

MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN  
2011 (FIRST) Regular Session

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Bill No. ~~195~~(LS)

Introduced by:

J.T. Won Pat, Ed.D.  
Tina Rose Muna-Barnes  
R.J. Respicio

**AN ACT TO AMEND §58B102, §58B105 and  
§58B106 OF TITLE 5, GUAM CODE ANNOTATED,  
RELATIVE TO PLEDGE OF SECTION 30  
REVENUES FOR THE EXPANSION OF OKKODO  
HIGH SCHOOL**

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

2 **Section 1.** §58B102 of Title 5 Guam Code Annotated is hereby *amended* to read  
3 as follows:

4 **“§ 58B102. Authorization to Enter into Long-Term Leases.**

5 For the purpose of facilitating the financing of the design,  
6 construction and maintenance of an Education Facility encompassed by this  
7 Act, the government of Guam or an Education Agency, as the case may be,  
8 is authorized to lease, if required, to the Contractor sufficient government of  
9 Guam real property on which to construct, convert or rehabilitate an  
10 Education Facility and to extend an existing lease of real estate to the  
11 Contractor.

12 The Education Agency is also authorized to lease back from the  
13 Contractor the property for a period mutually agreed upon between the  
14 Education Agency and the Contractor as may be reasonably necessary to  
15 amortize over the Lease-Back Period the costs associated with the financing,

1 design and construction of the Education Facility. In no event shall the end  
2 of such Lease-Back Period be later than the date thirty (30) years from the  
3 scheduled date of completion of the Education Facility. The Lease-Back  
4 shall be structured as an annually renewable lease with a provision for  
5 automatic renewals to the extent that pledged revenue under §58B105 is  
6 available. ~~The Lease-Back shall not be construed as a debt under any~~  
7 ~~applicable debt limitation under the Guam Organic Act or Guam law.~~

8 The additions and improvements to Okkodo High School shall include  
9 the expansion of classrooms to accommodate the overcrowding, restroom  
10 facilities at all outdoor sports fields, additional restrooms required by public  
11 health due to the increase in student population, solar panels, the culinary  
12 arts building, signalization, the track and field track with proper turf,  
13 collateral equipment, and other projects needed to facilitate the expansion to  
14 accommodate the increase in student population.”

15 **Section 2.** §58B105 of Title 5 Guam Code Annotated is hereby *amended* to read  
16 as follows:

17 **“§ 58B105. Use of Qualified School Construction Bonds.**

18 To minimize the financing cost to the Education Agency, financing  
19 utilized by the Contractor to fund the design and construction of the  
20 Education Facility shall be through the use of Qualified School Construction  
21 Bonds in an amount not to exceed Twenty-One Million Eight Hundred  
22 Eighteen Thousand Dollars (\$21,818,000) as authorized under Section 1521  
23 of P.L. 111-5 (The American Recovery and Reinvestment Act of 2009) and  
24 the issuance of tax exempt bonds or lease certificates, provided such  
25 financing is available at an interest rate of no more than eight and a half  
26 percent (8.5%). Alternatively, the Contractor may use an alternative method  
27 of financing, including, but not limited to, a short term debt, mortgage, loan,

1 federally guaranteed loan or loan by an instrumentality of the United States  
2 of America, if such financing will better serve the needs of the people of  
3 Guam. Such alternative financing shall be approved by  
4 *I Liheslaturan Guåhan*. The purpose for the requirements of this Section is  
5 to assure the Education Agency pays the lowest possible net interest rate so  
6 that the cost to the Education Agency of financing the design and  
7 construction of an Education Facility, amortized through the Lease-Back  
8 payments from the Education Agency to the Contractor, will be lower than  
9 regular commercial rates.

10 **Section 3.** §58B106 of Title 5 Guam Code Annotated is hereby *amended* to read  
11 as follows:

12 **“§58B106. Pledge of Section 30 Revenues.**

13 Rental payments under the Lease and the Lease-Back shall be secured  
14 by a pledge or other reservation of revenues received by or on behalf of the  
15 government of Guam from the United States of America pursuant to Section  
16 30 of the Guam Organic Act (48 U.S.C.A. Section 1421h). ~~Any pledge or~~  
17 ~~reservation of Section 30 revenues authorized by the Act shall be~~  
18 ~~subordinate only to the existing lien securing the Government of Guam~~  
19 ~~Limited Obligation (Section 30) Bonds, Series 2001A. Any amounts~~  
20 ~~pledged as provided in this section are hereby continuously appropriated for~~  
21 ~~the purpose of making Lease-Back payments, but any amounts only reserved~~  
22 ~~as provided in this section, and not pledged, shall be subject to annual~~  
23 ~~appropriation for the purpose of making Lease-Back payments.~~

24 Any such pledge or reservation authorized hereunder shall be valid  
25 and binding from the time the pledge or reservation is made and shall be  
26 limited to Two Million Nine Hundred Thousand Dollars (\$2,900,000) per  
27 year during the Lease-Back Period, as prescribed in Section 3 of Public Law

1 30-178. The Section 30 revenues pledged or reserved and thereafter received  
2 by the government of Guam or by any trustee, depository or custodian shall  
3 be deposited in a separate account and shall be immediately subject to such  
4 reservation or the lien of such pledge without any physical delivery thereof  
5 or further act, and such reservation or the lien of such pledge shall be valid  
6 and binding against all parties having claims of any kind in tort, contract or  
7 otherwise against the government of Guam or such trustee, depository or  
8 custodian, irrespective of whether the parties have notice thereof. The  
9 instrument by which such pledge or reservation is created need not be  
10 recorded. The remainder of the funds from the existing lien, supra, not  
11 utilized for this project shall be subject to legislative appropriation.”  
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