

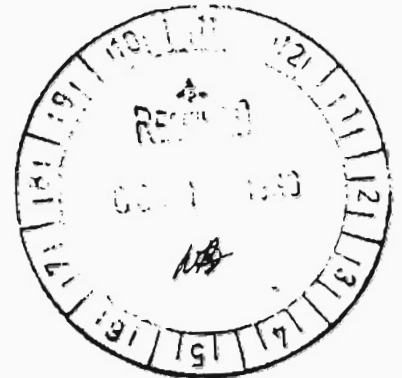


Territory of Guam
Territorio de Guam

OFFICE OF THE GOVERNOR
UFISINAN I MAGA LAHE
AGANA, GUAM 96910 U.S.A.

SEP 7 9 1997

Rec'd by



The Honorable Joe T. San Agustin
Speaker, Twentieth Guam Legislature
Post Office Box CB-1
Agana, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill 27 which I have signed into law this date as Public Law 20-97.

I am indeed pleased that once again resources of this territory will be expended to assist in expanding the opportunities for our farmers and agricultural cooperative associations. This measure represents a commitment to this vital sector of our Island's economy.

The Guam Economic Development Authority stands ready to immediately implement the provisions of this law. However, there is a minor technical flaw in Section 3 of the measure. I request that the Legislature consider amending that Section to reference Sections 2203, 2206 and 2303 of Title 12, Guam Code Annotated so, it is consistent with Section 2 of the public law.

Sincerely yours,

JOSEPH F. ADA
Governor

200554

Enclosure

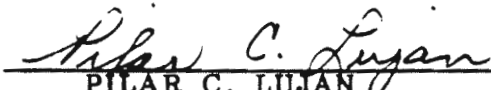
TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

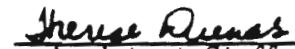
This is to certify that Substitute Bill No. 27 (COR), "AN ACT TO AMEND SUBSECTION (1) OF §2103 AND §2206.1, CHAPTER 2, TITLE 12, GUAM CODE ANNOTATED, ADDING §§2206.2 AND 2206.3 TO SAID CHAPTER 2 AUTHORIZE DIRECT LOANS BY THE GUAM ECONOMIC DEVELOPMENT AUTHORITY, AND ESTABLISHING CRITERIA THEREFOR," was on the 28th day of September, 1989, duly and regularly passed.


JOE T. SAN AGUSTIN
Speaker

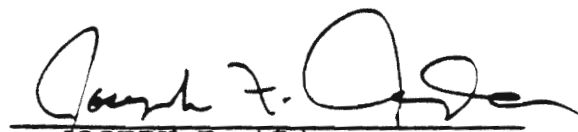
Attested:


PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 4th day of Oct., 1989,
at 4:20 o'clock p.m.


Theresa Ruelas
Assistant Staff Officer
Governor's Office

APPROVED:


JOSEPH F. ADA
Governor of Guam

Date: October 13, 1989

Public Law No. 20-97

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 27 (COR)
As substituted by the
Committee on Economic Development
and further substituted by the
Committee on Rules

Introduced by:

P. C. Lujan
T. S. Nelson
C. T. C. Gutierrez

J. T. San Agustin
H. D. Dierking
J. P. Aguon
E. P. Arriola
M. Z. Bordallo
G. Mailloux
D. Parkinson
F. J. A. Quitugua
E. D. Reyes
F. R. Santos
J. G. Bamba
D. F. Brooks
E. R. Duenas
E. M. Espaldon
M. D. A. Manibusan
M. C. Ruth
T. V. C. Tanaka
A. R. Unpingco

AN ACT TO AMEND SUBSECTION (1) OF
§2103 AND §2206.1, CHAPTER 2, TITLE 12,
GUAM CODE ANNOTATED, ADDING §§2206.2
AND 2206.3 TO SAID CHAPTER 2 TO
AUTHORIZE DIRECT LOANS BY THE GUAM
ECONOMIC DEVELOPMENT AUTHORITY, AND
ESTABLISHING CRITERIA THEREFOR.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. Subsection (1) of §2103, Chapter 2, Title 12, Guam Code
3 Annotated, is hereby amended to read:

4 "(1) The Corporation is authorized to make loans or to guarantee
5 loans to non-profit cooperative associations licensed to do business in
6 Guam in furtherance of the purposes and activities stated in this Act.
7 All loans or guarantees so made shall be of such sum, value or so

1 secured as to reasonably assure repayment or shall be of such vital
2 need to the economy of Guam as to warrant additional risk or
3 subsidies. As used in this subsection, non-profit cooperative
4 association means any corporation organized under the provisions of
5 Division First, Part IV, Title V of the Civil Code."

6 Section 2. §2206.1 of Chapter 2, Title 12, Guam Code Annotated, is
7 hereby amended to read:

8 "§2206.1. From the Agricultural Development Fund, the Guam
9 Economic Development Authority shall make direct loans to and
10 guarantee loans of responsible non-profit cooperative associations and
11 individual farmers necessary for expanding facilities for the
12 improvement of marketing of agriculture products and other related
13 agriculture activities in carrying out provisions of §§2203, 2206, and
14 2303 of this Chapter."

15 Section 3. Section 3 of Public Law 16-125 is hereby amended to read:

16 "Section 3. The sum of One Million Six Hundred Thousand
17 Dollars (\$1,600,000) is appropriated from the General Fund to the
18 Agricultural Development Fund for use in carrying out the provisions
19 of §§2203, 2206 and 2203 of Chapter 2, Title 12, Guam Code
20 Annotated."

21 Section 4. §2206 of Chapter 2, Title 12, Guam Code Annotated, is
22 hereby amended to read:

23 "§2206. Use of Funds. Funds will be advanced to whatever
24 entity is involved for the purpose of purchasing poultry, hogs, cattle,
25 supplies, feed, etc., all related to poultry, hog or beef production;
26 leasing and purchasing of equipment; establishing and developing
27 agriculture, aquaculture, horticulture and mariculture operations,
28 processing plants and the leasing of land when applicable to the
29 development of poultry, pork and beef production, agricultural
30 products or processing plants. Collateral security will be obtained, if
31 possible. Funds so advanced will be on the basis of an interest
32 charge of four percent (4%) per annum. In some instances funds
33 advanced will be on a continuing and revolving basis, until such time
34 as the project is self-supporting."

1 Section 5. §2206.2 is hereby added to Chapter 2, Title 12, Guam Code
2 Annotated, to read:

3 "§2206.2. Criteria and Requirements. In undertaking any such
4 loan, the Board of Directors shall be guided by and shall observe the
5 following criteria and requirements; provided, that the determination
6 by the Board of Directors as to its compliance with such criteria and
7 requirements shall be final and conclusive:

8 (1) There is a need for such facilities in the area in which
9 the facilities are to be located;

10 (2) No facilities shall be leased to any public or non-profit
11 agency unless a feasibility study supporting the project's
12 financing is submitted by the applicant to the Corporation. The
13 study shall contain information as directed by the Corporation.

14 (3) Adequate provision shall be made for the payment of
15 the principal of and the interest on said loan and any necessary
16 reserves therefor and for the operation, repair and maintenance
17 of the facilities at the expense of the lessee(s); and

18 (4) Public facilities, including utilities, and public services
19 necessary for the facilities will be made available."

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

ROLL CALL SHEET

Bill No. 27

Date: 9/22/89

Resolution No. _____

QUESTION: _____

	<u>AYE</u>	<u>NAY</u>	<u>NOT VOTING</u>	<u>ABSENT</u>
J. P. Aguon	✓			
E. P. Arriola	✓			
J. G. Bamba	✓			
M. Z. Bordallo	✓			
D. F. Brooks	✓			
H. D. Dierking	✓			
E. R. Duenas				✓
E. M. Espaldon	✓			
C. T. C. Gutierrez	✓			
P. C. Lujan	✓			
G. Mailloux	✓			
M. D. A. Manibusan	✓			
T. S. Nelson	✓			
D. Parkinson	✓			
F. J. A. Quitugua				✓
E. D. Reyes	✓			
M. C. Ruth	✓			
J. T. San Agustin	✓			
F. R. Santos	✓			
T. V. C. Tanaka	✓			
A. R. Unpingco	✓			

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JAN 04 '89

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 27 (coe)

Introduced by: P. C. Lujan *PLJ*

AN ACT TO AMEND SUBSECTION U OF SECTION
53552 AND SECTION 53601.1 AND ADDING
SECTIONS 53601.2 AND 53601.3 ESTABLISHING
CRITERIA FOR SAID LOANS.

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

2 Section 1. Subsection (u) of Section 53552, is hereby amended to read as
3 follows:

4 "The Corporation is authorized to make loan or guarantee loans to
5 non-profit cooperative associations licensed to do business on Guam in
6 furtherance of the purposes and activities stated in this Act. All loan or
7 guarantees so made shall be of such sum, value or so secured as to reasonably
8 assure repayment or shall be of vital need to the economy of Guam as to
9 warrant additional risk or subsidies. As used in this Subsection 'non-profit
10 cooperative association' means any corporation organized under the provisions
11 of Division First Part IV, Title V of the Civil code.

12 Section 2. Section 53601.1 is hereby amended to read as follows:

13 Section 53601.1. "From the Agricultural Development Fund, the Guam
14 Economic Development Authority shall make loan to or guarantee loans to
15 responsible non-profit cooperative associations necessary for expanding
16 facilities for the improvement or marketing of agricultural products."

17 Section 3. Section 53601.2, is hereby added to the Government Code of Guam
18 to read as follows:

19 "Section 53601.2. Criteria and Requirements.

20 In undertaking any such loan, the Board of Directors shall be guided
21 by and shall observe the following criteria and requirements provided that
22 the determination by the Board of Directors as to its compliance with such
23 criteria and requirements shall be final and conclusive:

- 24 1) There is a need for such facilities in the area in which the facilities
25 are to be located;
- 26 2) No facilities shall be leased to any public or non-profit agency unless
27 the financial feasibility of the financing is supported by a feasibility

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study prepared by a professional consultant, which may be an independent firm or certified public accountants, having favorable national reputations for skill and experience in such work;

- 3) Adequate provision shall be made for the payment of the principal of and the interest on said loan and any necessary reserves therefore and for the operation, repair and maintenance of the facilities at the expense of the lessor; and
- 4) The public facilities, including utilities, and public services necessary for the facilities will be made available."



Twentieth Guam Legislature

163 Chalan Santo Papa Street
Agana, Guam 96910

11 September 1989

SPEAKER JOE T. SAN AGUSTIN
Twentieth Guam Legislature
163 Chalan Santo Papa
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Economic Development, to which was referred BILL NO. 27 [An Act to Amend Subsection U of Section 53552 and Section 53601.1 and Adding Sections 53601.2 and 53601.3 Establishing Criteria for Said Loans], wishes to report back to the Legislature with its recommendation to pass Bill No. 27, as substituted by the Committee. The voting record is as follows:

TO PASS	<u>11</u>
NOT TO PASS	<u>0</u>
TO REPORT OUT ONLY	<u>1</u>
TO PLACE IN INACTIVE FILE	<u>0</u>
OFF-ISLAND	<u>0</u>

Copies of the Committee Report and other pertinent documents are attached.

Your attention to this matter is greatly appreciated.

A handwritten signature in cursive script, appearing to read "Edward D. Reyes".

EDWARD D. REYES

Attachments.



Twentieth Guam Legislature

163 Chalan Santo Papa Street
Agana, Guam 96910

01 September 1989

MEMORANDUM

TO: Members, Committee on Economic Development
FROM: Chairman, Committee on Economic Development
SUBJECT: Committee Report - Bill No. 27

Transmitted herewith for your information and action is the Committee on Economic Development's Report on Bill No. 27 [An Act to Amend Subsection U of Section 53552 and Section 53601.1 and Adding Sections 53601.2 and 53601.3 Establishing Criteria for Said Loans].

The narrative report is accompanied by the following:

1. Bill No. 27;
2. Committee on Economic Development Voting Sheet;
3. Written Testimony; and
4. Substitute Bill No. 27.

Should you have any questions on the narrative report or the accompanying documents, I would be most happy to answer any of them.

Please take the appropriate action on the attached voting sheet and return the documents to my office for transmittal to the other members.


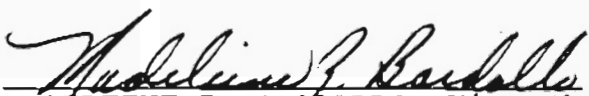


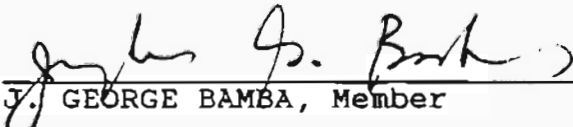

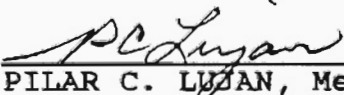
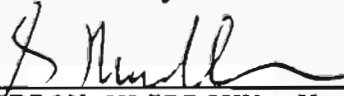



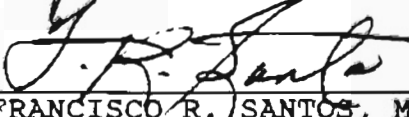
Your attention and cooperation in this matter is greatly appreciated.


EDWARD D. REYES

Attachments.

COMMITTEE ON ECONOMIC DEVELOPMENT
 TWENTIETH GUAM LEGISLATURE

BILL NO 27 - AN ACT TO AMEND SUBSECTION U OF SECTION
 53552 AND SECTION 53601.1 AND ADDING SECTIONS 53601.2 AND
 53601.3 ESTABLISHING CRITERIA FOR SAID LOANS

COMMITTEE MEMBER	TO PASS	NOT TO PASS	REPORT OUT	INACTIVE FILE	OFF- ISLAND
 EDWARD D. REYES, Chairman	✓				
 MADELEINE Z. BORDALLO, Vice-Chairman	✓				
 JOHN P. AGUON, Member	✓				
 ELIZABETH P. ARRIOLA, Member	✓				
 J. GEORGE BAMBA, Member	✓				
 HERMINIA D. DIERKING, Member	✓				
 PILAR C. LUZAN, Member	✓				
 GORDON MAILLOUX, Member			✓		
 MARILYN MANIBUSAN, Member			✓ 9/5/89 mlm		
 TED S. NELSON, Member	✓				
 JOE P. SAN AGUSTIN, Ex-Officio Member	✓				
 FRANCISCO R. SANTOS, Member	✓				

TWENTIETH GUAM LEGISLATURE

Committee on Economic Development Report

Bill No. 27

AN ACT TO AMEND SUBSECTION U OF SECTION 53552
AND SECTION 53601.1 AND ADDING SECTIONS 53601.2
AND 53601.3 ESTABLISHING CRITERIA FOR SAID
LOANS.

I. Introduction

This Bill was introduced by Senator Pilar C. Lujan on January 4, 1989 and referred by the Committee on Rules on January 19, 1989 to the Committee on Economic Development and the Committee on Ways and Means.

The purpose of the Bill is to give the Guam Economic Development Authority the mandate to make direct loans to non-profit cooperative associations. Currently, GEDA's mandate provides that it may only guarantee loans to cooperatives, although it may make direct loans to farmers.

The Committee conducted a public hearing on May 22, 1989 beginning at 9:00 a.m. in the legislative session hall. Chairman E.D. Reyes presided and members present included Vice Chair M.Z. Bordallo, J.P. Aguon, E.P. Arriola, J.G. Bamba, P.C. Lujan and T.S. Nelson.

II. Testimony

Mr. Charles Crisostomo, Acting Administrator of the Guam Economic Development Authority, provided written and verbal testimony.

He testified that the \$1.6 Million appropriated by Public Law 16-125 to cover loan guarantees had been received by GEDA. However, in attempting to make use of those funds, GEDA found that few banks were willing to participate in the loan guarantee program and those few banks wanted to issue only short term notes.

In addition, he indicated there exists the need for direct loans to farmers for equipment and materials to begin, sustain or expand their operations. He furnished the Committee proposed amendments for this purpose.

A discussion ensued after Mr. Crisostomo's reading of his testimony. When asked by the Chair about the need for a firm of national repute to do the feasibility study and loan proposal, Mr. Crisostomo defended the stipulation because of the high failure rate among cooperatives. Moreover, GEDA can finance the study, if need be. The Chair indicated that GEDA should assist regardless.

When asked by the Chair about GEDA's policy on loan foreclosures, Mr. Crisostomo assured him that GEDA is foremost concerned with development and that they refrain from seizures when possible. Senator Lujan reinforced the Chair's position and recommended that local businesses be afforded the opportunity to do the study and package the loan application. Senator Bamba wanted to know how the guarantee program worked and suggested additional funds be appropriated for new applicants. Senator Nelson suggested that GEDA give loans to bonafide local farmers first, then to off-island developers. In response to Senator Arriola's question, Mr. Crisostomo mentioned that it may cost as much as \$70,000 to retain a firm to prepare a loan package and that GEDA could provide financing at three (3) percent. Senator Aguon wanted information about banks' direct participation with this program.

III. Committee Findings

There is consensus among the members that non-profit cooperative associations as well as individual farmers need the support of the government in financing their projects. The loan guarantee program is not enough because banking institutions apparently have little interest in participating. It appears that direct loans, then, should be provided by the government.

There is a program called the "Agricultural Development Fund" created by §2201, 12 Guam Code Annotated, and which is administered by GEDA and the Department of Agriculture jointly. It was established to aid in the development or subsidization of poultry, pork and beef production, agricultural products, processing plants, equipment and aquaculture loans to farmers as well as to guarantee loans to responsible non-profit cooperatives necessary for expanding facilities for the improvement of marketing of agricultural products. It is to this Fund that \$1.6 Million was appropriated by Public Law 16-125; however, that appropriation was specifically to guarantee loans for non-profit cooperatives and not for direct loans to either individual or group farmers.


IV. Committee Recommendations

The Committee on Economic Development recommends that GEDA's mandates to issue loans and to guarantee loans be expanded so that individuals as well as organized groups whose occupation is farming (whether it be agriculture, aquaculture, horticulture or mariculture) can apply for and receive government assistance.

The Committee further recommends substitution of Bill 27 for this purpose.

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 27
(Substitute Bill of the
Committee on Economic Development)



P. C. Lujan
M. D. A. Manibusan
T. S. Nelson

AN ACT TO AMEND SUBSECTION (1) OF §2103
AND §2206.1, BOTH IN 12 GCA CHAPTER 2, AND
ADDING §2206.2 AND §2206.3 TO 12 GCA
CHAPTER 2 ESTABLISHING CRITERIA FOR LOANS.

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

2 SECTION 1. Subsection (1) of §2103, 12 GCA Chapter 2, is hereby

3 amended to read as follows:

4 "(1) The Corporation is authorized to make loans or to

5 guarantee loans to non-profit cooperative associations licensed to

6 do business in Guam in furtherance of the purposes and activities

7 stated in this Act. All loans or guarantees so made shall be of

8 such sum, value or so secured as to reasonably assure repayment or

9 shall be of such vital need to the economy of Guam as to warrant

10 additional risk or subsidies. As used in this Subsection, non-

11 profit cooperative association means any corporation organized

12 under the provisions of Division First Part IV, Title V of the

13 Civil Code."

14 SECTION 2. §2206.1 is hereby amended to read as follows:

15 "§2206.1. From the Agricultural Development Fund, the Guam

16 Economic Development Authority shall make direct loans to and

17 guarantee loans of responsible non-profit cooperative associations

18 and individual farmers necessary for expanding facilities for the

19 improvement of marketing of agriculture products and other related

20 agriculture activities in carrying out provisions of 12 GCA Chapter

1 2, §§2203, 2206, and 2303.

2 SECTION 3. Section 3 of Public Law 16-125 is hereby amended to read
3 as follows:

4 "Section 3. The sum of One Million Six Hundred Thousand
5 Dollars (\$1,600,000) is appropriated from the General Fund to the
6 Agricultural Development Fund for use in carrying out the
7 provisions of [§53601.1 of the Government Code] 12 GCA Chapter 2,
8 §§2203, 2206 and 2303.

9 SECTION 4. §2206 of 12 GCA Chapter 2 is hereby amended to read as
10 follows:

11 "§2206. Use of Funds. Funds will be advanced to whatever
12 entity is involved for the purpose of purchasing poultry, hogs,
13 cattle, supplies, feed, etc., all related to poultry, hog or beef
14 production; leasing and purchasing of equipment; establishing and
15 developing [agricultural products,] agriculture, aquaculture,
16 horticulture and mariculture operations, processing plants and the
17 leasing of land when applicable to the development of poultry, pork
18 and beef production, agricultural products or processing plants.
19 Collateral security will be obtained, if possible. Funds so
20 advanced will be on the basis of an interest charge of three
21 percent (3%) per annum. In some instances funds advanced will be
22 on a continuing and revolving basis, until such time as the project
23 is self-supporting."

24 SECTION 5. §2206.2 is hereby added to 12 GCA Chapter 2 to read as
25 follows:

26 "2206.2. Criteria and Requirements. In undertaking any such
27 loan, the Board of Directors shall be guided by and shall observe
28 the following criteria and requirements provided that the

1 determination by the Board of Directors as to its compliance with
2 such criteria and requirements shall be final and conclusive:

- 3 1) There is a need for such facilities in the area in which
4 the facilities are to be located;
- 5 2) No facilities shall be leased to any public or non-profit
6 agency unless a feasibility study supporting the
7 project's financing is submitted by the applicant to the
8 Guam Economic Development Authority. The study shall
9 contain information as directed by the Authority.
- 10 3) Adequate provision shall be made for the payment of the
11 principal of and the interest on said loan and any
12 necessary reserves therefore and for the operation,
13 repair and maintenance of the facilities at the expense
14 of the lessees; and
- 15 4) The public facilities, including utilities, and public
16 services necessary for the facilities will be made
17 available.

Introduced

JAN 04 '89

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 27 (COR)

Introduced by:

P. C. Lujan *ad*
M. D. Manibusan
(Signature)

AN ACT TO AMEND SUBSECTION U OF SECTION
53552 AND SECTION 53601.1 AND ADDING
SECTIONS 53601.2 AND 53601.3 ESTABLISHING
CRITERIA FOR SAID LOANS.

BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:

Section 1. Subsection (u) of Section 53552, is hereby amended to read as follows:

"The Corporation is authorized to make loan or guarantee loans to non-profit cooperative associations licensed to do business on Guam in furtherance of the purposes and activities stated in this Act. All loan or guarantees so made shall be of such sum, value or so secured as to reasonably assure repayment or shall be of vital need to the economy of Guam as to warrant additional risk or subsidies. As used in this Subsection 'non-profit cooperative association' means any corporation organized under the provisions of Division First Part IV, Title V of the Civil code.

Section 2. Section 53601.1 is hereby amended to read as follows:

Section 53601.1. "From the Agricultural Development Fund, the Guam Economic Development Authority shall make loan to or guarantee loans to responsible non-profit cooperative associations necessary for expanding facilities for the improvement or marketing of agricultural products."

Section 3. Section 53601.2, is hereby added to the Government Code of Guam to read as follows:

"Section 53601.2. Criteria and Requirements.

In undertaking any such loan, the Board of Directors shall be guided by and shall observe the following criteria and requirements provided that the determination by the Board of Directors as to its compliance with such criteria and requirements shall be final and conclusive:

- 1) There is a need for such facilities in the area in which the facilities are to be located;
- 2) No facilities shall be leased to any public or non-profit agency unless the financial feasibility of the financing is supported by a feasibility

- 1 study prepared by a professional consultant, which may be an
2 independent firm or certified public accountants, having favorable
3 national reputations for skill and experience in such work;
- 4 3) Adequate provision shall be made for the payment of the principal
5 of and the interest on said loan and any necessary reserves therefore
6 and for the operation, repair and maintenance of the facilities at the
7 expense of the lessors; and
- 8 4) The public facilities, including utilities, and public services necessary
9 for the facilities will be made available."