

1 MINA'BENTE OCHO NA LIHESLATURAN GUAHAN
2 TWENTY- EIGHTH GUAM LEGISLATURE
3 2005 () Regular Session
4
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7 Bill no. 74(EC)
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9 Introduced by:

Committee on Calendar
by request of I Maga'lahaen Guahan
the Governor of Guam in accordance
with the Organic Act of Guam

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15 **AN ACT AUTHORIZING I MAGA'LAHEN GUAHAN TO BORROW OR**
16 **TO ARRANGE FOR A LINE OF CREDIT NOT TO EXCEED TEN (10)**
17 **MILLION DOLLARS WITH LOCALLY LICENSED FINANCIAL**
18 **INSTITUTIONS, GOVERNMENT OF GUAM AUTONOMOUS**
19 **AGENCIES, OR GOVERNMENT OF GUAM INSTRUMENTALITIES.**
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21 **Section 1. Authority to Borrow.**

22 *I Maga'lahaen Guahan*, on behalf of the government of Guam, is authorized to
23 borrow or arrange for a line of credit not to exceed Ten Million Dollars (\$10,000,000),
24 and to execute a financial agreement with any bank or commercial lending institution
25 licensed on Guam, government of Guam autonomous agency or any other instrumentality
26 of the government of Guam. The terms of the loan or line of credit shall include the
27 following:

28 (a) *I Maga'lahaen Guahan* shall use Ten Million Dollars (\$10,000,000) of
29 such loan for the purpose of funding Public Health, Safety and Educational assistance
30 programs as appropriated in Public Law Number 27-106 and 27-107, as amended, and
31 compliance with the Consent Decree in Civil Case No. 02-00022 and the permanent
32 injunction in Civil Case No. CIV01-00041;

33 (b) prepaid charges shall not be levied by the bank or entity for opening a line
34 of credit;

35 (c) interest derived from the financial agreement shall be exempt from
36 taxation by the government of Guam;

1 (d) all terms of the financial agreement shall be negotiated by *I Maga'laha*
2 *Guahan* in the best interest of the People of Guam;

3 (e) the interest rate shall be negotiated between *I Maga'laha* *Guahan* and
4 the lender, such interest rate shall not exceed seven percent (7%) per annum and shall be
5 computed on a 365 days calendar year upon the actual amount extended to the
6 government, and to be paid annually;

7 (f) the loan will be secured by a pledge of Rural Telephone Bank (RTB)
8 stocks and or any converted equivalent funds.

9 (g) any money borrowed shall be repaid within five (5) years with the option
10 to extend for another five (5) years, and in no case shall any amount borrowed be
11 financed, resulting in a repayment more than five (5) years after the loan is made unless
12 the option to extend is exercised; and

13 (h) funds, necessary for the repayment of the principal, interest and other
14 costs associated with the financing, are to be paid from the dividends and or other income
15 derived from the secured collateral. Interest paid to be sufficient to cover interest due on
16 the line of credit.

17 **Section 2. Severability.**

18 If any provision of this Act or its application to any person or circumstances is
19 held invalid, the invalidity shall not affect other provisions or applications of this Act
20 which can be given effect without the invalid provision or application, and to this end the
21 provisions of this Act are severable.