

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. Bonds issued hereunder from time to time in order to carry out purposes of the Act as in this Indenture provided. The maximum principal amount of Bonds which may be issued hereunder is not limited; subject, however, to the right of the Government, which is hereby reserved, to limit or restrict, by Supplemental Indenture, the aggregate principal amount of Bonds which may at any time be issued and Outstanding hereunder, and to such limits as may otherwise be imposed by law. The Bonds may consist of one or more Series of varying denominations, dates, maturities, interest rates and other provisions, subject to the limitations contained in Sections 3.04 and 3.05 hereof. The Bonds are designated generally as the "Government of Guam Limited Obligation Highway Bonds"; each Series thereof to bear such additional designation as may be necessary or appropriate to distinguish such Series from every other Series of Bonds. The Bonds to be issued in such Series as from time to time shall be established and authorized by the Government, subject to the covenants, provisions and conditions herein contained.

Section 2.02. Terms of 1992 Series A Bonds. The initial Series of Bonds to be issued under this Indenture hereby created, and such Bonds are designated as the "Government of Guam Limited Obligation Highway Bonds, 1992 Series A." The aggregate principal amount of 1992 Series A Bonds which may be issued and Outstanding under this Indenture shall not exceed _____ million Dollars (\$____,000,000).

(B) The 1992 Series A Bonds shall be dated as of _____ 1, 1992, and interest thereon shall be payable on [_____ 1 and _____ 1] in each year, commencing _____ 1, 1992 (each an "Interest Pay Date"). The 1992 Series A Bonds shall be issued only in registered form in denominations of \$5,000 or any integral multiple thereof, shall mature on _____ the following dates in the following amounts and shall bear interest at the following rates per annum:

<u>Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------	-----------------------------	--------------------------

The 1992 Series A Bonds maturing on _____ through _____ are Serial Bonds, and the 1992 Series Bonds maturing on _____ and _____ are Term Bonds. The Record Date for scheduled payments of principal and interest on the 1992 Series A Bonds is the fifteenth (15th) day of the calendar month next preceding the date each such payment is due, whether or not such 15th day is a Business Day.

(C) The 1992 Series A Bonds and the form of Trustee's certificate of authentication and registration to appear thereon shall be in substantially the respective form set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture. Any portion of the text of any 1992 Series A Bond may be printed on the back of such Bond and there may be inserted, in place of such text, a legend to the following effect: "Reference is hereby made to the further provisions of this Bond set forth on the back hereof and such further provisions are hereby incorporated by reference as if set forth here."

Each 1992 Series A Bond shall bear interest, computed on the basis of a 360-day year of twelve 30-day months, from the Interest Payment Date next preceding the date of registration thereof unless it is registered as of a day after a Record Date and on or before the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is registered on or before the Record Date for the first Interest Payment Date, in which event it shall bear interest from its date; provided, however that if, at the time of registration of any 1992 Series A Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner

thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check or draft mailed to such registered owner at such registered owner's address as it appears on such registration books.

The principal or Redemption Price of the 1992 Series A Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Trustee. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of 1992 Series A Bonds, payment of interest on and principal (including Redemption Price) of such Bonds shall be made by wire transfer from the Trustee to the registered owner of such Bonds. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the 1992 Series A Bonds with respect to which such payment is made. Each payment of interest or principal on 1992 Series A Bonds, whether by check, draft or wire transfer, shall be accompanied by information specifying for each maturity of such Bonds with respect to which such payment is being made, the amount and the CUSIP number (if available).

The 1992 Series A Bonds of each maturity shall be assigned a letter in consecutive alphabetical order from A onward (excepting therefrom the letters "I" and "O") and shall be numbered in consecutive numerical order within each such maturity from 1 upwards.

(D) The Bonds shall be subject to redemption as provided in Article IV.

Section 2.03. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Government with the manual or facsimile signatures of the Governor of Guam and the Director of Administration under its seal. Such seal may be in the form of a facsimile of the Government's seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Government before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Government, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Government as though those who signed and attested the same had continued to be such officers of the Government and also any Bond may be signed and attested on behalf of the Government by such persons as at the actual date of execution of such Bond shall be the proper officers of the Government.

although at the nominal date of such Bond any such person shall not have been such officer of the Government.

Except as may be provided in any Supplemental Indenture with respect to a Series of Bonds issued thereunder only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

Section 2.04. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.06, by the person in whose name it is registered, in person or by such registered owner's duly authorized attorney, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer, duly executed, in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Government shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same Series, maturity and tenor, of any authorized denomination or denominations and for the aggregate principal amount of such Bond or Bonds then remaining Outstanding, to the transferee in exchange therefor. The Trustee shall require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer of any Bond of any Series shall be required during the five days next preceding any date established by the Trustee for the selection of Bonds of such Series for redemption or at any time after selection of such Bond for redemption.

Section 2.05. Exchange of Bonds. Any Bonds may, in accordance with their terms, be exchanged, at the Principal Office of the Trustee for a new Bond or Bonds of the same Series, maturity and tenor, of any authorized denomination or denominations and for the aggregate principal amount of such Bonds then remaining Outstanding. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.06. Bond Register. The Trustee will or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds, which shall all times be open to inspection by the Government; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Section 2.07. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal and Redemption Premium, and the interest on, any such Bond, shall be made only or upon the order of the registered owner thereof or such registered owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the interest thereon to the extent of the sum or sums so paid.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Government, shall be in registered form without coupons and may contain such reference to any of the provisions of this Indenture as may be appropriate. Every temporary Bond shall be executed by the Government and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Government issues temporary Bonds will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same Series, maturity and tenor and of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Indenture as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Government, at the expense of the Holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and number in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and delivered to, or upon the Order of, the Government. If any Bond shall be lost

destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Government and the Trustee and if such evidence be satisfactory to both and indemnity satisfactory to both shall be given, the Government, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor and number in lieu of and in substitution for the Bond so lost, destroyed or stolen, except that such number may be preceded by a distinguishing prefix (or if any such Bond shall have matured or shall be about to mature, instead of issuing substitute Bond, the Trustee may pay the same without surrender thereof). The Government may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Government and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Government whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds secured by this Indenture. Neither the Government nor the Trustee shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the Accreted Value of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate shall be treated as one and the same.

Section 2.10. Book Entry Registration of Exchange

(A) Notwithstanding any of the provisions of Sections 2.03 through 2.09 to the contrary, the Supplemental Indenture providing for the issuance of a Series of Bonds may provide: (1) that one or more Bonds of such Series shall be delivered upon initial issuance to, and registered in the name of, or in the name of one or more nominees of, one or more bond depositories, (2) that such Bonds may not be exchanged, transferred or replaced on the registration books maintained pursuant to Section 2.06, subject to such exceptions as may be provided by such Supplemental Indenture, (3) that, while any such Bond is held by such a bond depository, the Government, the Trustee and any Paying Agent for such Bond may treat the bond depository as the absolute owner of such Bond for all purposes and shall have no liability with respect to (a) the accuracy of the records of such bond depository or any participant with respect to any ownership interest in such Bond, (b) the delivery to any participant, any beneficial owner or any other person, other than such bond depository, of any notice with respect to such Bond, including any notice of redemption, or (c) the payment to any participant, any

beneficial owner or any other person, other than such bond depository, of any amount with respect to the principal or Redemption Price of or interest on such Bond.

(B) In the alternative, notwithstanding any of the provisions of Sections 2.03 through 2.09 to the contrary, the Supplemental Indenture providing for the issuance of a Series of Bonds may provide: (1) that one or more Bonds shall be delivered upon initial issuance to, and registered in the name of, or in the name of one or more nominees of, the Trustee or any other registrar for such Series of Bonds, in order to set forth the terms of such Bonds in the same manner as for Bonds that are subject to exchange, transfer and replacement in written certificated form, (2) that no person other than the Trustee or such other registrar may receive an authenticated Bond, subject to such exceptions as may be provided by such Supplemental Indenture, (3) that the ownership of such Bonds shall be evidenced solely by the bond registration books of the Trustee or such other registrar, and (4) that the transfer of the ownership of such Bonds shall take place subject to such regulations as may be provided by such Supplemental Indenture.

ARTICLE III

ISSUE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance, Sale and Delivery of 1992 Series A Bonds. Upon the sale and execution thereof by the Government, the Trustee shall authenticate and, upon receipt of the proceeds thereof, deliver, to or upon the Order of the Government, 1992 Series A Bonds in the aggregate principal amount of _____ million Dollars (\$____,000,000).

Section 3.02. Application of Proceeds of 1992 Series A Bonds and Other Amounts. (A) The proceeds received from the issuance of the 1992 Series A Bonds shall be deposited in trust with the Trustee, who shall forthwith set aside such proceeds in the following respective funds, as directed by a Request of the Government:

(1) The Trustee shall deposit in the Bond Fund an amount equal to the amount of accrued interest received upon the sale of the 1992 Series A Bonds.

(2) The Trustee shall transfer to the Prior Trustee, for deposit in the Escrow Fund, [moneys and Federal Securities which, in the determination of an Independent Certified Public Accountant, who shall certify such determination in writing to the Prior

Trustee, together with other moneys or Federal Securities to be deposited therein pursuant to subsection (B) of this Section, will be sufficient to provide for the payment and redemption of all outstanding Prior Bonds.]

(3) [The Trustee shall deposit in the Bond Reserve Fund an amount equal to the Bond Reserve Fund Requirement.]

(4) The Trustee shall transfer to the Depository, for deposit in the 1992 Series A Construction Account, the balance of such proceeds.

(B) On the date of original issuance of the 1992 Series A Bonds, the Government shall deliver to the Prior Trustee a Request of the Authority requesting the Prior Trustee to deposit certain funds as follows:

(1) to deposit in the Escrow Fund the entire balance in all funds and accounts established pursuant to the Prior Indenture [, with the exception of _____]; and

(2) [to deposit in the _____ the amount of \$_____ from the _____ established pursuant to Section 5.01 of the Prior Indenture.]

Section 3.03. Establishment and Application of Construction Fund. (A) The Depository shall establish and maintain and hold in trust a separate fund designated as the "Construction Fund." There is hereby created within the Construction Fund a separate account designated the "1992 Series A Construction Account." With respect to each other Series the Depository shall establish within the Construction Fund and maintain and hold in trust a separate account designated as the "_____ Construction Account" (inserting therein the Series designation). Amounts in each Construction Account shall be used and withdrawn, as provided in this Section, solely for (1) the purpose of implementing Capital Improvement Highway Projects for which such Series is issued pursuant to the Act, (2) the payment of Costs of Issuance of such Series, and (3) the payment of principal of and interest on the Bonds in the manner and to the extent provided in Section 5.08. The Depository shall disburse moneys in the Construction Fund only upon Requisition of the Government stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper and lawful charge against said fund. Upon receipt of a Certificate of the Government that amounts in said fund are no longer required for the

purpose of said fund, said amounts shall be transferred to Revenue Fund.

(B) The Government may provide in the Supplemental Indenture providing for the issuance of an additional Series of Bonds (1) that the unused proceeds of such additional Series as of a date specified by such Supplemental Indenture shall be used to redeem the Bonds of such Series, or (2) that the proceeds of such additional Series shall otherwise be limited as to use or application.

Section 3.04. Issuance of Additional Series of Bonds. (A) In addition to the 1992 Series A Bonds, the Government may by Supplemental Indenture establish one or more other Series of Bonds, payable from and secured by the assets pledged by this Indenture on a parity with Bonds previously issued, and the Government may issue, and the Trustee may authenticate and deliver to the purchasers thereof Bonds of any Series so established, in such principal amount as shall be determined by the Government, but only upon compliance by the Government with the provisions of Section 3.05 and any additional requirements set forth in said Supplemental Indenture, and subject to the following specific conditions which are hereby made conditions precedent to the issuance of any such additional Series of Bonds:

(1) No Event of Default shall have occurred and then be continuing.

(2) The Supplemental Indenture providing for the issuance of such additional Series of Bonds shall specify the purposes for which such Series is being issued, which shall be one or both of the following (a) to provide moneys for deposit into the Construction Fund and withdrawal therefrom in accordance with law for purposes other than the refunding of Bonds, or (b) to refund all or part of the Bonds of any one or more Series then Outstanding, by depositing with the Trustee, in trust, moneys or noncallable Federal Securities in the necessary amount to discharge all liability of the Government with respect to the Bonds to be refunded as provided in Section 10.02.

(3) The Supplemental Indenture providing for the issuance of such additional Series of Bonds also shall provide for such deposit as may be necessary to increase the balance in the Bond Reserve Fund to an amount at least equal to the Bond Reserve Fund Requirement with respect to all Series of which any Bonds will be Outstanding upon the issuance of such additional Series of Bonds. Said deposit may be made from the proceeds of

sale of such additional Series of Bonds or any other lawful source, as provided herein and in said Supplemental Indenture.

(4) The aggregate principal amount of Bonds issued hereunder shall not exceed any limitation imposed by law or by any Supplemental Indenture.

(5) The sum of Liquid Fuel Taxes and Vehicle Registration and License Fees for each of the next five Bond Years succeeding the date of the execution of the Supplemental Indenture providing for the issuance of such additional Series of Bonds, as shown by a report of an Independent Consultant approved by the Trustee (who shall be under no liability by reason of such approval), shall be projected (assuming the collection of only such Liquid Fuel Taxes and Vehicle Registration and License Fees as have been enacted and are effective as of such date and assuming no greater rate of increase in liquid fuel consumption and in the number of registrations and licenses issued than the average rate of increase for the prior three years) to be an amount equal to at least the sum of (1) Maintenance and Operation Expenses projected to be budgeted, pursuant to the budget filed in accordance with Section 6.12, to be paid during such Bond Year from Revenues in the Maintenance and Operation Fund, plus (2) one hundred twenty percent (120%) of the Maximum Annual Debt Service on all Bonds to be Outstanding upon the issuance of such additional Series of Bonds.

(B) Nothing in this Section or in this Indenture contained shall prevent or be construed to prevent the Supplemental Indenture providing for the issuance of an additional Series of Bonds from pledging or otherwise providing, in addition to the security given or intended to be given by this Indenture, additional security for the benefit of all Bonds, such additional Series of Bonds or any portion of such additional Series of Bonds.

Section 3.05. Proceedings for Issuance of Additional Series of Bonds. (A) Whenever the Government shall determine to issue an additional Series of Bonds pursuant to Section 3.04, the Government shall enter into a Supplemental Indenture specifying the principal amount and prescribing the forms of Bonds of such additional Series and providing terms, conditions, distinctive designation, denominations, methods of numbering, date, place or places of payment of principal or Redemption Price, if any, of and interest on such Bonds, and any other provisions respecting the Bonds of such Series not inconsistent with the terms of this Indenture, and providing for the manner of selling the Bonds and of determining their maturity date or dates, interest rate or rates, interest payment dates and redemption provisions.

(B) Before such additional Series issued and delivered, the Government shall deliver the following documents to the Trustee and each

(1) An executed copy of the Supplemental Indenture authorizing such additional Series of

(2) Originals or certified copies of the Supplemental Indenture instruments or documents determining a specified above, and left undetermined Supplemental Indenture with respect to Series of Bonds.

(3) A Certificate of the Government that the requirements of Section 3.04(A) have been met.

(4) The report demonstrating that the requirements of Section 3.04(A)(5) has been met.

(5) In the case of refunding bonds, instructions to the Trustee to give notice of Article IV of redemption of all Bonds in connection with such refunding.

(6) An Opinion of Counsel that the Supplemental Indenture has been duly executed and delivered in accordance with this Indenture; that such Supplemental Indenture, when duly executed by the Trustee, shall constitute the authentic and binding obligations of the Government; and that the delivery of such additional Series of Bonds shall not exceed the aggregate principal amount of Bonds that may be delivered pursuant to the provisions of law in the Supplemental Indenture.

Section 3.06. Validity of Bonds. The authorization and issuance of the Bonds shall not be affected in any way by any action taken by the Government, the Trustee or the Trustee's agent with respect to the application of the proceeds of the Bonds. The recital contained in the Bonds that the same were issued pursuant to the laws of the Government of Guyana, shall be conclusive evidence of their compliance with the provisions of law in the

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption. (A) The 1992 Series A Bonds maturing after _____ 1, _____ are subject to redemption prior to their respective stated maturities, at the option of the Government, from any source of available funds, on any Interest Payment Date on or after _____ 1, _____, as a whole, or in part by such maturity or maturities as may be specified by Request of the Government (and by lot within a maturity), at the Redemption Prices (expressed as percentages of principal amount) set forth in the table below plus interest accrued thereon to the date fixed for redemption:

Redemption Dates

Redemption Prices

The option of the Government under this Section 4.01(A) may only be exercised by depositing with the Trustee prior to the giving of the notice of such redemption in accordance with Section 4.03 moneys or Investment Securities sufficient in amount and maturing in a timely manner to provide for such redemption. The Government shall notify the Trustee in writing at least 60 days prior to the date to be fixed for redemption of its intention to exercise its redemption option.

(B) The 1992 Series A Bonds maturing on _____ 1, _____ are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in Section 5.03(C), on each _____ on or after _____ 1, _____, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

[(C) Other Redemption.]

(D) Any Series of Bonds, other than the 1992 Series A Bonds, may be made subject to redemption prior to maturity, as a whole or in part, at such time or times, upon payment of the principal amount thereof and interest accrued thereon to the date fixed for redemption plus such premium or premiums, if any, and upon such terms (in addition to and consistent with the terms contained in this Article) as may be determined by the Government at the time such Series is authorized or sold.

Section 4.02. Selection of Bonds for Redemption. For purposes of selecting Bonds for redemption, Bonds deemed to be composed of \$5,000 portions, and any such may be separately redeemed. The Trustee shall promptly the Government in writing of the Bonds or portions the selected for redemption. In the event that less than the Bonds are to be redeemed, the Bonds (or portions to be redeemed shall be selected by the Trustee by lot a maturity in such manner as the Trustee may determine amount of each maturity of the Bonds to be redeemed shall determined, in the case of the 1992 Series A Bonds, by of the Government, and in the case of any other Series provided in the Supplemental Indenture providing for the issuance of such Series.

Section 4.03. Notice of Redemption. Notice redemption (except as provided below) shall be given, not less than thirty (30) nor more than sixty (60) days before the date fixed for redemption, by first class mail to each of the registered owners of Bonds designated for redemption at the addresses appearing on the bond registration books of the Trustee on the date the Bonds to be redeemed are selected. Each notice of redemption shall state the redemption date, the place or places of redemption, the Series and maturities to be redeemed, and, if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each notice shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered with a written instrument of transfer duly executed by the registered owner thereof or by such registered owner's attorney duly authorized in writing. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings of such Bonds. Each notice of redemption shall also state the CUSIP number, date of issue, and interest rate on each Bond, or portion thereof, to be redeemed, and shall include the redemption agent name and address with contact person and telephone number; provided, however, that failure to include any of such information in any redemption notice, or any inaccuracy in any such information, shall not affect the sufficiency of the proceedings for redemption of any Bonds.

A copy of any notice of redemption given pursuant to the foregoing paragraph shall also be sent by certified

with return receipt requested, to each Holder of \$1,000,000 or more in aggregate principal amount of Bonds to be redeemed and to each of the Fiduciaries, each of the Credit Providers, the Securities Depositories (as defined below) and two or more Information Services (as defined below), and shall be published at least once in a financial newspaper or journal circulated in Agana, Guam; provided, however, that failure to give notice pursuant to this sentence by certified mail to any Bondholders, to any Fiduciaries, to any Credit Providers or to any Securities Depositories or Information Services, or to publish such notice, or the insufficiency of any such notices, shall not affect the sufficiency of the proceedings for redemption of any Bonds. A second notice shall be sent, by certified mail with return receipt requested, to the registered owner of any Bond which has been called for redemption in whole or in part, and is not surrendered for payment within sixty (60) days after the date fixed for redemption; provided, however, that failure to send any such second notice, or any deficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Bonds. As used in this paragraph, the term "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, and/or such other services providing information with respect to called bonds, or no such services, as the Government may designate in a Certificate delivered to the Trustee; and the term "Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190; Midwest Securities Trust Company, Capital Structures-Call Notification, 440 South LaSalle Street, Chicago, Illinois 60605, Fax-(312) 663-2343; Pacific Securities Depository Trust Company, Pacific and Company, P.O. Box 7041, San Francisco, California 94120, Fax-(415) 393-4128; Philadelphia Depository Trust Company, Reorganization Division, 1900 Market Street, Philadelphia, Pennsylvania 19103, Attention: Bond Department, Dex-(215) 496-5058; or, in accordance with then-current guidelines of the Securities and Exchange Commission, and/or such other securities depositories, or no such depositories, as the Government may designate in a Certificate delivered to the Trustee.

A Supplemental Indenture providing for the issue of a Series of Bonds may provide that notice of the redemption of Bonds of such Series shall be given at times and in a manner different from that specified above.

Notice of redemption of Bonds shall be given to the Trustee for and on behalf of the Government.

Section 4.04. Partial Redemption. Upon surrender of any Bond redeemed in part only, the Government shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the Government, a new Bond or Bonds of authorized denominations, and of the same Series, maturity and tenor, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and monies being held by the Trustee for payment of the Redemption Price of, and interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption on the redemption date designated in such notice shall become payable at the Redemption Price specified in such notice. Interest accrued thereon to the date fixed for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

All Bonds purchased or redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and delivered to or upon the Order of the Government.

SECTION 4.06. Rescission of Notice of Redemption. The Government may, at its option, prior to the date fixed for redemption in any notice of redemption rescind and cancel such notice of redemption.

ARTICLE V

REVENUES

Section 5.01. Pledge and Assignment of Revenue.
(A) Subject only to the provisions of this Indenture permitting the application thereof for or to the purposes on the terms and conditions set forth herein, there are hereby pledged to secure the payment of the principal of and interest on the Bonds in accordance with their terms and the provisions

of this Indenture, all of the Revenues, all of the proceeds of the Bonds and any other amounts held in any Fund or Account established pursuant to this Indenture (except amounts held in the Rebate Fund). Said pledge shall constitute a first lien on and security interest in such assets and shall attach, be perfected and be valid and binding from and after delivery by the Trustee of the 1992 Series A Bonds, without any physical delivery thereof or further act.

(B) The Government shall deposit all Revenues upon the receipt thereof in a special fund designated as the "Revenue Fund", which the Depositary shall establish and maintain and hold in trust, except that all interest and other profit from the investment of moneys in the Construction Fund shall be retained therein. The Trustee and the Depositary shall be entitled to and shall collect and receive all of the Revenues, and any Revenues collected or received by the Government shall be deemed to be held, and to have been collected or received, by the Government as the agent of the Trustee and Depositary and shall forthwith be paid by the Government to the Depositary.

(C) (1) The Trustee shall establish, maintain and hold in trust the following additional funds:

- (a) the Bond Fund;
- (b) the Bond Reserve Fund; and
- (c) the Rebate Fund.

(2) In addition to the Revenue Fund, the Depositary shall establish, maintain and hold in trust the following additional funds:

- (a) the Maintenance and Operation Fund; and
- (b) the Surplus Fund.

(D) All moneys at any time deposited with the Trustee or the Depositary, as the case may be, shall be held by the Trustee or the Depositary, as the case may be, in trust for the benefit of the Holders at any time of the Bonds and the Government shall have no beneficial right or interest in any of such moneys, except as in this Indenture provided. All Revenues so deposited shall be held, disbursed, allocated and applied only as provided in this Indenture.

Section 5.02. Allocation of Revenues. On or before the fifth day of each calendar month following the calendar month in which the 1992 Series A Bonds are delivered, the

Depository shall transfer from the Revenue Fund (to the Trustee as necessary), for deposit into one or more of the following respective separate funds, the following amounts: in the following order of priority, the requirements of each such fund or account (including the making up of any deficiencies in any such fund or account resulting from lack of Revenues sufficient to make any earlier required deposit) at the time of deposit to be satisfied, and the results of such satisfaction being taken into account, before any transfer is made to any account subsequent in priority:

(A) Into the Bond Fund held by the Trustee, an amount equal to the amount necessary to increase the amount in the Bond Fund to the aggregate amount for all Outstanding Bonds of all unpaid interest, principal and Mandatory Sinking Account Payments which shall be required to have been transferred to the Bond Fund on the basis of the following transfer requirement rules (after taking into account amounts transferred and to be transferred from any Construction Account to pay capitalized interest);

(1) the amount of interest payable on each Bond on a current uncompounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Interest Accrual Period for such Bond ending on such Interest Payment Date (or in the case of Variable Rate Bonds, 110% of the amount of interest accrued during the next preceding calendar month, less any excess deposited for the next preceding calendar month);

(2) the amount of interest payable on each Bond on a deferred compounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond;

(3) the amount of the principal of each Bond shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond; and

(4) the amount of each Mandatory Sinking Account Payment for Bonds shall be transferred in equal monthly amounts over the Principal Payment Period for such Bonds ending on the date such Mandatory Sinking Account Payment is due;

(B) Into the Bond Reserve Fund held by the Trustee, the amount, if any, needed to increase the amount in the Bond Reserve Fund to the Bond Reserve Fund Requirement;

(C) Into the Maintenance and Operation Fund held by the Depository, the amount of Maintenance and Operation Expenses budgeted by the Government, pursuant to the budget filed in accordance with Section 6.12, to be paid from Revenues in the Maintenance and Operation Fund during the next succeeding calendar month; and

(D) Into the Surplus Fund held by the Depository, the balance remaining in the Revenue Fund after the foregoing deposits, subject to being transferred to the Maintenance and Operation Fund as provided in Section 5.07.

All amounts in the Surplus Fund on the fifth day of each month after the foregoing deposits have been made shall be paid by the Depository to the Government for any lawful purpose of the Government, free and clear of the pledge and lien of this Indenture.

Section 5.03. Application of Bond Fund. (A) All amounts in the Bond Fund shall be used and withdrawn by the Trustee solely for the purpose of (1) paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Indenture), (2) paying the principal of the Serial Bonds when due and payable, and (3) purchasing or redeeming or paying at maturity the Term Bonds as provided in this Section.

(B) On each Mandatory Sinking Account Payment date the Trustee shall apply the Mandatory Sinking Account Payment or Payments required on that date to the redemption (or payment at maturity, as the case may be) of the applicable Term Bonds upon the notice and in the manner provided in Article IV. At any time prior to giving such notice of such redemption, the Trustee, upon the Request of the Government, shall apply moneys in the Bond Fund, in an amount not in excess of such Mandatory Sinking Account Payment, to the purchase of the applicable Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as are specified in such Request, except that the purchase price (excluding accrued interest) shall not exceed the price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment.

(C) Subject to the terms and conditions hereinbefore set forth in this Section and in Section 4.01(E) Term 1992 Series A Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in this Section) upon _____ 1 in the years hereinafter set forth:

Mandatory Sinking Account
Payments for Bonds Due

_____ 1 _____

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
-------------	---------------	-------------	---------------

Upon the redemption of Term 1992 Series A Bonds pursuant to Section 4.01(A), the principal amount of such Bonds shall be credited against remaining Mandatory Sinking Account Payments as provided in Section 4.02, treating Mandatory Sinking Account Payments as if they were maturities and given that Mandatory Sinking Account Payments shall remain as integral multiples of \$5,000. If, (1) during the twelve-month period immediately preceding a Mandatory Sinking Account Payment date the Trustee purchases the applicable Term Bonds with moneys in the Bond Fund, or (2) during said period and prior to giving said notice of redemption the Government otherwise deposits the applicable Term Bonds with the Trustee (together with a Request of the Government to apply such Bonds so deposited to the Mandatory Sinking Account Payment due on said date), the amount of Bonds so purchased or deposited or redeemed shall be credited at the time of such purchase or deposit, to the extent of the full principal amount thereof, to reduce such Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and delivered by the Trustee to or upon the Order of the Government.

Section 5.04. Application of Bond Reserve Fund.
All amounts in the Bond Reserve Fund shall be used and withdrawn by the Trustee solely for the purpose of making up any deficiency in the Bond Fund in the manner and to the extent set forth in Section 5.08. Upon the Request of the Government, any amount in the Bond Reserve Fund in excess of the Bond Reserve Fund Requirement may be transferred to the Revenue Fund on any _____ 5.

If and to the extent provided by a Supplemental Indenture authorizing the issuance of a Series of Bonds, the

portion of the Bond Reserve Fund Requirement allocable to such Series may be wholly or partially satisfied by a Credit Facility. Notwithstanding anything to the contrary contained hereinbefore in this Section or in Article IV, such Supplemental Indenture may also provide that if a drawing on such Credit Facility is honored, amounts available under Section 5.02(B) for deposit in the Bond Reserve Fund shall be applied by the Trustee to reimburse, as soon as practicable, the amount of each payment honoring such drawing, and the Trustee shall give any notice of such reimbursement required by the applicable Credit Agreement. The foregoing provisions are hereby made applicable to the 1992 Series A Bonds.

Section 5.05. Application of Maintenance and Operation Fund. All amounts in the Maintenance and Operation Fund shall be transferred to the Rebate Fund as required by the provisions of Section 5.06 hereof and the Tax Certificate or used and withdrawn by the Government upon Requisition solely for the purpose of paying other Maintenance and Operation Expenses budgeted, pursuant to the budget filed in accordance with Section 6.12, to be paid from the Maintenance and Operation Fund, and by the Depository solely for the purpose of the payment of principal of or interest on the Bonds in the manner and to the extent provided in Section 5.

Section 5.06. Rebate Fund; 1992 Series A Rebate Account.

(A) The Trustee shall establish and maintain with the Rebate Fund a separate account designated as the "1992 Series A Rebate Account." There shall be deposited in the 1992 Series A Rebate Account from amounts in the Operation and Maintenance Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the 1992 Series A Bonds. All money at any time deposited in the 1992 Series A Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement for the 1992 Series A Bonds (as defined in the Tax Certificate with respect to the 1992 Series A Bonds), for payment to the United States of America, and the United States of America is hereby granted a first lien on such money until such payment. All amounts required to be deposited into or on deposit in the 1992 Series A Rebate Account shall be governed exclusively by this Section and by the Tax Certificate with respect to the 1992 Series A Bonds (which is incorporated herein by reference).

In the event that the amount in the 1992 Series A Rebate Account exceeds the Rebate Requirement for the 1992 Series A Bonds, upon the Request of the Government, the Trustee shall transfer the excess from the 1992 Series A Rebate Account to the Revenue Fund.

(B) If and to the extent required by the Supplemental Indenture providing for the issuance of a Series of Bonds, the Trustee shall establish and maintain within the Rebate Fund a separate Rebate Account for such Series. There shall be deposited in such Rebate Account from amounts in the Operation and Maintenance Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to such Series of Bonds. All money at any time deposited in a Rebate Account shall be held by the Trustee in trust, and shall be governed exclusively by this Section and by the Tax Certificate with respect to such Series of Bonds.

(C) Notwithstanding any provisions of this Section, if the Government shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on any Series of Bonds, the Trustee and the Government may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX hereof, the covenants hereunder shall be deemed to be modified to that extent.

Section 5.07. Application of Surplus Fund. All amounts in the Surplus Fund shall be used and withdrawn by the Government upon Requisition solely for the purpose of paying any costs and expenses (including, but not limited to, Maintenance and Operation Expenses) budgeted by the Government, pursuant to the budget filed in accordance with Section 6.12; to be paid from Revenues in the Surplus Fund, and by the Depository solely for the purpose of the payment of principal of or interest on the Bonds in the manner and to the extent provided in Section 5.08; provided that any such amounts shall first be transferred to the Maintenance and Operation Fund to satisfy any deficiency in such fund.

Section 5.08. Deficiencies in Bond Fund. (A) In the event that on the fifth (5th) day before any Interest Payment Date, or if any such day is not a Business Day, on the next preceding Business Day, the amount in the Bond Fund is insufficient to pay the principal of, Mandatory Sinking Account Payments for and interest on the Bonds due on the next succeeding Interest Payment Date, the Trustee or the Depository upon the direction of the Trustee, as the case may be, shall transfer to the Bond Fund the amount of such deficiency by withdrawing said amount from the following funds in the following order of priority: (1) the Revenue Fund, (2) the Surplus Fund, (3) the Maintenance and Operation Fund; (4) the Bond Reserve Fund; and (5) from any other fund established pursuant to this Indenture (except the Rebate Fund). If after making all such transfers, the amount in the

Bond Fund is insufficient to pay the principal of or Maturity Sinking Account Payments for or interest on the Bonds due on the next succeeding Interest Payment Date, the Trustee shall notify each Credit Provider, in accordance with such Credit Provider's Credit Facility, of the amount of such insufficiency in a timely manner so as to allow for the provision of moneys under such Credit Facility for the purpose of providing for such payment.

[(B) The Trustee is hereby designated, appointed, authorized and directed to act as attorney-in-fact for each Bondholder of 1992 Series A Bonds, as follows:

(i) if and to the extent of a deficiency in an amount required to pay interest on the 1992 Series A Bonds, the Trustee shall execute and deliver an appropriate instrument of assignment to the 1992 Series A Credit Provider for each of the claims for interest to which such deficiency relates; and

(ii) if and to the extent of a deficiency in an amount required to pay principal or Redemption Price (if such Redemption Price is specifically covered under the terms of the Credit Facility for the 1992 Series A Bonds) on the 1992 Series A Bonds, to execute and deliver an appropriate instrument of assignment to the 1992 Series A Credit Provider for each of the claims for the principal or Redemption Price to which such deficiency relates

In each case the Trustee shall receive as attorney-in-fact from each such Bondholder in accordance with the tenor of such Credit Facility, payment with respect to such claims so assigned and disburse the same to each respective Bondholder.

(C) The Government may, by Supplemental Indenture, provide for providing for the issuance of an additional Series of Bonds, specify earlier dates for the testing of the sufficiency of amounts in the Bond Fund or specify different procedures for making claims under or draws on any Credit Facility with respect thereto.

Section 5.09. Investment of Moneys in Funds. Moneys in the funds and accounts established pursuant to the Indenture, other than the Maintenance and Operation Fund and the Surplus Fund, shall be invested by the Trustee or the Depository, as the case may be, solely in Investment Securities to maximize investment income, with proper regard for the preservation of principal, subject to any Request for the Government as to such investment. All Investment Securities and any other investments acquired with moneys hereunder shall be acquired subject to the limitations set

forth in Section 6.09, to the limitations as to maturities hereinafter in this Section set forth and to such additional limitations or requirements consistent with the foregoing as may be established by Request of the Government. No Investment Security which is subject to redemption at the option of the issuer may be purchased at a premium above the amount of the premium payable upon any such redemption.

Moneys in all funds and accounts established under this Indenture shall be invested in securities paying interest and maturing not later than the dates on which it is estimated that such moneys will be required by the Trustee or the Depositary.

All interest and other profit derived from such investments shall be deposited at least monthly in the Revenue Fund, except that interest and other profit derived from the investment of moneys in the Construction Fund or the Rebate Fund shall be retained in such respective fund. Investments acquired as an investment of moneys in any fund or account established under this Indenture shall be credited to such fund or account. For the purpose of determining the amount in any fund or account, the amount of any obligation allocable to such fund or account shall be equal to the purchase price of such obligation (not including accrued interest, if any, paid on the purchase of such obligation) plus the amount of any discount below par accounting for any such discount ratably each year over the term of such obligation (i.e., by dividing the amount of such discount by the number of interest payments remaining to maturity and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of purchase) (in this Section called "amortized value"), provided, however, that the amount of any accrued interest on any obligation shall be credited to the Revenue Fund or to any fund or account to which such amount or any portion thereof may have been transferred from the Revenue Fund, and provided, further, that the amount of any obligation in the Bond Reserve Fund shall be determined as of each _____ 5 and shall be the lesser of amortized value or then current market value.

The Trustee or the Depositary may sell at the best price obtainable, or present for redemption, any investment securities so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund or account to which such investment security is credited, and neither the Trustee nor the Depositary shall be liable or responsible for any loss resulting from such investment.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Government shall punctually pay or cause to be paid, from the Revenues and other assets pledged hereunder, the principal or Redemption Price and interest to become due in respect of the Bonds, in strict conformity with the terms of the Bonds and of this Indenture.

Section 6.02. Extension of Payment of Principal Interest on the Bonds. The Government shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in the maturity of any of the Bonds or the time of payment of such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Indenture, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Government to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. Against Encumbrances. The Government shall not create, or permit the creation of, any pledge, charge or other encumbrance upon the Revenues or other assets pledged or assigned under this Indenture while any of the Bonds are Outstanding, except the pledge and assignment created by this Indenture, and except any pledge or assignment subordinate in all respects to the pledge and assignment hereunder, and shall not issue any obligations secured by pledge and assignment other than the Bonds. Subject to this limitation, the Government expressly reserves the right to enter into one or more other indentures for any of its governmental purposes, and reserves the right to issue other obligations for such purposes and to issue obligations secured by a subordinate pledge and assignment of the Revenues and other assets pledged hereby.

Section 6.04. Power to Issue Bonds and Make Pledge. The Government represents and warrants that it is duly authorized pursuant to law to issue the Bonds and to enter into this Indenture and to pledge the Revenues and other assets purported to be pledged under this Indenture in the manner and to the extent provided in this Indenture. The

Bonds and the provisions of this Indenture are and will be legal, valid and binding limited obligations of the Government in accordance with their terms, and the Government, Trustee and Depositary shall at all times, to the extent permitted by law, defend, preserve and protect said pledge of Revenues and other assets and all the rights of the Bondholders under this Indenture against all claims and demands of all persons whomsoever.

Section 6.05. Payment of Taxes and Claims. The Government shall, from time to time, duly pay and discharge, or cause to be paid and discharged, any property taxes, assessments or other governmental charges that may be lawfully imposed upon the Revenues or other assets pledged or assigned under this Indenture, when the same shall become due, after notice to each Credit Provider and an opportunity to contest the same, as well as any lawful claim which, if unpaid, might by law become a lien or charge upon the Revenues or such other assets or which might impair the security of the Bonds.

Section 6.06. Accounting Records and Financial Statements. The Government shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions relating to the proceeds of Bonds, the Revenues, and all funds and accounts established pursuant to this Indenture. Such books of record and account shall be available for inspection by the Trustee, the Depositary, any Credit Provider or the Government, as the case may be, and, with respect to such books of record and account maintained by the Trustee and the Depositary, by any Credit Provider or any Bondholder or agent or representative thereof duly authorized in writing, at reasonable hours and under reasonable circumstances. The Government shall provide to any Credit Provider such additional information as may be reasonably requested by such Credit Provider concerning the sources and amounts of Revenues.

The Government shall file with the Trustee, the Depositary and each Credit Provider, and furnish to each major national investment rating service which initially rated any Series of Bonds and to each Bondholder who shall have filed a name and address with the Government or the Trustee for such purpose, within six months after the close of each Fiscal Year so long as any of the Bonds are Outstanding (commencing with the Fiscal Year ending June 30, 199_), complete financial statements with respect to the Revenues and all funds established pursuant to this indenture, prepared in accordance with generally accepted accounting principles for governmental entities, covering receipts, disbursements, allocation and application of all Revenues for such Fiscal Year, including a

statement of revenues, expenditures and fund balances (covering all of the funds established pursuant to this Indenture), balance sheet and statement of changes in financial position, accompanied by an audit report and of a nationally recognized Independent certified public accountant.

The Government shall also file with the Trustee, Depository and each Credit Provider, and furnish to each national investment rating service which initially rated Series of Bonds, within thirty (30) days after receipt of annual audited financial statement of the Government prepared by the Inspector General of the United States Department of the Interior or by an Independent certified public accountant a copy of such statement.

Section 6.07. Maintenance of Powers. The Government shall at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily suffer or permit any act or thing the effect of which would tend to hinder, delay or imperil either the payment of the Bonds or the observance of any of the covenants herein contained.

Section 6.08. Maintenance of Bond Reserve Fund. The Bond Reserve Fund shall at all times be maintained from the Revenues at an amount at least equal to Maximum Annual Debt Service.

Section 6.09. Tax Covenants. (A) The Government shall not use or permit the use of any proceeds of the 1992 Series A Bonds or any other funds of the Government, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Government in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(B) The Government shall at all times do and perform all acts and things permitted by law and this Indenture which are necessary or desirable in order to assure that interest paid on the 1992 Series A Bonds (or on any other Bonds) shall be exempt from federal income taxes.

Section 6.10. Compliance with Indenture, Contracts, Laws and Regulations. The Government shall faithfully observe and perform all the covenants, conditions and requirements of this Indenture, shall not issue any Bonds in any manner or

than in accordance with this Indenture, and shall not take any action that would permit any default to occur hereunder, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to this Indenture. Subject to the limitations and consistent with the covenants, conditions and requirements contained in this Indenture, the Government shall comply with the terms, covenants and provisions, express or implied, of all contracts concerning or affecting the application of proceeds of Bonds or Revenues. The Government shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted, prescribed, imposed or entered by any competent governmental authority or agency applicable to or affecting the Bonds.

Section 6.11. Collection of Liquid Fuel Taxes and Vehicle Registration and License Fees. The Government shall impose, levy, enforce and collect Liquid Fuel Taxes and Vehicle Registration and License Fees in an aggregate amount within each Bond Year at least sufficient to pay and provide for the sum of:

(1) an aggregate amount equal to at least one hundred twenty percent (120%) of the sum of:

(i) The interest to accrue for such Bond Year on all Bonds Outstanding;

(ii) The principal of all Serial Bonds maturing by their terms during such Bond Year; and

(iii) The Mandatory Sinking Account Payments to be paid during such Bond Year; plus

(2) an aggregate amount equal to the amount of Maintenance and Operation Expenses budgeted by the Government, pursuant to the budget filed in accordance with Section 6.12, to be paid from the Maintenance and Operation Fund during such Bond Year; plus

(3) such amounts as may be required pursuant to this Indenture (and any Supplemental Indenture for the issuance of Bonds of any additional Series) to build up or maintain the Bond Reserve Fund at the Bond Reserve Fund Requirement.

The Government further covenants and agrees that all such Liquid Fuel Taxes and Vehicle Registration and License Fees shall be payable in such coin or currency of the United States of America as at the time of payment is legal tender for the payment of public and private debts.

Section 6.12. Annual Budgets. The Government file with the Trustee, the Depository and each Credit Provider, on or before the day on which the 1992 Series Bonds are issued, a budget setting forth the estimated Maintenance and Operation Expenses to be paid from the Maintenance and Operation Fund, the estimated Maintenance and Operation Expenses to be paid from the Surplus Fund, and other costs and expenses to be paid from Revenues, each separately stated, for the period from such date until the close of the then current Fiscal Year. On or before the first day of each Fiscal Year thereafter, the Government shall file with the Trustee, the Depository and each Credit Provider, a budget setting forth the estimated Maintenance and Operation Expenses to be paid from the Maintenance and Operation Fund, the estimated Maintenance and Operation Expenses to be paid from the Surplus Fund, and other costs and expenses to be paid from Revenues, each separately stated, for such Fiscal Year. The Government may from time to time amend any budget filed pursuant to this section by filing such amendment with the Trustee, the Depository and each Credit Provider. In the absence of a budget for any Fiscal Year, the Trustee and Depository shall assume that the budget for such Fiscal Year is the same as for the final budget for the prior Fiscal Year.

Section 6.13. Construction and Maintenance of Highways. The Government will acquire and construct the Capital Improvement Highway Projects to be financed with the proceeds of the Bonds with all practicable dispatch, and improvements shall be made in an expeditious manner and in conformity with law so as to complete the same as soon as possible.

The Government will maintain and preserve its highway system in good repair and working order at all times.

Section 6.14. Waiver of Laws. The Government shall not at any time insist upon or plead in any manner whatsoever or claim or take the benefit or advantage of, any stay or extension law now or at any time hereafter in force that affects the covenants and agreements contained in this Indenture or in the Bonds, and all benefit or advantage of such law or laws is hereby expressly waived by the Government to the extent permitted by law. The Government shall not claim, and hereby waives any claim to, sovereign immunity in any suit or other action that may be brought under this Indenture or upon the Bonds.

Section 6.15. Further Assurances. The Government will make, execute and deliver any and all such further indentures instruments and assurances as may be reasonable, necessary or proper to carry out the intention or to facilitate the performance of this Indenture and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Indenture.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 7.01. Events of Default. The following events shall be Events of Default:

(A) default by the Government in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise; default by the Government in the redemption from any Mandatory Sinking Account Payment of any Term Bonds in the amounts at the times provided therefore; or default by the Government in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(B) default by the Government in the observance of any of the covenants, agreements or conditions on its part in this Indenture or in the Bonds contained, if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Government by the Trustee, or to the Government and the Trustee by any Credit Provider or by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; or

(C) the assumption, under the provisions of any law relating to bankruptcy or insolvency or any similar law relating to creditor's rights, by any court of competent jurisdiction, of custody or control of the Government or of the whole or any substantial part of its property, if such custody or control is not terminated or stayed within sixty (60) days from the date of assumption of such custody or control.

Section 7.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the Government but only upon the written consent of each Credit Provider that is not then in default under its Credit Facility, to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same

shall become and shall be immediately due and payable, anything in this Indenture or in the Bonds contained to contrary notwithstanding. No Credit Provider shall be entitled to give such consent unless it has either agree pay the Bonds insured by such Credit Facility as acceler or agreed to pay such Bonds and the interest thereon on dates originally scheduled for such payment without rega such acceleration.

Any such declaration, however, is subject to t condition that if, at any time after such declaration an before any judgment or decree for the payment of the mon due shall have been obtained or entered, the Government deposit with the Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of int on the Bonds payment of which is overdue, with interest c such overdue principal at the rate borne by the respecti Bonds, and the reasonable charges and expenses of the Tru and any and all other Events of Default known to the Trus (other than in the payment of principal of and interest c Bonds due and payable solely by reason of such declarati shall have been made good or cured to the satisfaction of Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such ca the Holders of not less than a majority in aggregate prin amount of the Bonds then Outstanding, by written notice t Government and to the Trustee, may, on behalf of the Hold of all of the Bonds, rescind and annul such declaration a its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect subsequent default, or shall impair or exhaust any right power consequent thereon.

Section 7.03. Application of Revenues and Other Funds After Default. If an Event of Default shall occur be continuing, all Revenues and any other funds then held thereafter received by the Trustee or Depositary under an the provisions of this Indenture (subject to Section 11.1 shall be under the control of and applied by the Trustee follows and in the following order:

(A) To the payment of any expenses necessary i opinion of the Trustee to protect the interests of t Holders of the Bonds and payment of reasonable charg and expenses of the Trustee and Depositary (includin reasonable fees and disbursements of their respectiv counsel) incurred in and about the performance of th respective powers and duties under this Indenture;

(B) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Indenture (including Section 6.02), as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for

principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 7.04. Trustee to Represent Bondholders.

The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds and this Indenture, as well as under the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding, and upon being indemnified to its satisfaction therefor, shall, proceed to protect or enforce its rights or the rights of such Holders by such appropriate suit, action, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under this Indenture, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right to the appointment of a receiver of the Revenues and other assets pledged under this Indenture, pending such proceedings. All rights of action under this Indenture or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Indenture.

Section 7.05. Bondholders' Direction of Proceedings. Anything in this Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Indenture, and that the Trustee shall have the right to

decline to follow any such direction which in the opinion of the Trustee would adversely affect Bondholders not parties to such direction.

Section 7.06. Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under the Indenture, the Act or any other applicable law with respect to such Bond, unless (A) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (B) the Holders of not less than twenty-five per cent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (C) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (D) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity, refusal or omission are hereby declared, in every case, to be subject to the conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have a right in any manner whatever by his or their action to affirmatively disturb or prejudice the security of this Indenture or the rights of any other Holders of Bonds, or to enforce any right under this Indenture, the Act or other applicable law with respect to the Bonds, except in the manner herein provided and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Indenture (including Section 6.02).

Section 7.07. Absolute Obligation of Government Nothing in Section 7.06 or in any other provision of this Indenture, or in the Bonds, contained shall affect or impair the obligation of the Government, which is absolute and unconditional, to pay the principal or Redemption Price of interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, but only out of the Revenue and other assets herein pledged therefor, or affect or impair the right of such Holders, which is also absolute and

unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Government, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Government, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Indenture to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

THE FIDUCIARIES

Section 8.01. Duties, Immunities and Liabilities of Trustee and Depositary. (A) The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture for it to perform. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(B) The Depositary shall, prior to an Event of Default, and after the curing of all Events of Default may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture. The Depositary shall, during the existence of any Event of Default (which has not been cured), follow the directions of the Trustee in respect to any of the funds held by the Depositary under this Indenture.

(C) The Government may remove the Trustee or the Depositary at any time unless an Event of Default shall have occurred and then be continuing, and shall remove the Trustee or the Depositary if at any time requested to do so by the Bondholders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys authorized in writing) or if at any time the Trustee or the Depositary shall cease to be eligible in accordance with subsection (F) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of either the Trustee or the Depositary or their respective property shall be appointed, or any public officer shall take control or charge of the Trustee or the Depositary or their respective property or affairs for the purpose of rehabilitation, conservation or liquidation; in each case giving written notice of such removal to the Trustee and the Depositary, and thereupon shall appoint a successor Trustee or Depositary, as the case may be, by an instrument in writing.

(D) The Trustee or the Depositary may at any time resign by giving written notice of such resignation to the Government and the Depositary or the Trustee, as the case may be. Upon receiving such notice of resignation, the Government shall promptly appoint a successor Trustee or Depositary, as the case may be, by an instrument in writing.

(E) Any such removal or resignation and appointment of a successor shall become effective upon acceptance of such appointment by the successor. Promptly upon such acceptance the Government shall give notice thereof to each Paying Agent and Credit Provider and to the Bondholders by mail in the manner provided by Section 4.03. If no successor shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or Depositary, as the case may be, or any Bondholder (on behalf of such Bondholder and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor. Any such successor appointed under this Indenture, shall signify its acceptance of such

appointment by executing and delivering to the Government and to its predecessor a written acceptance thereof, and thereupon such successor, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor, with like effect as if originally named herein; but, nevertheless at the Request of the Government or the request of the successor, such predecessor shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor all the right, title and interest of such predecessor in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor, the Government shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor all such moneys, estates, properties, rights, powers, trusts, duties and obligations.

(F) (1) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company doing business and having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal or state authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (F)(1), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(2) Any Depositary appointed under the provisions of this Section in succession to the Depositary shall be a trust company or bank having the powers of a trust company doing business and having a trust office in Agana, Guam, having a combined capital and surplus of at least Ten Million Dollars (\$10,000,000), and subject to supervision or examination by federal or territorial authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examination authority above referred to, then for the purpose of this Section the combined capital and

surplus of such bank or trust company shall be deemed its combined capital and surplus as set forth in its recent report of conditions so published. In case the Depository shall cease to be eligible in accordance with the provisions of this subsection (F)(2), the Depository shall resign immediately in the manner and with the effect provided in this Section.

(G) Any company into which the Trustee or Depository may be merged or converted or with which consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party, or any company to which the Trustee or the Depository may transfer all or substantially all of its corporate or business, provided such company shall be eligible under subsection (F) of this Section, shall be the successor Trustee or Depository, as the case may be, without the execution or filing of any paper or any further act, herein to the contrary notwithstanding. Any such successor shall give notice of such merger, conversion or consolidation to each other Fiduciary and to the Government.

Section 8.02. Compensation. Subject to the terms of any contract with the Trustee or Depository, as the case may be, the Government shall pay to the Trustee and Depository from time to time reasonable compensation for services rendered under this Indenture, and also all reasonable expenses, charges, fees of counsel, accountants, consultants and other disbursements, including those of attorneys, agents and employees, incurred in good faith about the performance of their powers and duties under this Indenture. The Government further agrees, to the extent permitted by law, to indemnify and save the Trustee and Depository harmless against any liabilities which they may incur in the exercise and performance of their respective powers, functions and duties under this Indenture, which are not due to their own respective negligence or willful misconduct.

Section 8.03. Liability of Trustee and Depository. The recitals of facts herein and in the Bonds contained herein shall be taken as statements of the Government, and neither the Trustee nor the Depository assumes any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Indenture or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations hereunder. The Bonds assigned to or imposed upon them, respectively, shall, however, be responsible for its representation contained in its certificate of authentication and registration on the Bonds. Neither the Trustee nor the

Depository shall be liable in connection with the performance of their respective duties hereunder, except for their own respective negligence or willful misconduct. The Trustee and the Depository may become the owner of Bonds with the same rights they would have if they were not Trustee or Depository as the case may be, and, to the extent permitted by law, may act as depository for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of Bondholders, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding.

Section 8.04. Right of Trustee and Depository to Rely on Documents. The Trustee and the Depository shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed to be genuine and to have been signed or presented by the proper party or parties. The Trustee and the Depository may consult with nationally recognized bond counsel, who may be counsel of or to the Government, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts impose upon it by this Indenture the Trustee or the Depository shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Government, and such Certificate shall be full warrant to the Trustee or the Depository, as the case may be, for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee or the Depository may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee or the Depository under the provisions of this Indenture shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Government and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Paying Agents. The Government may any time or from time to time appoint one or more Paying Agents, in addition to the Trustee, for the purpose of paying the principal or Redemption Price of and the interest on Bonds of any series. At least one such Paying Agent (which may be the Trustee) shall have a principal corporate trust office in one of the contiguous 48 States. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Indenture by executing and delivering to the Government, the Trustee and the Depository a written acceptance thereof. The Trustee shall enter into such arrangements with any such Paying Agent as shall be necessary and desirable to enable such Paying Agent to carry out the duties of its office. The Government may remove any Paying Agent at any time by giving written notice of such removal to such Paying Agent, the Trustee and the Depository. Any Paying Agent may at any time resign by giving notice of such resignation to the Government, the Trustee and the Depository and by giving affected Bondholders notice of such resignation by mail in the manner provided in Section 4.03. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, transfer, assign and deliver any monies held by it to its successor, or, if there be no successor then appointed, to the Trustee. The Government may appoint one or more successor Paying Agents and shall give prompt notice of the acceptance of appointment by any successor Paying Agent. Any Paying Agent appointed under the provisions of this Section shall satisfy the criteria for eligibility set forth in subsection (F)(1) of Section 8.01 with respect to the Trustee.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE INDENTURE

Section 9.01. Amendments Permitted. (A) This Indenture and the rights and obligations of the Government and of the Holders of the Bonds and of the Trustee may be modified or amended at any time by a Supplemental Indenture which shall become effective when the written consents of each Credit Provider and the Holders of sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that (1) if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity or Series remain Outstanding, the consent of the Holders of Bonds of such maturity or Series and the Credit Provider of such Series, if any, shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section, (2) the consent of the

Credit Provider of the 1992 Series A Bonds shall be deemed to be the consent of sixty percent (60%) of the 1992 Series A Bondholders, and (3) if so provided by the applicable Supplemental Indenture, the consent of the Credit Provider of a Series of Bonds shall be deemed to be the consent of the holders of sixty percent in principal amount of the Bonds Outstanding of such Series. No such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided herein for the payment of any Bond, or extend the time of payment of any interest on any Bond, or reduce the rate of interest thereon, without the consent of the Holder of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the Revenues and other assets pledged under this Indenture prior to or on a parity with the lien created by this Indenture, or deprive the Holders of the Bonds of the lien created by this Indenture upon such Revenues and other assets (except as expressly provided in this Indenture) without the consent of the Holders of all of the Bonds then Outstanding.

(B) This Indenture and the rights and obligations of the Government and of the Holders of the Bonds may also be modified or amended at any time by a Supplemental Indenture, which shall become effective upon execution (or such later date as may be specified in such Supplemental Indenture), without the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Government in this Indenture contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power herein reserved to or conferred upon the Government, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Indenture, or in regard to matters or questions arising under this Indenture, as the Government may deem necessary or desirable and not inconsistent with this Indenture, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(3) to modify, amend or supplement this Indenture in such manner as to permit the qualification hereof under the Trust Indenture Act of 1939, as amended, or similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds;

(4) to provide for the issuance of an additional series of Bonds, and to provide the terms and conditions under which such Bonds may be issued, subject to and in accordance with the provisions of Article III; or

(5) to make such changes as shall be required in connection with the procedures for making draws or other claims under any Credit Facility or for reimbursing amounts so drawn or otherwise received.

Section 9.02. Effect of Supplemental Indenture.
From and after the time any Supplemental Indenture becomes effective pursuant to this Article, this Indenture shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Government, the Trustee, the Depositary and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Indenture becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Government and the Trustee as to any modification or amendment provided for in such Supplemental Indenture, and, in that case, upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond, at the expense of the Government. If the Government or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Government and the Trustee, to any modification or amendment contained in such Supplemental Indenture, shall, at the expense of the Government, be prepared and executed by the Government and authenticated by the Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the

principal corporate trust office of the Trustee in New York, New York, without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, equal aggregate principal amounts of the same Series, maturity and tenor.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by him, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Indenture. If the Government shall pay and discharge the entire indebtedness of all Bonds Outstanding in any one or more of the following ways --

(A) by paying or causing to be paid the principal or Redemption Price of and interest on Bonds Outstanding as and when the same become due and payable;

(B) by depositing with the Trustee, in trust, at or before maturity, money or noncallable securities in the necessary amount (as provided in Section 10.03) to pay or redeem Bonds Outstanding; or

(C) by delivering to the Trustee, for cancellation by it, Bonds Outstanding;

and if the Government shall also pay or cause to be paid all other sums payable hereunder by the Government, then and in that case, at the election of the Government (evidenced by a Certificate of the Government, filed with the Trustee, signifying the intention of the Government to discharge all such indebtedness and this Indenture), and notwithstanding that any Bonds shall not have been surrendered for payment, this Indenture and the pledge of Revenues and other assets made under this Indenture and all covenants, agreements and other obligations of the Government under this Indenture shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Government, the Trustee shall cooperate with an accounting for such period or periods as shall be requested by the Government to be prepared and filed with the Government and shall execute and deliver to the Government all such instruments as may be necessary or desirable to evidence such discharge and satisfaction, and the

Trustee, the Depositary and any Paying Agents shall pay over, transfer, assign or deliver to the Government all moneys or securities or other property held by them pursuant to this Indenture which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. The discharge of the obligations of the Government under this Indenture shall be without prejudice to the rights of the Trustee and Depositary to charge for and be reimbursed by the Government for any reasonable and customary expenditures which may thereafter be incurred in connection herewith.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the Government in respect of such Bond shall cease, determine and be completely discharged, and the Holder thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Government may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Government may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Indenture it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held shall be --

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the date fixed for redemption;

(b) noncallable Federal Securities the principal of and interest on which when due will provide money sufficient to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the date fixed for redemption, as

the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Indenture and the Request of the Government) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Section 10.04. Payment of Bonds after Discharge of Indenture. Notwithstanding any provisions of this Indenture any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for six years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Indenture), if such moneys were so held at such date, or six years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the Government be repaid to the Government free from the trusts created by this Indenture, and all liability of the Trustee or Depositors with respect to such moneys shall thereupon cease and the Holders of such Bonds shall be entitled to look only to Revenues held by the Government for payment of such Bonds; provided, however, that before the repayment of such moneys to the Government as aforesaid, the Trustee as the case may be, may (at the cost of the Government) first publish at least once in one or more financial newspapers or journals circulated in Agana, Guam, San Francisco, California, and New York, New York, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Government of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Liability of Government Limited to Revenues. Notwithstanding anything in this Indenture or in the Bonds contained, the Government shall not be required to advance any moneys derived from any source other than the Revenues and other assets pledged under this Indenture for any of the purposes in this Indenture mentioned, whether for the payment of the principal or Redemption Price of or interest on the Bonds or for any other purpose of this Indenture. Nevertheless, the Government may, but shall not be required

to, advance for any of the purposes hereof any funds of the Government which may be made available to it for such purposes.

Section 11.02. Successor Is Deemed Included in All References to Predecessor. Whenever in this Indenture the Government, the Trustee or the Depositary is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Indenture contained by or on behalf of the Government, the Trustee or the Depositary shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.03. Limitation of Rights to Parties and Bondholders. Nothing in this Indenture or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Government, the Trustee, the Depositary and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of this Indenture or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Government, the Trustee, the Depositary and the Holders of the Bonds.

Section 11.04. Waiver of Notice. Whenever in this Indenture the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.05. Destruction of Bonds. Whenever in this Indenture provision is made for the cancellation by the Trustee and the delivery to the Government of any Bonds, the Trustee may, upon Request of the Government, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Government, if the Government shall so require), and deliver a certificate of such destruction to the Government.

Section 11.06. Severability of Invalid Provisions. If any one or more of the provisions contained in this Indenture or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Indenture and such invalidity, illegality or unenforceability shall not affect any other provision of this Indenture, and this Indenture shall be construed as if such invalid or illegal or

unenforceable provision had never been contained herein. The Government hereby declares that it would have entered into this Indenture and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Indenture may be held illegal, invalid or unenforceable.

Section 11.07. Notice to Government, Trustee and Depository. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Principal Office of the Trustee, which at the date of adoption of this Indenture is: _____, or at such other address as may have been provided in writing by the Trustee to the Government and the Depository.

Any notice to or demand upon the Depository may be served or presented, and such demand may be made, at the trust office designated by the Depository, which at the date of adoption of this Indenture is: _____, or at such other address as may have been provided in writing by the Depository to the Government and the Trustee.

Any notice to or demand upon the Government shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Department of Administration, Agana, Guam 96910, Attention: Director, or to the Government at such other address as may have been filed in writing by the Government with the Trustee and the Depository.

Section 11.08. Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this Indenture to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee, the Depository and the Government if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person

signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee, the Depositary or the Government in accordance therewith or reliance thereon.

Section 11.09. Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the Government, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Government or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Government or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.10. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be put aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

Section 11.11. Funds and Accounts. Any fund required by this Indenture to be established and maintained by the Trustee or Depositary may be established and maintained in the accounting records of the Trustee or Depositary, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with

respect thereto, be treated either as a fund or as an account but all such records with respect to all such funds shall at all times be maintained in accordance with generally accepted accounting principles, to the extent practicable, and with due regard for the requirements of Section 6.09 as established by Request of the Government and for the protection of the security of the Bonds and the rights of every holder thereof

Section 11.12. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Indenture.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 11.13. Waiver of Personal Liability. No legislator, officer, agent or employee of the Government shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds; but nothing herein contained shall relieve any such legislator, officer, agent or employee from the performance of any official duty provided by law.

Section 11.14. Saturdays, Sundays and Legal Holidays. If either party hereto is required to perform, pursuant to a provision of this Indenture, any act on a date which falls on a Saturday, Sunday or legal holiday, the party required to perform such act shall be deemed to have performed it in a timely manner, and in conformance with such provision if it shall perform such act on the next succeeding business day.

Section 11.15. Execution in Several Counterparts. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Government, the Trustee and the Depositary shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.16. Governing Law. The rights and duties of the parties to this Indenture shall be governed by the laws of Guam, provided, however, that the administration of the trusts imposed upon the Trustee by the Indenture and the rights and duties of the Trustee hereunder shall be governed by, and construed in accordance with the laws of the jurisdiction in which the Trustee has its principal corporate trust office.

IN WITNESS WHEREOF, the GOVERNMENT OF GUAM has caused this Indenture to be signed in its name by its Governor and its Lieutenant Governor, under its seal; [TRUSTEE], in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of its authorized officers and its corporate seal to be hereunto affixed, and [DEPOSITARY], in token of its acceptance of the trusts created hereunder, has caused this Indenture to be signed in its corporate name by one of its authorized

officers and its corporate seal to be hereunto affixed, all of the day and year first above written.

GOVERNMENT OF GUAM

By _____
Governor

[SEAL]

By _____
Lieutenant Governor

[TRUSTEE]
as Trustee

[CORPORATE SEAL]

By _____
Name:
Title:

[DEPOSITARY]
as Depositary

[CORPORATE SEAL]

By _____
Name:
Title:

EXHIBIT A

[FORM OF 1992 SERIES A BOND]

No. --

\$ _____

GOVERNMENT OF GUAM

LIMITED OBLIGATION HIGHWAY BOND

1992 SERIES A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE DATE</u>	<u>CUSI</u>
----------------------	----------------------	----------------------------	-------------

_____ 1, 1992

Registered Holder:

Principal Sum:

Dollar:

The GOVERNMENT OF GUAM, duly organized and existing under and by virtue of the laws of the United States of America (herein called the "Government"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon, in like lawful money and solely from said Revenues and assets, from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered as of a day during the period from the sixteenth day of the month next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before _____ 15, 1992, in which event it shall bear interest from _____ 1, 1992) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the interest rate specified above per annum, payable semiannually on _____ 1 and _____ 1 in each year, commencing _____ 1, 1992. The principal (or redemption price) hereof is payable upon surrender hereof at the principal corporate trust office of [Trustee] (herein called the "Trustee") in _____, _____, and the interest hereon is payable by check or draft mailed to the person in whose name this Bond or any predecessor Bond is registered at the close of business on the fifteenth day of the month immediately preceding an interest payment date, at such person's address as it appears on the bond registration books

of the Trustee. Upon the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of 1992 Series A Bonds, payment of the principal or redemption price of and interest on such Bonds will be made by wire transfer as provided in the Indenture; provided that any such principal or redemption payment shall nevertheless be subject to the prior surrender of the 1992 Series A Bonds with respect to which such payment is made.

The Bonds are limited obligations of the Government and are not a lien or charge upon the funds or property of the Government, except to the extent of the pledge and assignment hereinafter described. Neither the faith and credit of the Government nor the faith and credit of the United States of America or any political subdivision thereof is pledged to the payment of the principal of or interest on the Bonds.

This Bond is one of a duly authorized issue of bonds of the Government designated as the "Government of Guam Limited Obligation Highway Bonds" (herein called the "Bonds" unlimited in aggregate principal amount, except as otherwise provided in the laws of the United States of America and the Government of Guam and in the Indenture hereinafter mentioned which issue of Bonds consists or may consist of one or more series of varying dates, maturities, interest rates and redemption and other provisions, all issued or to be issued pursuant to Sections 6123 et seq. of the Government Code of Guam, as amended, and pursuant to that certain Indenture, dated as of _____ 1, 1992, by and among the Government, the Trustee and [Depository], as Depository (herein called the "Indenture"). This Bond is also one of a duly authorized series of Bonds additionally designated "1992 Series A" (herein called the "1992 Series A Bonds"), in the aggregate principal amount of _____ million Dollars (\$_____,000,000), all issued under the provisions of the Indenture. The Bonds are issued for the purpose of providing moneys for the implementation of certain capital improvement highway projects and to refund certain bonds previously issued for such purpose. Reference is hereby made to the Indenture (a copy of which is on file at said office of the Trustee) and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security and provisions for payment of the Bonds, of the rights, duties and immunities of the Trustee and the Depository and of the rights and obligations of the Government thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from Revenues (as the

term is defined in the Indenture) and other assets pledged as provided in the Indenture, and are secured by a pledge of said Revenues and assets (except to the extent of the Rebate Requirement referred to in the Indenture), subject only to provisions of the Indenture permitting the application thereof or to the purposes and on the terms and conditions set forth in the Indenture. [Reference to Credit Facility if applicable.]

The 1992 Series A Bonds maturing after _____ 200_ are subject to redemption prior to their respective stated maturities, at the option of the Government, from any source of available funds, on any interest payment date on or after _____ 1, 200_, as a whole, or in part by such maturity or maturities as may be specified by the Government (and by lot within a maturity), at the Redemption Prices (expressed as percentages of principal amount) set forth in the table below plus interest accrued thereon to the date fixed for redemption:

Redemption Dates

Redemption Prices

The 1992 Series A Bonds maturing on _____ 1, 20___, are also subject to redemption prior to their stated maturity, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture on any _____ 1 on or after _____ 1, 20___, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

[Other Redemption.]

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Trustee not less than 30 nor more than 60 days before the date fixed for redemption by mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee on the date the Bonds to be redeemed are selected. Receipt of such notice by such registered owners shall not be a condition precedent to such redemption.

If this Bond is called for redemption and payment is duly provided herefor as specified in the Indenture, interest

shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds (and the interest accrued thereon) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. [Such a declaration may occur under circumstances in which the Credit Provider (as that term is defined in the Indenture) for the 1992 Series A Bonds is not obligated to pay such Bonds as accelerated, but is only obligated to pay such Bonds and the interest thereon on the dates originally scheduled for such payment.] The Indenture provides that in certain events such a declaration and its consequences may be rescinded by the registered owners of not less than a majority in aggregate principal amount of the Bonds then outstanding.

The 1992 Series A Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, this Bond may be exchanged, at said office of the Trustee, for a new fully registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the aggregate principal amount of this Bond then remaining outstanding.

This Bond is transferable by the registered owner hereof, in person or by its attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the same aggregate principal amount of this Bond then remaining outstanding, will be issued to the transferee in exchange herefor. The Trustee shall not be required to register the transfer of this Bond during the five days next preceding any date established by the Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Government, the Trustee and the Depositary may treat the registered owner hereof as the absolute owner hereof for all purposes, and neither the Government, the Trustee nor the Depositary shall be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Government, the registered owners of the Bonds, the Trustee

and the Depositary may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in the Indenture for the payment of this Bond, or extend the time of payment of any interest on this Bond or reduce the rate of interest hereon, without the consent of the registered owner hereof, or (ii) reduce the percentage of the principal amount of Bonds the consent of the registered owner of which is required to effect any such modification or amendment, permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds (including additional Bonds hereafter issued) prior to or on a parity with the lien created by the Indenture or deprive the registered owners of the Bonds of the lien of the Indenture (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture. [Credit Provider consent if applicable.]

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the laws of the United States of America and the Government of Guam, and that the amount of this Bond, together with all other indebtedness of the Government, does not exceed any limit prescribed by such laws, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, THE GOVERNMENT OF GUAM has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the Governor of Guam and the Director of Administration of the Government of Guam and its seal to be reproduced hereon by facsimile, all as of the first day of _____, 1992.

GOVERNMENT OF GUAM

By _____
Governor

(SEAL)

By _____
Director of Administration

[FORM OF]
ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within Bond and in the assignment below, shall be construed as though they were out in full according to applicable laws or regulations.

TEN COM - as tenants in common	UNIF GIFT MIN ACT - _____ Custodian_____
TEN ENT - as tenants by the entireties	(Cust) (M)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____ (State)

Additional abbreviations may also be used though not in the above list.

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

NOTICE: The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed:

Social Security Number, Taxpaye
Identification Number or other
Identifying Number of Assignee:

Notice: Signature must be
guaranteed by a member firm of
the New York Stock Exchange or
a commercial bank or trust company.

Note: Transfer fees must be paid to the Trustee in order
to transfer or exchange this bond as provided in the
within-mentioned Indenture.



123
Territory of Guam
Territorio Guam

21-110

OFFICE OF THE GOVERNOR
URISINAN I MAGA LAHI
AGANA, GUAM 96910 U.S.A.

JAN 10 1992

REFER TO
LEGISLATIVE SECRETARY

JFA
1/10/92
4:15 P.M.

The Honorable Joe T. San Agustin
Speaker, 21st Guam Legislature
155 Hesler Street
Agana, GU 96910

Dear Mr. Speaker:

Transmitted herewith for your consideration is a bill to authorize the Government of Guam to refinance existing highway bonds at a lower interest rate and make available an additional \$30 million for the construction and renovation of Guam's roads and highways.

Our island is continuing to grow and prosper and we must continue to address that growth through improved infrastructure. Our roads and highways are a major part of our infrastructure and this bill will make it possible for us to give our people of Guam the best possible roads and highways, not only for our present needs but for the needs of the foreseeable future.

In addition, it should be noted that despite the effects of the Persian Gulf war and the slowdown in the Japanese economy on our own economy, Guam is still in good financial shape; our financial reputation remains far better than it was five years ago. We continue to maintain good fiscal management, a fact which has not been lost on bond purchasers. Accordingly, this is a good time to issue these bonds, in order that we can continue to meet the growing needs of our people.

I urge you and your colleagues to swiftly approve this legislation in order that we can continue meeting the needs of our people of Guam.

Thank you and Si Yu'os Ma'ase.

Sincerely,

Joseph F. Ada
JOSEPH F. ADA
Governor

210584



Commonwealth Now!


TWENTY-FIRST GUAM LEGISLATURE
(SECOND) Regular Session 1992

19920002

FEB 07 '92

Bill No. 723 (CCR)

Introduced by:


H. D. DIERKING, Chairperson, Committee on Rules
At the request of the Governor

AN ACT TO REPEAL AND REENACT SECTION 1504 OF TITLE 5 OF THE GUAM CODE ANNOTATED REGARDING THE ISSUANCE OF LIMITED OBLIGATION HIGHWAY BONDS OF THE GOVERNMENT OF GUAM FOR REFUNDING AND CAPITAL IMPROVEMENT HIGHWAY PROJECT PURPOSES.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

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

Section 1. Section 1504 of Title 5 of the Guam Code Annotated is repealed and reenacted to read:

"Section 1504. Limited Obligation Highway Refunding Bonds.

(a) Authorization of Issuance of Limited Obligation Highway Bonds. The Governor of Guam is authorized to issue new bonds of the Government of Guam in an aggregate principal amount not to exceed Sixty Five Million Dollars (\$65,000,000) for the purposes of refunding all or a portion of the Government of Guam Limited Obligation Highway Bonds, 1985 Series A, implementing the Capital Improvement Highway Projects enumerated in Subsection (j) of this Section, and paying expenses incurred in connection with the issuance of such new bonds; provided, however, that the issuance of the new bonds shall not cause a violation of the debt limitation provisions of 48 USC 1423a.

(b) Terms and Conditions Determined by Indenture. The terms and conditions of the bonds shall be as determined by the

1 Governor by the execution of an indenture securing the bonds upon or
2 prior to the issuance of the bonds. The indenture shall contain such
3 terms and conditions as are consistent with this Section.
4

5 (c) Valid and Binding Obligation. To the extent that the
6 debt limitation provisions of 48 USC 1423a are not violated, any bonds
7 authorized by this Section shall constitute the valid and legally
8 binding limited obligations of the Government of Guam payable solely
9 from and secured by a pledge of the revenues pledged pursuant to
10 Subsection (d) of this Section. The validity of any such bonds shall not
11 be affected by the validity or regularity of any proceedings for the
12 implementation of Capital Highway Improvement Projects funded by
13 the new bonds or the bonds being refunded or by the application of any
14 escrow created to pay debt service on the bonds being refunded.
15

16 (d) Pledge of Revenues; Not a General Obligation. All or
17 any part of the revenues from the taxes levied pursuant to Article 4 of
18 Chapter 26 of Title 11 of the Guam Code Annotated and from the
19 license fees and penalties imposed pursuant to Section 7146, 7159,
20 7170, 7171, 3102, 7173 and 11101 of Title 16 of the Guam Code
21 Annotated may be pledged to secure the repayment of any bonds issued
22 under this Section and to pay costs incurred in the issuance or
23 administration of the bonds. Any pledge made to secure the bonds
24 shall be valid and binding from the time the pledge is made. The
25 revenues pledged and thereafter received by the Government of Guam
26 or by any trustee, depository or custodian shall be deposited in a
27 separate account and shall be immediately subject to the lien of such
28 pledge without any physical delivery thereof or further act, and the
29 lien of such pledge shall be valid and binding against all parties having
30 claims of any kind in tort, contract or otherwise against the
31 Government of Guam or such trustee, depository or custodian,
32 irrespective of whether the parties have notice thereof. The indenture
33 or agreement by which such pledge is created need not be recorded.
34 All such taxes, fees and penalties, to the extent so pledged, are hereby
35 continuously appropriated for such purpose.
36

1
2 The bonds shall not be, and shall state on their face that
3 they are not, general obligations of the Government of Guam.
4

5 (e) Waiver of Immunity. Notwithstanding any substantive
6 or procedural provision of Chapter 6 of Title 5 of the Guam Code
7 Annotated the Government of Guam waives immunity from any suit or
8 action in contract on the bonds, but does not waive sovereign immunity
9 as to the personal liability of elected officials and employees of the
10 Government of Guam.
11

12 (f) Form of Bonds; Covenants; Appointment of Fiduciaries.
13 The technical form and language of the bonds, including provisions for
14 execution, exchange, transfer, registration, paying agency, lost or
15 mutilated bonds, negotiability, cancellation and other terms or
16 conditions not inconsistent with this Section, including covenants
17 relating to the maintenance of revenues, shall be as specified in the
18 indenture approved by the Governor, authorizing the issuance of the
19 bonds. The indenture may appoint one or more trustees or other
20 fiduciaries authorized to receive and hold in trust the proceeds of the
21 bonds and revenues relating thereto, to protect the rights of
22 bondholders and to perform such other duties as may be specified in
23 the indenture. The Governor is also authorized to execute, on behalf of
24 the Government of Guam, any appropriate agreements, certificates or
25 other instruments relating to the bonds, the sale of the bonds and
26 payment of the bonds being refunded.
27

28 (g) Authorization for Credit Enhancement. The Governor is
29 authorized to enter into such contracts or agreements with such
30 banks, insurance companies or other financial institutions as he
31 determines are necessary or desirable to improve the security and
32 marketability of the bonds issued under this Section. Such contracts
33 or agreements may contain an obligation to reimburse, with interest,
34 any such banks, insurance companies or other financial institutions for
35 advances use to pay principal or interest on the bonds. Any such
36 reimbursement obligation shall be payable solely from, and may be

1 secured by a pledge of, the revenues described in Subsection (d) of this
2 Section.

3
4 (h) Use of Proceeds from the Sale of the Bonds. Proceeds
5 from the sale of the bonds shall be used solely to refund all or a
6 portion of the Government of Guam Limited Obligation Highway Bonds,
7 1985 Series A, to implement the Capital Improvement Highway
8 Projects enumerated in Subsection (1) of this Section, and to pay
9 expenses relating to the authorization, sale and issuance of the bonds
10 and the payment of the bonds being refunded, including, without
11 limitation, printing costs, costs of reproducing documents, bond
12 insurance premiums, underwriting, legal and accounting fees and
13 charges, fees paid to banks or other financial institutions providing
14 credit enhancement, costs of credit ratings, fees and charges for
15 execution, transportation and safekeeping of bonds, escrow agent fees
16 and other costs, charges and fees in connection with the issuance, sale
17 and delivery of the bonds and the payment of the bonds being refunded.

18
19 (i) No Personal Liability. No employee or elected official
20 of the Government of Guam shall be individually or personally liable
21 for the payment of any amounts due on any bonds issued under this
22 Section, or for any other liability arising in connection with the bonds;
23 provided, however, that nothing in this Section shall relieve any
24 employee or elected official from the performance of any ministerial
25 duty required by law.

26
27 (j) The proceeds shall be expended for the following
28 highway capital improvement projects:

29

Project	Costs
1. Reconstruction of Route 1 from Polaris Point Intersection to Route 2A (Commissary Junction near Naval Station)	\$6.0 Million

30
31
32
33
34
35
36

1	2.	Reconstruction of Route 2A from	
2		Commissary Junction to Namu River	
3		in Agat	\$4.0 Million
4			
5	3.	Design and Reconstruction of Route	
6		30 (Camp Watkins Road) from its	
7		intersection with Route 1 (Marine	
8		Drive) to Guam Memorial Hospital	
9		including Farenholt Avenue and land	
10		acquisition required for the project	\$10.0 Million
11			
12	4.	Design and Construction of Harmon Access	
13		Road including Land Acquisition (Road	
14		from Harmon Strip connecting to Route 16	
15		at the Harmon Loop Intersection)	\$3.0 Million
16			
17	5.	Land Acquisition for the Agat-Umatac	
18		Project and for unacquired land on Route	
19		1 and other projects islandwide	\$4.0 Million
20			
21	6.	Resurfacing of approximately 5 miles	
22		of Route 4 through Merizo including spot	
23		repair, minor drainage improvements	
24		and safety treatments as needed	\$3.0 Million
25			
26		GRAND TOTAL	\$30.0 Million
27			

28 Section 2. Local Sale of Bonds. The Governor of Guam shall
29 undertake his best efforts to cause a portion of any bonds issued
30 pursuant to Section 1504 of Title 5 of the Guam Code Annotated to be
31 offered for sale in Guam, as well as in other jurisdictions, if and to
32 the extent that such offer and any sales resulting from such offer do
33 not increase the cost to the Government of Guam of issuing and
34 repaying such bonds.

35 Section 3. The Legislature hereby finds and declares as follows:
36

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36

(a) Section 1504 of Title 5 of the Guam Code Annotated provides that the Governor is authorized to issue bonds of the Government of Guam in aggregate principal amount not to exceed Sixty-Five Million Dollars (\$65,000,000) for the purposes of refunding all or a portion of the Government of Guam Limited Obligation Highway Bonds, 1985 Series A, previously issued, implementing Capital Improvement Highway Projects, and paying expenses incurred in connection with the issuance of such bonds.

(b) Section 1504 of Title 5 of the Guam Code Annotated provides that the terms and conditions of the bonds shall be approved by the Legislature by statute.

(c) Title 12 Guam Code Annotated Section 2103(k) provides that agencies and instrumentalities of the Government of Guam shall issue bonds and other obligations only by means of and through the agency of the Guam Economic Development Authority.

(d) The Board of Directors of the Guam Economic Development Authority has adopted a resolution approving the sale of bonds of the Government of Guam for the purposes of refunding all or a portion of the Government of Guam Limited Obligation Highway Bonds, 1985 Series A, previously issued, implementing Capital Improvement Highway Projects, and paying expenses incurred in connection with the issuance of such bonds.

(e) Title 12 Guam Code Annotated Section 2103(k) provides that the Guam Economic Development Authority shall not sell any bond without the approval of the Legislature of the terms and conditions of the issuance of the bonds.

(f) A proposed form of Indenture relating to Government of Guam Limited Obligation Highway Bonds pursuant to which the bonds

1
2 are proposed to be issued and secured has been presented to this
3 Legislature.
4

5 Section 4. This Legislature, pursuant to Section 1504 of Title 5
6 of the Guam Code Annotated, and pursuant to Title 12 Guam Code
7 Annotated Section 2103(k), approves the issuance by the Government
8 of Guam of Limited Obligation Highway Bonds in a principal amount not
9 to exceed Sixty Five Million Dollars (\$65,000,000), with a final
10 maturity not exceeding twenty (20) years and bearing interest at rates
11 not exceeding ten percent (10%) per annum pursuant to the Indenture in
12 substantially the same form as presented to this Legislature.
13

14 Section 5. (a) Subsections (c), (d) and (e) of Section 10 of
15 Public Law No. 18-33 are repealed.
16

17 (b) Section 26503 of Title 11 of the Guam Code Annotated
18 is repealed and reenacted to read:
19

20 "Section 26503. Mass Transit Automotive Surcharge. (a)
21 Levy. There is hereby levied a Mass Transit Automotive Surcharge of
22 Four Cents (\$0.04) per gallon on all liquid fuel taxed pursuant to
23 Subsection (a) of Section 26403 of this Title. This Mass Transit
24 Automotive Surcharge shall be in addition to the liquid fuel tax levied
25 pursuant to Subsection (a) of Section 26403 of this Title.
26

27 (b) The proceeds of the Mass Transit Automotive Surcharge
28 levied pursuant to Subsection (a) of this Section, as and to the extent
29 released from the pledge of such proceeds pursuant to Subsection (d)
30 of Section 1504 of Title 5 of the Guam Code Annotated, are to be
31 placed in a separate fund hereby created and known as the Public
32 Transit Fund. For purposes of such pledge and release, the proceeds of
33 the Mass Transit Automotive Surcharge shall be deemed to be the last
34 revenues used pursuant to such pledge and the first revenues released
35 from such pledge.
36

1 (c) All revenues in the Public Transit Fund shall be
2 transferred to the Guam Mass Transit Authority within sixty (60) days
3 after the last day of the month in which the revenues are released
4 from such pledge. All revenue from fares generated by the Guam Mass
5 Transit Authority shall also be placed in the Public Transit Fund."