

**I MINA'TRENTA NA LIHESLATURAN GUÅHAN**  
**2010 (SECOND) Regular Session**

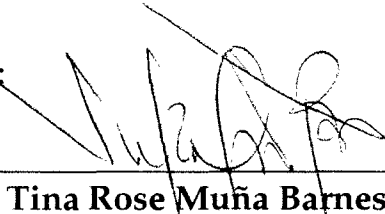
**CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN**

This is to certify that **Substitute Bill No. 492-30 (COR), "AN ACT TO DISTRIBUTE ADDITIONAL COLA AWARD PAYMENTS FOR CERTIFICATES OF CLAIM ISSUED, AND TO AUTHORIZE THE SALE OF GENERAL OBLIGATION PROMISSORY NOTES FOR PAYMENTS TO COLA AWARDEES, IN REFERENCE TO SUPERIOR COURT CASE NO. SP0206-93,"** was on the 22<sup>nd</sup> day of December, 2010, duly and regularly passed.



**Judith T. Won Pat, Ed. D.**  
**Speaker**

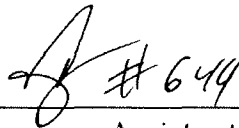
Attested:



**Tina Rose Muña Barnes**  
**Legislative Secretary**

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This Act was received by *I Maga'lahaen Guåhan* this 23 day of Dec., 2010, at 8:02 o'clock P.M.



Assistant Staff Officer  
*Maga'lahaen's Office*

APPROVED:

\_\_\_\_\_  
**FELIX P. CAMACHO**  
*I Maga'lahaen Guåhan*

Date: \_\_\_\_\_

Public Law No. \_\_\_\_\_

***I MINA'TRENTA NA LIHESLATURAN GUÅHAN***  
**2010 (SECOND) Regular Session**

**Bill No. 492-30 (COR)**

As substituted by the Committee on Appropriations,  
Taxation, Banking, Insurance, Retirement, and Land,  
and amended on the Floor.

Introduced by:

v. c. pangelinan  
Judith T. Won Pat, Ed.D.  
T. C. Ada  
V. Anthony Ada  
F. B. Aguon, Jr.  
F. F. Blas, Jr.  
E. J.B. Calvo  
B. J.F. Cruz  
J. V. Espaldon  
Judith P. Guthertz, DPA  
T. R. Muña Barnes  
Adolpho B. Palacios, Sr.  
R. J. Respicio  
Telo Taitague  
Ray Tenorio

**AN ACT TO DISTRIBUTE ADDITIONAL COLA  
AWARD PAYMENTS FOR CERTIFICATES OF CLAIM  
ISSUED, AND TO AUTHORIZE THE SALE OF  
GENERAL OBLIGATION PROMISSORY NOTES FOR  
PAYMENTS TO COLA AWARDEES, IN REFERENCE  
TO SUPERIOR COURT CASE NO. SP0206-93.**

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

2        **Section 1. Legislative Findings and Intent.** In Public Law 30-196, the  
3        General Appropriations Act of 2011, *I Liheslaturan Guåhan* prioritized the  
4        appropriation of surplus revenues toward prior obligations incurred as a result of

1 court orders and deficit spending. The fulfillment and completion of the  
2 government's payment of the obligation to retirees pursuant to *Rios vs. Camacho*,  
3 SP0206-93 continues to elude claimants due to lack of a structured funding source.

4 *I Liheslaturan Guåhan* wishes to complete the payment of the Cost of  
5 Living Allowance (COLA) awards to bring finality to this injustice to the  
6 *manåmko* and their heirs. The urgency of paying down this outstanding liability  
7 stems from concerns related to the financial need of recipients and the legal  
8 obligation that will continue to accumulate and increase the government's liability  
9 and the potential for further litigation if the situation remains unresolved.

10 *I Liheslaturan Guåhan* finds that there are cash resources which remain  
11 available, and in some cases unclaimed, due to awardees, beneficiaries and heirs  
12 who are not able to complete the process to legally verify their right to the award.  
13 A review of these awards projects that it is unlikely that these awards will be  
14 disbursed in the near term.

15 *I Liheslaturan Guåhan* further finds that it is prudent to expend funds that  
16 remain in a bank account, due to unclaimed awards, to awardees whose claims are  
17 in order and ready for payment. Rather than allow previously appropriated funds  
18 for COLA claimants to sit idle, *I Liheslatura* intends to use a portion of these funds  
19 to pay for existing claimants, which have been verified by the Government of  
20 Guam Retirement Fund. *I Liheslaturan Guåhan* recognizes that the use of these  
21 funds in *no way* extinguishes the unclaimed awards of these claimants.

22 *I Liheslaturan Guåhan* further finds that the payment authorization and  
23 guidelines authorized in this Act herein *shall* assist the government of Guam in  
24 partnership with the Government of Guam Retirement Fund (GGRF), on behalf of  
25 its members, in meeting the court ordered obligations in *Rios vs. Camacho*,  
26 SP0206-93 and further, provide relief to outstanding financial liabilities while  
27 eliminating the potential of further litigation against the government of Guam.

1            *I Liheslatura* intends that the GGRF *shall* use the funds appropriated herein  
2 *solely* for paying down part of the COLA liability to retirees and for this purpose  
3 alone.

4            **Section 2. Authorization to Use Unclaimed and Unprocessed COLA**  
5 **Awards.** The Government of Guam Retirement Fund is hereby authorized to use  
6 Three Million Dollars **(\$3,000,000)** from unreleased award payments to retirees  
7 and beneficiaries where *no* awardees, beneficiaries or heirs have come forward to  
8 claim the awards and where awardees, beneficiaries or heirs are unable to complete  
9 processing of claims to pay claimant awards ready for distribution set forth in Title  
10 5, Guam Code Annotated, Chapter 6, Article 4, §6404(d)(1).

11            **Section 3. COLA Disbursement Provisions.**

12            The disbursement provision for the authorization in Section 2 is Principal or  
13 Interest from principal owed starting with the claimant with the lowest initial  
14 award from the class settlement, followed by the next lowest initial award and  
15 repeating this disbursement methodology until all the funds appropriated and  
16 authorized are exhausted.

17            **Section 4.** A new Subsection (e) is hereby *added* to §6404 of Article 4,  
18 Chapter 6 of Title 5, Guam Code Annotated, to read:

19            “(e) Sale of Certificates of Claim in Whole or Part as General  
20 Obligation Promissory Notes.

21            (1) Authorization to Borrow. *I Maga’låhen Guåhan* is  
22 authorized to issue General Obligation Promissory Notes (the  
23 “Notes”) *not* to exceed the total amount of all outstanding and  
24 unredeemed Certificates of Claim issued to “COLA” Awardees in  
25 reference to Superior Court Case No. SP0206-93 and as authorized in  
26 Title 5 GCA §6404(d). The Notes *shall* be general obligations of the  
27 government of Guam secured by the full faith and credit of the

1 government of Guam. *I Maga'låhen Guåhan shall* within sixty (60)  
2 days after the enactment of this Act issue a Request for Proposal for  
3 the sale of the general obligation promissory notes authorized herein.

4 (2) Terms and Conditions. The terms and conditions of the  
5 Notes *shall* be as determined by *I Maga'låhen Guåhan*; provided, that  
6 the notes:

7 (A) *shall* not be secured by a pledge of Section 30  
8 revenues;

9 (B) *shall* be redeemed in full, including accrued  
10 interest within twenty (20) years or thereafter automatically  
11 convert to Certificates of Claim subject to the terms and  
12 conditions defined in Title 5 GCA §6404(d);

13 (C) *shall* bear interest at such fixed or variable rate or  
14 rates as may be negotiated by *I Maga'låhen Guåhan* in the best  
15 interests of the government, such interest rate *shall not* exceed  
16 eight percent (8%), and *shall* be computed on a three hundred  
17 sixty-five (365) day calendar year upon the actual amount  
18 issued by the government of Guam.

19 (3) Sale of Promissory Notes.

20 (A) Sale of the Notes *shall* be in denominations *no less*  
21 *than* Five Thousand Dollars (\$5,000.00);

22 (B) Investor purchase quantity *shall not* be limited;

23 (C) Investor access to purchase of the Notes *shall* be in  
24 the following order of priority:

25 (i) the Government of Guam Retirement Fund;

26 (ii) residents of Guam;

1 (iii) banks or other financial institutions licensed  
2 to conduct business on Guam;

3 (iv) other entities licensed to conduct business  
4 on Guam; and

5 (v) all other interested institutions as determined  
6 by *I Maga'låhen Guåhan*.

7 (4) Use of Proceeds From the Sale of the Notes. The  
8 proceeds from the sale of the Notes *shall* only be used and are hereby  
9 appropriated to redeem and pay outstanding Certificates of Claims  
10 issued to COLA awardees in Superior Court Case No. SP0206-93.

11 (5) Approval by the Guam Economic Development  
12 Authority. Notes authorized in this Section *shall not* be sold until the  
13 Board of Directors of the Guam Economic Development Authority  
14 approves the terms and conditions of the Note sale.

15 (6) Approval of Voters Not Required. The Notes *shall not*  
16 be subject to the approval of voters of Guam.

17 (7) Continuing Annual Appropriation of Principal and  
18 Interest. Effective October 1, 2011, and each October 1 thereafter,  
19 there is hereby appropriated sums from the General Fund required for  
20 all payments of principal and interest based on a maturity schedule to  
21 repay any general obligation promissory notes authorized in  
22 §6404(e)(1). This annual appropriation *shall* be a continuing  
23 appropriation and *shall not* lapse at the end of the fiscal year. In  
24 addition to any funds specifically appropriated by this Act, all moneys  
25 received from any other source as contributions or supplements for  
26 repayment of the notes established in this Act, and any interest or

1 income earned, *shall* be paid into a Fund established for repayment  
2 and *shall* be a continuing appropriation.”

3 **Section 5. Retirement Fund Purchase Authorization.** Notwithstanding  
4 any other provision of law, the Government of Guam Retirement Fund may  
5 purchase for investment the government of Guam General Obligation Promissory  
6 Notes authorized herein and indemnifies all Board members from any liability  
7 arising from the purchase of such promissory notes.

8 **Section 6. Effective Date.** This Act *shall* be effective upon enactment.

9 **Section 7. Severability.** *If* any provision of this Law or its application to  
10 any person or circumstances is found to be invalid or contrary to law, such  
11 invalidity shall *not* affect other provisions or applications of this Law which can be  
12 given effect without the invalid provisions or application, and to this end the  
13 provisions of this Law are severable.