any loss adjustment shall require the written consent of both Lessor and Lessee. Full replacement value of improvements shall mean the actual replacement cost thereof less exclusions provided in the normal fire insurance policy. The deficiency in any failure of Lessee to insure for full replacement value shall be borne solely by Lessee.

b. Personal Injury Liability Insurance. Lessee shall maintain in effect throughout the term of this lease personal injury liability insurance covering the premises and its appurtenances in the amount of at least One Hundred Thousand Dollars ($100,000.00) for injury to or death of any one person, and at least Fifty Thousand Dollars ($50,000.00) for any one accident or occurrence, and at least Fifty Thousand Dollars ($50,000.00) for property damage. Such insurance shall specifically insure Lessee against all liability assumed by it hereunder, as well as liability imposed by law, and shall insure both Lessor and Lessee but shall be so endorsed as to create the same liability on the part of the insurer as though separate policies had been written for Lessor and Lessee.

c. Lessee to Make Prompt Payments. All of the policies of insurance referred to in this section shall be written in form satisfactory to Lessor and by insurance

companies satisfactory to Lessor. Lessee shall pay all of the premiums therefore and deliver such policies, or certificates thereof, to Lessor, and in the event of failure to pay or deliver, shall be in default of this Lease carrying the same consequences as failure to pay any installment of rental. Lessor shall not be obligated to pay any obligations of Lessee hereunder.

24. Default. If Lessee shall fail or neglect to observe, keep, or perform any of the covenants, terms, or conditions herein contained on its part to be observed, kept, or performed, and such default shall continue for a period of thirty (30) days after written notice from Lessor setting forth the nature of Lessee's default, then and in any such event, Lessor shall have the right at its option, on written notice to Lessee, forthwith to terminate this Lease without prejudice to any other remedy or right of action for arrears or rent or for any proceeding or other breach of contract. All rights of Lessee hereunder shall thereupon cease, and Lessor without further notice to Lessee shall have the right immediately to enter the Demised Premises and take possession thereof with or without process of law and to remove all personal property from the premises and all persons occupying the premises and to use all necessary force therefore and in all respects to take the actual, full and exclusive possession of the premises and every part thereof as of Lessor's original estate, without incurring any liability to Lessee or to any persons occupying or using the premises for any damage caused or sustained by reason of such entry on the premises or such removal of such persons or property therefrom.

25. Ownership of Improvements on Termination of Lease. On termination of this Lease for any cause, any buildings, improvements or alterations built, constructed, or placed on the Demised Premises by Lessee, with the exception of fixtures removable without damage to the premises and movable personal property, shall unless otherwise provided by written agreement between Lessor and Lessee, be the property of Lessor and remain on the Demised Premises at the expiration or sooner termination of this Lease. Any lien, claim or security interest on any improvements or on Lessee's leasehold interest in the Demised Premises shall remain the obligation of Lessee.

26. Lessee's Option to Terminate Lease. Lessee shall have the right to terminate this Lease by giving written notice to Lessor at least thirty (30) days prior to the effective date of termination. However, this option may in no event be exercised during the construction of the improvements contemplated by Section 8.a, or during the existence of any outstanding lien or encumbrance on Lessee's leasehold interest in this Lease.

27. Abandonment. Lessee shall not vacate or abandon the premises at any time during the term of the Lease. If Lessee shall abandon, vacate or surrender the Demised Premises, or be dispossessed by process of law, or otherwise, Lessor may, at its option, enter the Demised Premises by any means without being liable for any

prosecution therefore, and without becoming liable to Lessee for damages or for any payment of any kind whatever, and may, at its discretion, as agent for Lessee, relet the Demised Premises, or any part thereof, for the whole or any part of the then unexpired term, and may receive and collect all rent payable by virtue of such reletting, and, at Lessor's option, hold Lessee liable for any difference between the rent that would have been payable under this Lease during the balance of the unexpired term, if this Lease had continued in force, and the net rent for such period realized by Lessor by means of such reletting. Any personal property belonging to Lessee and left on the premises shall be deemed to be abandoned, at the option of Lessor, and Lessor may dispose of all such personal property in any manner Lessor shall deem proper and is hereby relieved of all liability for doing so.

28. Lessor's Right of Entry. Lessee shall permit Lessor and the agents and employees of Lessor to enter into and upon the Demised Premises at all reasonable times for the purpose of inspecting the same, or for the purpose of posting any notice of non-responsibility in accordance with the terms of this Lease, without any rebate of rent and without any liability to Lessee for any loss of occupation of quiet enjoyment of the premises thereby occasioned. Further, Lessor and any agents or representatives of the government of Guam reserve the right to enter the Demised Premises for the purpose of performing any public or official duties and for maintaining or adding public utilities.

29. Caveat re Possibility of Reversion to United States. The real property which is the subject to this Lease may be subject to a possible reversion to the United States of America because of a possible failure of the government of Guam to comply with the conditions of the grant from the federal government. This notice is given pursuant to P.L. 22-18, Section 8.

30. Surrender of Possession. Lessee shall, on the last day of the term, or on earlier termination and forfeiture of the Lease, peaceably and quietly surrender and deliver the Demised Premises to Lessor free of sub tenancies, including all buildings, additions, and improvements constructed or placed thereon by Lessee, except moveable trade fixtures, all in good condition and repair. Any trade fixtures or personal property belonging to Lessee, if not removed at the termination or default, and if Lessor shall so elect, shall be deemed abandoned and become the property of Lessor without any payment or offset therefore. Lessor may remove such fixtures or property from the Demised Premises and store them or destroy them, at Lessor's option, and at Lessee's expense. Lessee shall repair and restore all damage to the Demised Premises caused by removal of equipment, trade fixtures, and personal property.

31. Notices. Wherever in this Lease it shall be required or permitted that notice be given by either party to this Lease to the other, such notice must be in writing and must be given personally or forwarded by certified mail addressed as follows:

TO LESSOR: Director
Department of Land Management
P.O. Box 2950
Hagatna, Guam 96932

TO LESSEE: President
Palauan Community Association of Guam
P.O. Box 10765
Tamuning, Guam 96931

Such addresses may be changed from time to time by written notice given hereunder.

32. Waiver. Acceptance of rent by Lessor shall not be deemed a waiver of any breach by Lessee of any term, covenant or condition of this Lease, nor of Lessor's right to declare and enforce a forfeiture for any such breach by Lessee. The failure of Lessor to insist upon strict performance of any such term, covenant or condition shall not be construed as a waiver or relinquishment of any term, covenant, condition or option. Notwithstanding any provision contained in this Lease to the contrary, Lessor may in writing allow additional time beyond the time or times specified herein to Lessee in which to comply, observe and perform any of the conditions and covenants herein contained, so long as Lessee shows good cause in writing.

33. Submittal of Financial Statements. Lessee shall annually at the same time the annual rent is paid submit to Lessor its financial statements with proof of insurance.

34. Costs of Litigation. In the event Lessor shall without any fault on its part be made a party to any litigation commenced by or against Lessee, all costs and expenses incurred by Lessor shall be paid by Lessee.

35. Lessor's Lien. Lessor shall have a lien on all improvements placed on the premises by Lessee, on all property kept or used on the premises, whether the same are exempt from execution or not, for all such costs, attorney's fees, rents reserved, taxes and assessments paid by Lessor on behalf of Lessee, and for the payment of all money as provided in this Lease to be paid by Lessee, and such lien shall continue until the amounts due are paid.

36. Effective Date. This Lease must first be approved by the Attorney General and the Governor, and is not considered effective until the legislature concurs to it by statute.

IN WITNESS WHEREOF, the parties hereto have executed this Lease as of the day and year first above written.

LESSOR:

MICHAEL J.B. BORJA
Director, Department of Land Management

Date: July 28, 2014

LESSEE:

DAVIS TEVID
President, Palauan Community Association of Guam

Date: 7/18/14

Acknowledgement

CITY OF TAMUNING)
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On this 28th day of July, 2014 before me, a Notary Public in and for the Territory of Guam, personally appeared MICHAEL J.B. BORJA, the Director of the Department of Land Management, Government of Guam, known to be to the person whose name is subscribed to the within Lease, and he acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto affixed by name and official seal on the day and year first above written.

ELEANOR DELA CRUZ TOVES
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: Oct. 03, 2015
P.O. Box 3457 Hagatna, Guam 96932

14-0690

Acknowledgement

CITY OF Tamuning)
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On this 18th day of July, 2014 before me, a Notary Public in and for the Territory of Guam, personally appeared DAVIS TEVID, known to be to the person whose name is subscribed to the within Lease, and he acknowledged to me that he executed the same.

IN WITNESS WHEREOF, I have hereunto affixed by name and official seal on the day and year first above written.

MICHICO JEAN BLAS LUJAN
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: Apr. 04, 2015
105 Tun Joe Domingo Ct.
Mangilao, Guam 96913

APPROVED AS TO FORM:

LEONARDO M. RAPADAS
Attorney General of Guam

Date: 10/27/14

DLM 14-0690

OFFICE OF THE ATTORNEY GENERAL OF GUAM
RECEIVED
Civil Solicitor
AUG 21 2014

APPROVED:

RAYMOND S. TENORIO
Acting Governor of Guam

Date: Nov. 21, 2014

ATTESTED:

RAYMOND S. TENORIO
Lieutenant Governor of Guam

Date:

CONCURRED:

_____

GUAM LEGISLATURE

Date:_____