

**FILED**  
**DISTRICT COURT OF GUAM**

MAY 26 2009

**JEANNE G. QUINATA**  
Clerk of Court

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Office of the Speaker  
Judith T. Won Pat, Ed. D.

Date: 5/26/09  
Time: 3:30  
Received by: [Signature]

2009 MAY 27 AM 10:41

Attorneys for the Government of Guam

**UNITED STATES DISTRICT COURT  
TERRITORY OF GUAM**

UNITED STATES OF AMERICA	)	CIVIL CASE NO. 02-00022
	)	
Plaintiff,	)	
	)	
vs.	)	
	)	<b>GUAM ECONOMIC DEVELOPMENT</b>
GOVERNMENT OF GUAM,	)	<b>AUTHORITY BI-WEEKLY</b>
	)	<b>PROGRESS REPORT</b>
Defendant.	)	
	)	


The Guam Environmental Protection Agency (Guam EPA), by and through the Office of the Attorney General, files the attached monthly report, pursuant to the Consent Decree Order (*see* Docket No. 330), dated January 14, 2009, the Consent Decree Order (*see* Docket No. 357), dated February 12, 2009, and the Consent Decree Order: "ORDER RE: STATUS HEARING" dated March 6, 2009 (*see* Docket No. 374).

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1 The attached report outlines the progress on the permitting process for the RCRA  
2 Subtitle D compliant Municipal Solid Waste Facility (MSWL) at Layon.

3 Respectfully submitted this 26th day of May, 2009.

5 OFFICE OF THE ATTORNEY GENERAL  
6 **Alicia G. Limtiaco, Attorney General of Guam**

7 By:   
8 **J. PATRICK MASON**  
9 Deputy Attorney General  
Attorneys for Defendant Government of Guam

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May 26, 2009

Hon. Frances Tydingco-Gatewood  
Chief Justice  
United States District Court of Guam  
4<sup>th</sup> Floor, U.S. Courthouse  
520 West Soledad Avenue  
Hagatna, Guam 96910

Hafa Adai Judge Gatewood!

Pursuant to the Order of the District Court of Guam (Court), dated April 14, 2009, requiring the Guam Economic Development Authority ("GEDA") to submit biweekly progress reports to the Court regarding the progress of the landfill bonds, we are pleased to submit to the Court our second Biweekly report ("Report"). The purpose of this Report is to describe to the Court the progress made toward selling bonds to fund the Court ordered Consent Decree projects, as authorized by Public Law 30-1 and amended by Public Law 30-7.

#### Bond Financing Update

The Government of Guam ("GovGuam") and GEDA are well on their way implementing the schedule indicated in previous Reports to the Court. Since our May 12<sup>th</sup> Report to the Court, our finance team has achieved significant milestones including:

- ✓ Distributed, discussed and commented on the near final drafts of the indenture, supplemental indenture, preliminary official statement ("POS"), bond purchase agreement and other documents
- ✓ Received a commitment from Bank of Guam to subordinate the 2002 and 2008 loans and reviewed first drafts of the subordination agreements
- ✓ Obtained approval of the bonds from GEDA's board on May 12, 2009
- ✓ Obtained approval of the terms and conditions of the bonds from the PUC on May 14, 2009
- ✓ Coordinated with the Receiver to obtain comments on bond documents and other items
- ✓ Received a BBB- rating from Standard & Poor's ("S&P") on May 20, 2009
- ✓ Electronically posted/mailed the Preliminary Official Statement on May 20, 2009, indicating the initial marketing period for the bonds

The finance team believes that the BBB- investment grade rating will assist GovGuam in securing more attractive interest rates on the bonds. The investment grade rating helps to open up an expanded universe of potential investors should increase demand for the bonds and result in lower debt service cost for the Government. The finance team will be conducting investor conference calls and one-on-one meetings with investors in the mainland over the next week.

The Finance Team is on its final track to meet a bond closing by June. Following are the last steps to achieving that time frame. Note that the following dates are on mainland time.

June 1, 2009 – Local Retail Order Period  
June 2-3, 2009 – Bond Pricing / Signing of Bond Purchase Agreement  
June 17, 2009 – Bond Pre-Closing  
June 18, 2009 – Bond Closing

The municipal market has continued to improve in the last few weeks. Tax-exempt bond funds have continued to see positive inflows, a positive trend compared to last year's outflows. Taxable Build America Bonds continue to draw significant investor interest, however, the tax-exempt market seems to be the beneficiary of both diminished supply and a deeper appreciation of the underlying credit strengths of municipal issuers. Our team remains confident that, all things being equal, the Government will have positive market reception for the bonds during the week of June 1<sup>st</sup> and will be able to meet the timeframe established by the Court.

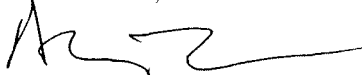
#### USDA Loan

GEDA continues to work with the USDA office on the Government's application for USDA funding for the new landfill. Since the May 12<sup>th</sup> report to the Court, USDA has requested additional information to complete the loan application. The Receiver provided answers to many of USDA's questions, as well as the Value Engineering Study for USDA's review. GovGuam continues to pursue the USDA loan with the local Guam office, regional Hawaii office and strong support from the Washington D.C. office.

Given that GovGuam has electronically posted and mailed the POS for the Section 30 bonds, indicating the beginning of the marketing period for the bonds, the team intends to move forward with the bond issue regardless of the outcome with USDA. If USDA funding is obtained at a later date, GovGuam may pursue reprogramming bond proceeds to other projects, to the extent there are available funds not needed to fund the Consent Decree projects.

Should you have any questions or need more information, please call me at the GEDA offices at 647-4332.

Senseremente,



Anthony C. Blaz  
Administrator