

Top politician tied to Mafia

Scandal: Across Italy, the mood is for a crackdown on corruption

ROME (AP) — Italy's former top crime fighter was among five politicians told Sunday they were under investigation for possible Mafia ties, widening the latest scandal in a country engulfed in accusations of corruption.

The allegations came a day after Palermo investigators told former Premier Giulio Andreotti, Italy's most durable and best-known politician, that he was being investigated for possible ties to organized crime.

Senate officials said Sunday that they would move quickly to try to have lawmakers vote on lifting the immunity from prosecution that Andreotti enjoys as senator-for-life. Andreotti has denied the allegations.

From Sicilian villages to TV talk shows, there has been speculation for years about Mafia ties to high-level politicians.

But since a separate nationwide investigation into kickbacks began tarring Italy's political and business establishment 13 months ago, talk about a crackdown is finally, and rapidly, turning into action.

Two of the five politicians implicated on Sunday served under Andreotti — Antonio Gava, a former interior minister, and Paolo Cirino Pomicino, a former budget minister. As interior minister, Gava served as the nation's top crime fighter.

Authorities are investigating whether the five have ties to the Camorra, roughly the Neapolitan equivalent of the Sicilian Mafia. A Camorra crime boss collaborating with authorities named the five politicians, state TV reported.

Two of the other politicians are, like, Gava and Pomicino, Christian Democrats. They were identified as lawmakers Alfredo Vito and Vincenzo Meo. The fifth politician was identified as Socialist Raffaele Mastrantuono. For legislators to be prosecuted, parliament must first lift their immunity.

On Sunday, senators promised to take quick action to strip Andreotti of that privilege.

Andreotti, a 74-year-old Roman, was seven times premier between 1972 and 1982.

"If the devastating accusation is proved, that would mean the man who, more than any other, embodied the regime, ... would have used even Cosa Nostra to consolidate his everlasting kingdom," wrote Eugenio Scalfari, editor of La Repubblica, a Rome daily. Cosa Nostra is a term for the Mafia.

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Notice of Public Hearing

Committee on Economic-Agricultural Development & Insurance

Wednesday, March 31, 1993

8:00am

Public Hearing Room
Guam Legislature Temporary Building
155 Hesler St., Agana, Guam

AGENDA

Re appointment of Mr. William U. Taitague to the GEDA Bd. of Directors, term to expire 12/17/96.

Bill 4 - An act to make an appropriation of \$600,000 for Crop Insurance to GEDA and to repeal code sections 12450, 12451 and 12452 of Chapter VI of Title XIII of the Government Code.

Bill 178 - An act to authorize the Governor to issue general obligation bonds for the purpose of constructing and refurbishing public educational facilities and to create a funding source for repayment of such bonds.

Bill 323 - An act to add Section 22430 to Title 5 of the GCA regarding the issuance of general obligation bonds of the Government of Guam for the purpose of implementing certain capital improvement projects, including certain educational facilities projects.

Bill 325 - An act to amend 1 GCA Section 1033 (b) relative to the Guam Micronesia Island Fair.

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U.N. says it will start flying out wounded

SARAJEVO, Bosnia-Herzegovina (AP) — U.N. officials said French and British helicopters would fly wounded out of besieged Srebrenica beginning Wednesday, testing a promise of safe passage from the Bosnian Serb leader.

In New York, meanwhile, the Serb leader, Radovan Karadzic, disputed a mediator's report that he was withdrawing from the talks on ending the war. He said there had been a misunderstanding.

"We are ready to stay as long as it is necessary to make any kind of progress," Karadzic told reporters Tuesday evening.

Lord Owen, the European Community's mediator at the talks, said earlier that Karadzic was withdrawing because he opposed a plan to divide Bosnia into 10 provinces, and because he was angry that Bosnia's president would not meet him.

"I am not angry," Karadzic said. "We asked the co-chairmen whether we should stay or go and we got sort of permission we may leave" — a conversation that he said was misinterpreted.

Owen was not available for comment on Karadzic's remarks, but his office confirmed Karadzic was staying. Bosnian

Bosnia

President Alija Izetbegovic — who also opposes the plan — met with Owen Tuesday night, but no details of the session were available.

In other developments:
• At least three truck convoys trying to get food to Sarajevo and Zepa in eastern Bosnia remained blocked by Serb forces. Yugoslav police stopped a mobile French field hospital on the Bosnian-Yugoslav border and prevented it from proceeding to Srebrenica 15 miles (24 kilometers) to the southwest.

• The airlift into Sarajevo was suspended for a fourth day because of fighting near the airport, but heavy Serb shelling of western suburbs died down. U.N. officials said they could not determine whether Serbs gained ground in Monday's attack on Stup, a suburb just outside the main part of the city.

• In neighboring Croatia, fighting between the Croatian army and rebel Serbs flared inland from the Adriatic port of Zadar in the north and around Dubrovnik and in nearby Serb-dominated Trebinje in the south. There were no reports on casualties.



The Associated Press
Russian special forces paratrooper aims his weapon, practicing Tuesday at a base camp on the outskirts of Moscow. In the background, the troopers wear the winter white uniform as camouflage. The army claims that it will stay out of the political rivalry between President Boris Yeltsin and Communist-dominated Congress.

Questions, answers about Russia's escalating feud

Gannett News Service
The high political drama unfolding in Moscow raises questions about who's in command and who's pulling the levers of Russian economic, political and military power.

QUESTION: What's Russia's power struggle about?

ANSWER: The fight is between two existing rival centers of power, the president and the parliament, each claiming legitimacy.

Q: Who are the major players?

A: President Boris Yeltsin, head of the Russian government, stands at the center of the conflict. Opposing him are lawmakers in the 1,033-member Congress of Peoples Deputies, dominated by former Communists elected in March 1990. At the time, the Communist Par-

ty was the only legal political organization.

Q: Is there an independent judicial branch that's also involved?

A: The new Constitutional Court was brought in and decided Yeltsin acted illegally when he took control of the government last weekend. But the court is considered of relatively little importance except during crises. "Yeltsin could quite easily brush aside what the court says and the court has no recourse to enforce its ruling," said Mark Kramer at Harvard's Russian Research Center.

Q: Is impeachment in Russia like the process in the United States?

A: No. No one's been impeached in Russia, so lawmakers aren't entirely certain how to proceed. Bottom line, says

Robert Sharlet, author of "Soviet Constitutional Crisis," and a political scientist at Union College in Schenectady, N.Y., is an impeachment "would have the same effect of removal from office."

Q: Who are Yeltsin's main antagonists?

A: He is opposed by his own vice president, Aleksandr Rutskoi, an Afghanistan war hero. Rutskoi would take Yeltsin's place if the president were impeached. In addition, there are Parliament Speaker Russian Khasbulatov and Constitutional Court head Valery Zorkin. Khasbulatov is Yeltsin's main rival, though Yeltsin made him legislature speaker after the August 1991 failed coup against Mikhail Gorbachev.

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Jewish settler kills Arab captive

JERUSALEM (AP) — A Jewish settler killed a Palestinian who had stabbed another settler and then been bound hand and foot Tuesday. Radio reports said the Arab was shot with a sub-machine gun at close range.

Prime Minister Yitzhak Rabin urged Israelis on Tuesday to defend themselves instead of complaining about Arab attacks. But he said that did not mean they should be shooting Arabs.

Israel radio said the settler who opened fire believed the Palestinian had a grenade. But another settler said the grenade was taken away before the 21-year-old Arab was killed.

The recent increase in Arab-Israeli violence has prompted renewed, angry debate over Palestinian attacks and what Israelis can do to defend them.

ORRICK, HERRINGTON
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March 24, 1993

Direct Dial

415/773-5828

Board of Directors
Guam Economic Development Authority
P. O. Box 3280
Agana, Guam 96910

Re: Government of Guam General Obligation Bonds

Ladies and Gentlemen:

We are very pleased to be working with you again, this time on bonds to be issued by the Government of Guam for certain capital projects, including certain educational facilities projects.

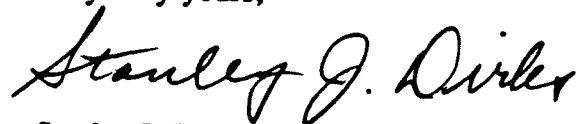
Enclosed is the final form of a resolution approving the issuance and sale of Government of Guam General Obligation Bonds (the "Bonds") and approving and authorizing the execution of certain related documents, agreements and actions. We also enclose the form of the proposed certificate (serving the function of an indenture) for the Bonds.

We understand that you have also received from underwriter's counsel a form of bond purchase agreement (draft coded at the bottom late March, 1993).

These documents, including the resolution, the certificate and the bond purchase agreement are the products of deliberations which have extended now for several months and have involved conversations between us, your representatives and representatives of the Governor's office, the underwriters and underwriter's counsel. Based on those deliberations and conversations, we confirm that these documents are now appropriate for your approval and in proper legal form.

We appreciate your continuing confidence in us and we pledge our continuing wholehearted representation of the interests of the territory in its bond financing transactions. We look forward to the consummation of this financing of facilities that are important to the island's future generations.

Very truly yours,



Stanley J. Dirks

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BOARD OF DIRECTORS OF THE
GUAM ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. _____

RESOLUTION APPROVING THE ISSUANCE AND SALE
OF GOVERNMENT OF GUAM GENERAL OBLIGATION
BONDS AND APPROVING AND AUTHORIZING
THE EXECUTION OF RELATED DOCUMENTS,
AGREEMENTS AND ACTIONS

WHEREAS, the Government of Guam (the "Government") has determined that there exists a need for certain capital projects, including certain educational facilities projects (as such capital projects are described in Section 22430(1) of Title 5 of the Guam Code Annotated) (collectively, the "Projects") and proposes to issue and sell general obligation bonds (the "Bonds") pursuant to Section 22430 of Title 5 of the Guam Code Annotated (the "Act") for the purposes of financing the Projects;

WHEREAS, pursuant to 12 Guam Code Annotated Section 2103(k) agencies and instrumentalities of the Government shall issue bonds and other obligations only by means of and through the agency of the Guam Economic Development Authority ("GEDA") and only with the approval of the Legislature of Guam of the terms and conditions of the issuance of the Bonds;

WHEREAS, the Legislature of Guam has, by the passage of Section 4 of P.L. 22-___, approved the terms and conditions of the issuance of the Bonds;

WHEREAS, the Governor of Guam (the "Governor") has requested that GEDA approve the issuance and sale of the Bonds;

WHEREAS, this Board of Directors has determined that it is in the public interest for the Government to sell the Bonds for the purpose of financing the Capital Projects; and

WHEREAS, there have been presented to this Board of Directors the proposed forms of a Certificate pursuant to which the Bonds in one or more series would be issued and a bond purchase agreement pursuant to which each series of the Bonds would be sold;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Guam Economic Development Authority as follows:

Section 1. The issuance and sale of the Bonds are hereby approved in accordance with 12 Guam Code Annotated Section 2103(k).

Section 2. The form of Certificate presented to this meeting, relating to the Bonds and to be executed and delivered by the Governor on behalf of the Government, is hereby approved for execution and delivery on behalf of the Government, with such additions, changes and modifications as the Governor may approve upon consultation with the Administrator of GEDA and legal counsel, such approval to be conclusively evidenced by the execution and delivery of such Certificate.

Section 3. The form of Bond Purchase Agreement presented to this meeting, relating to the Bonds and to be executed and delivered by the Governor on behalf of the Government, is hereby approved for execution and delivery on behalf of the Government, with such additions, changes and modifications as the Governor and the Administrator of GEDA may approve upon consultation with legal counsel, such approval to be conclusively evidenced by the execution and delivery of one or more Bond Purchase Agreements on behalf of the Government and GEDA.

Section 4. The Governor and the Administrator of GEDA are hereby expressly authorized to determine, consistent with the Act, the number of series of Bonds (not to exceed three) to be issued under this resolution, the aggregate principal amount thereof (not to exceed \$175,000,000), and the maturity or maturities (not later than December 1, 2023), the interest rates and prices (not to result in a yield greater than ten percent (10%) per annum), interest payment dates, denominations, forms, registration privileges, terms and place or places of payment, terms of redemption, security and other terms of each series of the Bonds and the designation of the various accounts provided in the Certificate.

The Governor and the Administrator of GEDA are hereby also expressly authorized to arrange for such bond insurance, letter of credit or other supplemental security arrangements for each series of the Bonds as they may deem in the public interest, and to enter into any reimbursement or other similar agreements deemed by them to be necessary or appropriate in connection therewith.

Section 5. The Governor and the Administrator of GEDA are hereby authorized and directed to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale of the

Bonds and otherwise to effectuate the purposes of this resolution. Such actions may include, but are not limited to, the approval of the distribution for each series of Bonds of such preliminary official statement and final official statement as the Governor may approve upon consultation with the Administrator and legal counsel (such approval to be conclusively evidenced by the execution of the final official statement by the Governor), the distribution of other information and material relating to the Bonds and the holding of any appropriate information meetings concerning the Bonds.

Section 6. This resolution shall take effect from and after its adoption.

SECRETARY'S CERTIFICATE

I, _____, Secretary of the Board of Directors of the Guam Economic Development Authority, hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a special meeting of the members of the Board of Directors of said Authority duly and legally held at the regular meeting place thereof on _____, 1993, of which meeting all of said members had due notice and at which at least a majority thereof were present;

At said meeting said resolution was adopted by the following vote:

Ayes:

Noes:

Absent:

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

Dated:

Secretary to the
Board of Directors

(SEAL)

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GOVERNMENT OF GUAM

General Obligation Bonds, 1993 Series A

BOND PURCHASE AGREEMENT

_____, 1993

Government of Guam
Adelup Point
Agana, Guam

Ladies and Gentlemen:

Lehman Brothers and Prager, McCarthy & Sealy (the "Senior Managers") on behalf of themselves and Smith Barney, Harris Upham & Co., Incorporated, Saybrook Capital Corporation and A.G. Edwards & Sons, Inc. (collectively, the "Underwriters") offer to enter into the following agreement with you, the Government of Guam, which upon acceptance of this offer, will be binding upon you and upon the Underwriters. This offer is made subject to your acceptance of this Bond Purchase Agreement on or before ____ p.m., New York time, on _____, 1993.

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties and covenants set forth herein, the Underwriters, jointly and severally, hereby agree to purchase from the Government of Guam, and the Government of Guam hereby agrees to sell to the Underwriters, all (but not less than all) of an aggregate of \$_____ principal amount of Government of Guam General Obligation Bonds, 1993 Series A (the "Bonds"). The Bonds will be dated _____ 1, 1993. The aggregate purchase price for the Bonds will be [\$_____] (which is _____% of the principal amount of the Bonds[, which includes an underwriters discount of \$_____ and an original issue discount of \$_____] plus interest accrued on the Bonds to the date of payment for and delivery of the Bonds. Such payment and delivery and the other actions contemplated hereby to take place at the time of such payment and delivery are herein sometimes called the "Closing".

The Bonds shall be issued pursuant to Section ____ of Title ____ of the Guam Code Annotated and P.L. _____, passed by the Guam Legislature on _____, 1993 and signed by the Governor on _____,

50 1993 (collectively, the "Authorizing Legislation"). The Bonds shall
51 be as described in and shall be issued and secured under and
52 pursuant to, a Certificate of the Governor of Guam, dated as of
53 _____ 1, 1993 (the "Certificate"), accepted by _____,
54 as Trustee (the "Trustee"), and _____, as Co-Trustee (the "Co-
55 Trustee").
56

57 2. Delivery of Official Statement and Other Documents. The
58 Government of Guam shall deliver to the Underwriters, as promptly
59 as practical but in no event later than the seventh (7th) Business
60 Day after the date hereof, such number of copies of the final
61 Official Statement, dated the date hereof, relating to the Bonds
62 (the "Official Statement"), executed by an authorized official of
63 the Government of Guam, as the Underwriters may reasonably request
64 in order for the Underwriters to comply with the rules of the
65 Municipal Securities Rulemaking Board and paragraph (b) 4 of 17
66 C.F.R. 240.15c2-12, Rule 15c2-12, 54 Fed. Reg. 28,813 (1989) ("Rule
67 15c2-12").
68

69 3. Authority of the Senior Managers. The Senior Managers
70 hereby represent to the Government of Guam that they have been duly
71 authorized to execute this Bond Purchase Agreement and have been
72 duly authorized to act hereunder on behalf of the other
73 Underwriters.
74

75 4. Public Offering. Regarding the offering and sale of the
76 Bonds:
77

78 (a) The Underwriters agree to make a bona fide public
79 offering of all the Bonds at not in excess of the initial
80 public offering prices or yields set forth on the cover
81 page of the Official Statement, plus interest accrued
82 thereon, if applicable, from the date of the Bonds. The
83 Underwriters reserve the right to make concessions to
84 dealers and to change such initial public offering prices
85 or yields as the Underwriters reasonably deem necessary
86 in connection with the marketing of the Bonds. The
87 Underwriters also reserve the right (a) to over-allot or
88 effect transactions that stabilize or maintain the market
89 price of the Bonds at a level above that which might
90 otherwise prevail in the open market and (b) to
91 discontinue such stabilizing, if commenced, at any time.
92

93 (b) The Government of Guam hereby authorizes the
94 Underwriters to use the Official Statement and the
95 information contained therein in connection with the
96 offering and sale of the Bonds and ratifies and confirms
97 its authorization of the use by the Underwriters prior to
98 the date hereof of the Preliminary Official Statement
99 furnished to the Underwriters by the Government of Guam
100 in connection with such offering and sale. The
101 Government of Guam acknowledges, represents, and agrees

102 that it deemed the Preliminary Official Statement to be
103 final as of its date solely for the purposes of Rule
104 15c2-12, except for the omission of the following
105 information: the offering price(s), interest rate(s),
106 selling compensation, aggregate principal amount,
107 principal amount per maturity, delivery dates, ratings
108 and other terms of the Bonds depending on such matters.
109

110 (c) The Government of Guam agrees to furnish or cause to
111 be furnished to the Underwriters, on or prior to the date
112 confirmations will be mailed requesting payment from any
113 customer purchasing the Bonds from the Underwriters,
114 copies of the Official Statement in a quantity sufficient
115 to enable the Underwriters to comply with paragraphs
116 (b)(3) and (b)(4) of Rule 15c2-12 and the rules of the
117 Municipal Securities Rulemaking Board.
118

119 (d) The Underwriters agree that from the time the
120 Official Statement becomes available until the earlier of
121 (i) ninety days from the "end of the underwriting
122 period," as defined in Rule 15c2-12, or (ii) the time
123 when the Official Statement is available to any person
124 from a nationally recognized municipal securities
125 information repository, but in no case less than
126 twenty-five days following the end of the underwriting
127 period, each Underwriter shall send no later than the
128 next business day following a request for a copy thereof,
129 by first class mail or other equally prompt means, to any
130 Potential Customer, as defined in Rule 15c2-12, on
131 request, a single copy of the Official Statement.
132

133 5. Representations and Warranties of the Government of Guam.
134 The Government of Guam represents and warrants to, and agrees with,
135 each of the Underwriters that:
136

137 (a) The Government of Guam is the duly organized and
138 validly existing government of the unincorporated
139 Territory of Guam, and has the powers set forth in Title
140 48, Chapter 8A of the United States Code Annotated.
141

142 (b) The Government of Guam has duly executed and
143 delivered the Certificate, has duly authorized and
144 approved the Preliminary Official Statement, has duly
145 authorized and approved the execution and delivery of and
146 the performance by the Government of Guam of its
147 obligations pursuant to the terms of the Bonds, this Bond
148 Purchase Agreement and the Certificate and the
149 consummation of all other transactions contemplated by
150 the Official Statement.
151

152 (c) The Government of Guam has full legal right, power
153 and authority (i) to enter into this Bond Purchase

154 Agreement, (ii) to issue, sell and deliver the Bonds to
155 the Underwriters pursuant to the Certificate, as provided
156 herein, and (iii) to carry out and consummate the
157 transactions contemplated by this Bond Purchase
158 Agreement, the Certificate and the Official Statement,
159 and the execution and delivery of such documents and
160 compliance with the provisions thereof will not conflict
161 with or constitute a breach of or default under any
162 applicable constitutional provision, law, administrative
163 regulation, court order or consent decree of the
164 Government of Guam or any department, division, agency or
165 instrumentality thereof, including but not limited to the
166 University of Guam, or of the United States or any
167 applicable judgment or decree or any loan agreement,
168 note, resolution, certificate, agreement or other
169 instrument to which the Government of Guam is a party or
170 may be otherwise subject. The Government of Guam is not
171 in any material respect in breach of or default under any
172 applicable constitutional provision, law, administrative
173 regulation, court order or consent decree of the
174 Government of Guam or of the United States, or any agency
175 or instrumentality of either of them, or any applicable
176 judgment or decree, or any loan agreement, certificate,
177 bond, note, resolution, agreement (including, without
178 limitation, the Certificate or this Bond Purchase
179 Agreement) or other instrument to which the Government of
180 Guam is a party which breach or default has or may have
181 an adverse effect on the ability of the Government of
182 Guam to perform its obligations under the Certificate or
183 this Bond Purchase Agreement or to operate the University
184 of Guam or other educational facilities in the Territory
185 of Guam and no event has occurred and is continuing which
186 with the passage of time or the giving of notice, or
187 both, would constitute such a default or event of default
188 under any such instrument.
189

190 (d) All opinions, certifications, approvals, consents or
191 orders of any governmental authority, legislative body,
192 board, agency or commission having jurisdiction which are
193 required for the due authorization, or the obtaining of
194 which would constitute a condition precedent to the
195 performance, by the Government of Guam of its obligations
196 hereunder or under the Certificate or the Bonds and which
197 can reasonably be obtained at this time have been
198 obtained.
199

200 (e) The Bonds and the Certificate conform to the
201 descriptions thereof contained in the Official Statement;
202 and the Bonds, when issued, authenticated and delivered
203 in accordance with the Certificate, will be validly
204 issued and outstanding obligations of the Government of
205 Guam entitled to the benefit of the Certificate.

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(f) The financial statements of the Government of Guam contained in the Official Statement fairly present the financial positions and results of operation of the Government of Guam as of the dates and for the periods therein set forth, and the Government of Guam has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles.

(g) At the time of the Government of Guam's acceptance hereof and (unless an event occurs of the nature described in subparagraph (o) of this paragraph 5) at all times during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with paragraph 12 hereof), the Official Statement does not and will not contain any untrue or misleading statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading in any material respect.

(h) If the Official Statement is supplemented or amended pursuant to subparagraph (o) of this paragraph 5, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with paragraph 12 hereof), as so supplemented or amended, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(i) To the best knowledge of the Government of Guam, after due investigation, no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body is pending or, to the knowledge of the Government of Guam, threatened in any way affecting the existence of the Government of Guam or the title of any official of the Government of Guam to such person's office or seeking to restrain or enjoin the issuance, sale or delivery of the Bonds, or in any way contesting or affecting the validity or enforceability of the Authorizing Legislation, the Certificate, this Bond Purchase Agreement or the Bonds, or contesting in any way the completeness or accuracy of the Preliminary Official

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Statement, or contesting the power of the Government of Guam or its authority with respect to the Bonds, the Certificate or the Bond Purchase Agreement or contesting the exclusion of interest on the Bonds from gross income for Federal income tax purposes, nor is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity of the Authorizing Legislation, or the authorization, execution, delivery or performance by the Government of Guam of the Bonds, the Certificate or this Bond Purchase Agreement. The Government of Guam has not been notified of any listing or proposed listing of it by the Internal Revenue Service as a bond issuer whose arbitrage certifications may not be relied upon.

(j) The Government of Guam will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request (i) to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states as the Senior Managers may designate and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and the Government of Guam agrees to make its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided that the Government of Guam shall not be obligated to execute a general or special consent to service of process or qualify to do business in connection with any such qualification or determination in any jurisdiction.

(k) The Government of Guam will comply with the requirements of the Tax Certificate executed by the Government of Guam in connection with the delivery of the Bonds.

(l) The Government of Guam will apply the proceeds of the Bonds in accordance with the Certificate.

(m) Any certificate signed by any officer of the Government of Guam and delivered to the Underwriters pursuant to the Certificate or this Bond Purchase Agreement or any document contemplated thereby shall be deemed a representation and warranty by the Government of Guam to the Underwriters as to the statements made therein and that such officer shall have been duly authorized to execute the same.

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(n) To the best knowledge of the Government of Guam, there is no public vote or referendum pending or proposed, the results of which could in any way adversely affect the transactions contemplated by this Bond Purchase Agreement, the Authorizing Legislation, the Bonds or the Certificate or the validity or enforceability of the Bonds.

(o) If during the period from the date of this Bond Purchase Agreement to and including the date which is twenty-five (25) days following the end of the underwriting period for the Bonds (as determined in accordance with paragraph 12 hereof) any event shall occur which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Government of Guam shall notify the Senior Managers of any such event of which it has knowledge and, if in the opinion of the Senior Managers such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Government of Guam will prepare and furnish to the Underwriters (i) a reasonable number of copies of the supplement or amendment to the Official Statement in form and substance acceptable to the Underwriters, and (ii) if such notification shall be subsequent to the Closing, such legal opinions, certificates, instruments and other documents as the Underwriters may reasonably deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(p) Between the date of this Bond Purchase Agreement and the Closing, the Government of Guam will not, without the prior written consent of the Underwriters, issue any bonds, notes or other obligations for borrowed money; and, subsequent to the respective dates as of which information is given in the Official Statement and up to and including the date of the Closing, the Government of Guam has not incurred and will not incur any material liabilities (direct or contingent) other than those occurring in the ordinary course of operating the Government of Guam, nor will there be any action, or any failure to act, on the part of the Government of Guam which would result in an adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the Government of Guam, except as contemplated by the Official Statement.

359 6. [Letter of Credit] [Bond Insurance Policy]. At or before
360 the time of Closing, the Government of Guam shall receive a
361 commitment for [an insurance policy] [Letter of Credit] from _____
362 _____ under which _____ irrevocably guarantees the
363 payment of principal and interest on the Bonds when due. The
364 premium for such [insurance policy] [Letter of Credit] will be paid
365 from Bond proceeds.
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367 7. Right to Terminate. The Senior Managers have the right
368 to terminate the Underwriters' obligations under this Bond Purchase
369 Agreement to purchase, to accept delivery of and to pay for the
370 Bonds by notifying the Government of Guam of their election to do
371 so if, after the execution hereof and prior to the Closing: (i)
372 legislation (including any amendment thereto) introduced in,
373 pending before, favorably reported by, is tentatively decided upon
374 or is passed by, either House of Congress of the United States or
375 any Committee thereof, or announced by the Chairman of any such
376 Committee, or recommended to the Congress of the United States for
377 passage by the President of the United States or the United States
378 Treasury Department, a decision by a court established under
379 Article III of the Constitution of the United States, or the United
380 States Tax Court shall be rendered, or a ruling, regulation or
381 official statement by or on behalf of the Treasury Department of
382 the United States, the Internal Revenue Service or other
383 governmental agency shall be made or proposed, which, if enacted,
384 promulgated, or otherwise fully implemented, would have the purpose
385 or effect of imposing or would result in federal taxation upon
386 interest received on obligations of the general character of the
387 Bonds, or which would have the effect of changing directly or
388 indirectly the federal income tax consequences of the receipt or
389 accrual of interest on obligations of the general character of the
390 Bonds in the hands of the beneficial owners thereof; (ii) any
391 legislation, resolution, rule or regulation shall be introduced in,
392 considered by or be enacted by any governmental body, department or
393 political subdivision of the Territory of Guam, or a decision by
394 any court of competent jurisdiction within the Territory of Guam
395 shall be rendered which, in the Senior Managers' reasonable
396 opinion, does or will materially adversely affect the market price
397 of the Bonds; (iii) legislation is or shall be enacted by the
398 Congress of the United States of America, or a decision of a court
399 of the United States of America shall be rendered, or a stop order,
400 ruling, regulation or official statement, or a proposed stop order,
401 ruling, regulation or official statement by or on behalf of the
402 Securities and Exchange Commission or other agency having
403 jurisdiction over the issuance, sale and delivery of the Bonds, or
404 any other obligations of the Government of Guam or any similar
405 public body shall be issued or made to the effect that obligations
406 of the general character of the Bonds, or the Bonds are not exempt
407 from registration under or other requirements of the Securities Act
408 of 1933, as amended and as then in effect, or the Securities
409 Exchange Act of 1934, as amended and as then in effect, or the
410 Certificate is not exempt from qualification under or other

411 requirements of the Trust Certificate Act of 1939, as amended and
412 as then in effect or with the purpose or effect or otherwise
413 prohibiting the issuance, sale and delivery of the Bonds, as
414 contemplated hereby and by the Official Statement, or of
415 obligations of the general character of the Bonds; (iv) additional
416 material restrictions not in force as of the date hereof shall have
417 been imposed upon trading in securities generally by any
418 governmental authority or by any national securities exchange
419 which, in the reasonable opinion of the Senior Managers, will
420 materially adversely affect the market price of the Bonds; (v) a
421 general banking moratorium shall have been established by Federal,
422 Territory of Guam or New York authorities; (vi) a war involving the
423 United States shall have been declared, or any conflict involving
424 the armed forces of the United States shall have escalated, or any
425 other national emergency relating to the effective operation of
426 government or the financial community shall have occurred, which,
427 in the Senior Managers' reasonable opinion, materially adversely
428 affects the market price of the Bonds; (vii) the rating of any
429 bonds of the Government of Guam or any bonds insured by [Bond
430 Insurer] shall have been downgraded or withdrawn by a national
431 rating service, and such downgrade or withdrawal, in the Senior
432 Managers' reasonable opinion, will materially adversely affect the
433 market price of the Bonds; or (viii) the Official Statement
434 contains any untrue statement of a material fact or omits to state
435 a material fact required to be stated therein or necessary to make
436 the statements therein, in light of the circumstances in which they
437 were made, not misleading, and in either such event, the Government
438 of Guam refuses to permit the Official Statement to be supplemented
439 to correct or supply such statement or information, or the
440 statement or information as supplemented is such as, in the
441 judgment of the Senior Managers, would materially adversely affect
442 the market for the Bonds or the sale, at the contemplated offering
443 prices, to the purchasers of the Bonds.
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445 8. Delivery of Documents. The Senior Managers have entered
446 into this Bond Purchase Agreement on behalf of themselves and the
447 other Underwriters in reliance upon the representations and
448 warranties of the Government of Guam contained herein and to be
449 contained in the documents and instruments to be delivered at the
450 Closing and upon the performance by the Government of Guam of its
451 obligations hereunder at or prior to the date of the Closing.
452 Accordingly, the Underwriters' obligations under this Bond Purchase
453 Agreement to purchase, to accept delivery of and to pay for the
454 Bonds are subject to the performance by the Government of Guam of
455 its obligations to be performed hereunder and under such aforesaid
456 documents and instruments at or prior to the Closing, and are also
457 subject to the following conditions:
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459 (a) The representations and warranties of the Government
460 of Guam contained herein will be true, complete and
461 correct on the date hereof, and on and as of the date of
462 the Closing with the same effect as if made on the date

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of the Closing, and all representations and warranties herein with respect to the Preliminary Official Statement will be true, complete and correct with respect to the Official Statement on and as of the date of Closing.

(b) At the time of the Closing, the Certificate will be in full force and effect, and will not have been amended, modified or supplemented, and the Official Statement will not have been amended, modified or supplemented, except as may have been agreed to by the Senior Managers.

(c) At the time of the Closing, all necessary action of the Government of Guam relating to the issuance of the Bonds will have been taken and will be in full force and effect and will not have been amended, modified or supplemented.

(d) At the time of Closing, the Bonds shall have been assigned a rating of _____ by Standard & Poor's Corporation and a rating of _____ by Moody's Investors Service, Inc.

(e) At or prior to the Closing, the Senior Managers will have received each of the following documents:

(1) The Official Statement of the Government of Guam executed by an authorized official of the Government of Guam.

(2) The Certificate duly authorized, executed and delivered by the Governor of Guam and the Trustee [and Co-Trustee] thereunder.

(3) The approving opinion, dated the date of the Closing and addressed to the Government of Guam, of Orrick, Herrington & Sutcliffe, Bond Counsel to the Government of Guam, in substantially the form attached to the Official Statement as Appendix [], and a reliance letter of such Counsel, dated the date of the Closing and addressed to the Underwriters, to the effect that such opinion addressed to the Government of Guam may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them.

(4) An opinion, dated the date of the Closing and addressed to the Underwriters, of Orrick, Herrington & Sutcliffe, Bond Counsel to the Government of Guam, to the effect that (i) this Bond Purchase Agreement has been duly authorized, executed and delivered by the Government of Guam, and assuming due authorization, execution and

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delivery by and validity against the Underwriters, constitutes the valid and legally binding obligation of the Government of Guam enforceable in accordance with its terms, except that the rights and obligations thereunder may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights and by the application of equitable principles if equitable remedies are sought or to the exercise of judicial discretion; except that no opinion need be expressed with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained in the Purchase Contract; (ii) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Certificate is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and (iii) the statements contained in the Official Statement under the captions "The Bonds" (excluding "Book-Entry Only System"), "Security and Sources of Payment for the Bonds" (excluding [____]), "Tax Matters" and "Summary of Certain Provisions of the Certificate" (Appendix ____) insofar as the statements contained under such captions expressly summarize or describe provisions of the Bonds and the Certificate, the authority for the Bonds and tax matters and the final opinion of such Counsel with respect to such Bonds are accurate in all material respects.

(5) The opinion of counsel to the Trustee, addressed to the Underwriters and the Government of Guam and dated the Closing Date to the effect that: (i) the Trustee has been duly organized and is validly existing in good standing under the laws of _____ with full corporate power to undertake the trusts of the Certificate; (ii) the Trustee has duly authorized, executed and delivered its acceptance of the Certificate and by all proper corporate action has authorized the acceptance of the trusts of the Certificate; (iii) assuming the corporate power and legal authority of the Government of Guam, and the due authorization, execution and delivery by the Government of Guam of the Certificate, the Certificate constitutes a valid and binding agreement of the Trustee enforceable against the Trustee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws, or equitable principles relating to or

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limiting creditors' rights generally; (iv) the Bonds have been validly authenticated and delivered by the Trustee; (v) no authorization, approval, consent or other order of any governmental agency or, to such counsel's knowledge, after due investigation, any other person or corporation is required for the valid authorization, execution and delivery of the Trustee's acceptance of the Certificate or its authentication and delivery of the Bonds (except that such counsel need express no view as to Federal or state securities laws); and (vi) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to counsel to the Trustee to be pending or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to the transactions contemplated by the Bonds, the Certificate, or any other agreement, document, or certificate related to such transactions.

(6) The opinion of counsel to the Co-Trustee, addressed to the Underwriters and the Government of Guam and dated the Closing Date to the effect that: (i) the Co-Trustee has been duly organized and is validly existing in good standing under the laws of the State of _____ with full corporate power to undertake the trusts of the Certificate; (ii) the Co-Trustee has duly authorized, executed and delivered its acceptance of the Certificate and by all proper corporate action has authorized the acceptance of the trusts of the Certificate; (iii) assuming the corporate power and legal authority of the Government of Guam, and the due authorization, execution and delivery by the Government of Guam of the Certificate, the Certificate constitutes a valid and binding agreement of the Co-Trustee enforceable against the Co-Trustee in accordance with its terms, except as enforcement may be limited by bankruptcy, insolvency, moratorium or other similar laws, or equitable principles relating to or limiting creditors' rights generally; (iv) the Bonds have been validly authenticated and delivered by the Co-Trustee; (v) no authorization, approval, consent or other order of any governmental agency or, to such counsel's knowledge, after due investigation, any other person or corporation is required for the valid authorization, execution and delivery of the Certificate or the Co-Trustee's acceptance of the Certificate or its authentication and delivery of

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the Bonds (except that such counsel need express no view as to Federal or state securities laws); and (vi) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body known to counsel to the Co-Trustee to be pending or threatened against or affecting the Co-Trustee to restrain or enjoin the Co-Trustee's participation in, or in any way contesting the powers of the Co-Trustee with respect to the transactions contemplated by the Bonds, the Certificate, or any other agreement, document, or certificate related to such transactions.

(7) An opinion, dated the date of the Closing and addressed to the Underwriters, of the Attorney General of the Territory of Guam, to the effect that (i) the Government of Guam is at the date of Closing duly organized and validly existing under the laws of the United States of America and has full legal right, power and authority to enter into and perform the Certificate, to authorize, issue and sell the Bonds and to carry out and consummate all transactions required of it as contemplated by this Bond Purchase Agreement and the Certificate; (ii) the Certificate was duly approved and authorized by the Government of Guam and is in full force and effect on the date of the Closing; (iii) the Bonds constitute general obligations of the Government of Guam; (iv) this Bond Purchase Agreement has been duly authorized, executed and delivered by and constitutes a valid and legal obligation of the Government of Guam enforceable in accordance with its terms (but such opinion as to enforceability may be qualified with respect to bankruptcy, insolvency and other laws affecting creditors' rights or remedies); (v) the adoption of the Authorizing Legislation and the execution and delivery of the Certificate, and the consummation of the transactions contemplated thereby and hereby, and the compliance with the provisions thereof and hereof, will not conflict with or constitute on the part of the Government of Guam a breach of or a default under any existing law, administrative regulation, court order or consent decree of the Government of Guam or of the United States, to which the Government of Guam is subject, or any agreement or instrument to which the Government of Guam is a party or may otherwise be subject; (vi) all approvals, consents or orders of any governmental authority, board, agency or commission having jurisdiction the obtaining of

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which would constitute a condition precedent to the performance by the Government of Guam of its obligations under this Bond Purchase Agreement, the Certificate and the Bonds and which can reasonably be obtained by the time of Closing have been obtained; (vii) there is no litigation or proceeding, pending or threatened (either in territorial, state or Federal courts), to restrain or enjoin the execution or delivery of the Bonds or the collection or payment of revenues, (b) in any way contesting or affecting the existence of the Government of Guam or the title of an official of the Government of Guam to such person's office, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds, or affecting the validity or enforceability of the Bonds, the Certificate or this Bond Purchase Agreement, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of the Government of Guam or its authority with respect to the Bonds, the Certificate or this Bond Purchase Agreement; (viii) the statements contained in the Official Statement under the captions "Litigation", "Authority for the Bonds", and ["_____"] are accurate in all material respects; (ix) the Attorney General has no reason to believe that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for information under the caption "Book-Entry Only System", the financial statements and other financial and statistical data included therein, and, _____, included as Appendix [__] thereto, as to which no view need be expressed); and (x) Public Law _____, as amended, approving and authorizing the execution and delivery of the Certificate, the Bonds, this Bond Purchase Agreement, and the Official Statement was duly passed by the Guam Legislature on _____, 1993 and signed by the Governor on _____, 1993.

(8) An opinion dated the date of closing and addressed to the Underwriters of counsel to the Guam Economic Development Authority ("GEDA"), to the effect that: (i) GEDA Resolution No. _____ authorizing, among other things, the issuance of the Bonds was duly adopted on _____, 1993 at an adjourned regular or special meeting of GEDA, duly

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called for such purpose; (ii) there is no litigation or proceeding, pending or threatened, in any way affecting the existence of GEDA or the title of any official of GEDA to such person's office, or seeking to restrain or to enjoin the issuance, sale or delivery of the Bonds or in any way contesting or affecting the validity or enforceability of the Bonds or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or contesting the power of GEDA or its authority with respect to the Bonds.

(9) An opinion, dated the date of the Closing and addressed to the Underwriters, of Mudge Rose Guthrie Alexander & Ferdon, Counsel for the Underwriters, to the effect that (i) the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Certificate is exempt from qualification pursuant the Trust Certificate Act of 1939, as amended, and that (ii) based upon its participation in the preparation of the Official Statement as Counsel for the Underwriters and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, as of the date of Closing such Counsel has no reason to believe that the Official Statement as of its date contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for information under the caption "Book-Entry Only System") the financial statements and other financial, engineering, statistical data, forecasts, numbers, estimates, assumptions or expressions of opinions, [information pertaining to any letter of credit bank or bond insurer,] included therein, and the "_____," included as Appendix ___ thereto, as to which no view need be expressed), or that the Official Statement (together with any amendments or supplements thereto pursuant to Subparagraph (o) of Paragraph 5 hereof, if any), as of the date of the Closing contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the

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circumstances under which they were made, not misleading (except as aforesaid).

[(10) An opinion, dated the date of Closing, addressed to the Government of Guam and the Trustee [and the Co-Trustee], from counsel for [the Letter of Credit Bank] [the Bond Insurance Provider], in form and substance satisfactory to the Underwriters and their counsel.]

[(11) A certificate, dated the date of Closing, addressed to the Government of Guam, the Trustee, [and the Co-Trustee] [from the Letter of Credit Bank,] [Bond Insurer] in form and substance satisfactory to the Underwriters and their counsel.]

(12) A certificate of the Trustee dated the Closing Date, signed by a duly authorized officer of the Trustee, and in form and substance satisfactory to the Senior Managers, to the effect that: (i) to the best of such officer's knowledge, no litigation is pending or threatened (in territorial, state or Federal courts) to restrain or enjoin the authentication or delivery of the Bonds, and (ii) to the best of such officer's knowledge, after due investigation, no event affecting the Trustee has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the date of such certificate the statements or information contained in the Official Statement or which should be reflected therein in order to make the statements and information therein not misleading in any material respect.

(13) A certificate of the Co-Trustee dated the Closing Date, signed by a duly authorized officer of the Co-Trustee, and in form and substance satisfactory to the Senior Managers, to the effect that: (i) to the best of such officer's knowledge, no litigation is pending or threatened (in territorial, state or Federal courts) to restrain or enjoin the authentication or delivery of the Bonds, and (ii) to the best of such officer's knowledge, after due investigation, no event affecting the Co-Trustee has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the date of such certificate the statements or information contained in the Official Statement or which should be reflected therein in order to make

825 the statements and information therein not
826 misleading in any material respect.
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828 (14) A certificate, dated the date of the Closing
829 and signed by an authorized official of the
830 Government of Guam, to the effect that (i) the
831 representations, warranties and covenants of the
832 Government of Guam contained herein are true and
833 correct in all material respects on and as of the
834 date of the Closing with the same effect as if made
835 on the date of the Closing; (ii) no event
836 materially adversely affecting the Government of
837 Guam has occurred since the date of the Official
838 Statement and the Official Statement does not
839 contain any untrue statement of a material fact or
840 omit to state a material fact which should be
841 included therein in light of the purposes for which
842 it is to be used or which it is necessary to
843 disclose therein in order to make the statements
844 and information therein not misleading in any
845 material respect; and (iii) the Government of Guam
846 has complied with all the agreements and satisfied
847 all the conditions on its part to be performed or
848 satisfied at or prior to the Closing and (iv) there
849 is no litigation or proceeding, pending or
850 threatened, to the knowledge of the Government of
851 Guam (in territorial, state or Federal courts) (a)
852 to restrain or enjoin the execution or delivery of
853 the Bonds, (b) in any way contesting or affecting
854 the existence of the Government of Guam or the
855 title of an official of the Government of Guam to
856 such person's office, or seeking to restrain or to
857 enjoin the issuance, sale or delivery of the Bonds,
858 or in any way contesting or affecting the validity
859 or enforceability of the Bonds, the Certificate,
860 this Bond Purchase Agreement, or contesting in any
861 way the completeness or accuracy of the Preliminary
862 Official Statement or the Official Statement, or
863 contesting the power of the Government of Guam or
864 its authority with respect to the Bonds, the
865 Certificate or this Bond Purchase Agreement.
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867 (15) Letters addressed to the Underwriters from
868 [Deloitte & Touche], independent certified public
869 accountants, in form and substance satisfactory to
870 the Underwriters and their counsel and dated the
871 date hereof and the date of the Closing (which
872 letter dated the date of Closing will confirm in
873 all material respects the conclusions and findings
874 set forth in the letter dated the date hereof) to
875 the effect that, as of the dates of such letters,
876 (i) they are independent certified public

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accountants within the meaning of the Code of Professional Ethics of the American Institute of Certified Public Accountants; (ii) they consent to the inclusion of their report to the Government of Guam dated _____ (the "Financial Statements") as Appendix A to the Preliminary Official Statement and the Official Statement for the Bonds and to all references to such firm and such Financial Statements in the Preliminary Official Statement and the Official Statement; and (iii) on the basis of a reading of the latest available records of the Government of Guam, and inquires of officials of the Government of Guam responsible for financial and accounting matters, nothing has come to their attention as of a date not more than five business days prior to the date hereof (and confirmed to a date not more than five business days prior to the Closing) that caused them to believe that since [_____] there were any material increases in indebtedness or material decreases in the assets or operating revenue of the Government of Guam other than through the normal course of operations of the Government of Guam.

(16) Two counterpart originals of a transcript of all proceedings relating to the authorization and issuance of the Bonds, to be delivered at the Closing.

(17) Certified copies of resolutions of GEDA, the Trustee and Co-Trustee authorizing, as applicable, the execution and delivery and authentication of the Bonds, the Certificate and this Bond Purchase Agreement, the distribution of the Preliminary Official Statement, and the distribution of the Official Statement.

(18) A tax certificate in the form satisfactory to Bond Counsel.

(19) A certificate, dated the date of the Closing and signed by an authorized official of the Government of Guam, to the effect that the financial statements of the Government of Guam contained in the Official Statement fairly present the financial positions and results of operations of the Government of Guam as of the dates and for the periods therein set forth, and such officer has no reason to believe that such financial statements have not been prepared in accordance with generally accepted accounting principles consistently applied.

929 (20) Evidence of receipt of the [Insurance Policy]
930 [Letter of Credit].
931

932 (21) Such additional legal opinions, certificates,
933 instruments and other documents as the Senior
934 Managers may reasonably request to evidence the
935 truth and accuracy, as of the date hereof and as of
936 the date of the Closing, of the representations,
937 warranties and covenants of the Government of Guam
938 contained herein and of the statements and
939 information contained in the Official Statement and
940 the due performance or satisfaction by the
941 Government of Guam at or prior to the Closing of
942 all agreements then to be performed and all
943 conditions then to be satisfied by the Government
944 of Guam.
945

946 All of the opinions, letters, certificates, instruments
947 and other documents mentioned above or elsewhere in this Bond
948 Purchase Agreement will be deemed to be in compliance with the
949 provisions hereof if, but only if, they are in form and substance
950 satisfactory to the Senior Managers. The opinion of Orrick,
951 Herrington & Sutcliffe, that is first referred to in clause (3) of
952 subparagraph (e) of this paragraph 8 of this Bond Purchase
953 Agreement shall be deemed satisfactory if it is substantially in
954 the form of Appendix ___ to the Official Statement.
955

956 If the Government of Guam is unable to satisfy the
957 conditions to the obligations of the Underwriters to purchase, to
958 accept delivery of and to pay for the Bonds contained in this Bond
959 Purchase Agreement, or if the obligations of the Underwriters to
960 purchase, to accept delivery of and to pay for the Bonds will be
961 terminated for any reason permitted by this Bond Purchase
962 Agreement, this Bond Purchase Agreement will terminate and neither
963 the Underwriters nor the Government of Guam will be under further
964 obligation hereunder, except that the respective obligations of the
965 Government of Guam and the Underwriters set forth in Paragraph ___
966 and the representations and warranties of the Government of Guam
967 contained herein will continue in full force and effect.
968

969 The obligation of the Government of Guam to deliver and accept
970 payment for the Bonds on the Closing Date shall be subject, at the
971 option of the Government of Guam, to the satisfactory completion of
972 the conditions described in subsections (i) and (ii) of Section 7,
973 and (a), (e)(3) through (e)(15) and (e)(21) of Section 8 of this
974 Bond Purchase Agreement.
975

976 9. Changes in Official Statement. After the Closing Date,
977 the Government of Guam will not adopt any amendment of or
978 supplement to the Official Statement to which, after having been
979 furnished with a copy, the Senior Managers shall object in writing.
980

981 10. The Closing. The Closing shall take place at 11:00 P.M.
982 Guam time [9:00 A.M. New York City time], on [_____, 1993], or on
983 such other date or at such other place as shall have been mutually
984 agreed upon as the date on or place at which the Closing shall
985 occur. At 10:00 A.M., New York time on the Closing date, the
986 Government of Guam will cause the Bonds in definitive form, duly
987 executed and authenticated, to be delivered to the principal office
988 of The Depository Trust Company ("DTC"), New York, New York.
989 Simultaneously with such delivery and provided that all conditions
990 to the obligations of the Underwriters set forth in paragraph 8
991 hereof have been satisfied and are in form and substance
992 satisfactory to the Senior Managers, the Underwriters will cause
993 the purchase price of the Bonds to be paid by immediately available
994 funds to the order of the Government of Guam. The Bonds, bearing
995 CUSIP numbers, will be in definitive form and registered in the
996 name of "Cede & Co.", as nominee of DTC. There shall be one
997 typewritten Bond for each maturity and the Bonds will be made
998 available for inspection and checking by DTC, not later than 10:00
999 A.M., New York time, on the second business day prior to the
1000 Closing or such other date or time as shall be mutually agreed
1001 upon. The failure of the Bonds to bear correct CUSIP numbers shall
1002 not be a basis for failure of the Underwriters to accept delivery
1003 of the Bonds.
1004

1005 11. Expenses. (a) The Underwriters will be under no
1006 obligation to pay, and the Government of Guam shall pay, all
1007 expenses incident to the performance of the obligations of the
1008 Government of Guam hereunder including but not limited to, (i) the
1009 cost of the reproduction of the Certificate and the typesetting,
1010 printing and reproduction of the Preliminary Official Statement
1011 (including any amendments or supplements thereto) and the Official
1012 Statement (ii) the cost of the preparation and printing of the
1013 Bonds; (iii) the fees and disbursements of Orrick, Herrington &
1014 Sutcliffe, Bond Counsel; (iv) the fees and disbursements of the
1015 accountants and advisors of the Government of Guam and of any other
1016 experts, counsel or consultants retained by the Government of Guam;
1017 (v) the fees for bond ratings; and (vi) the fees for bond insurance
1018 or other credit enhancement.
1019

1020 (b) The Underwriters will pay: (i) the cost of preparation and
1021 printing of the Agreement Among Underwriters, this Bond Purchase
1022 Agreement and the Blue Sky and Legal Investment Surveys; (ii) all
1023 advertising expenses in connection with the public offering of the
1024 Bonds; and (iii) all other expenses incurred by them or any of them
1025 in connection with their public offering and distribution of the
1026 Bonds, including the fees and disbursements of Counsel retained by
1027 them.
1028

1029 12. Determination of End of Underwriting Period. For
1030 purposes of this Bond Purchase Agreement, the end of the
1031 underwriting period for the Bonds shall mean the earlier of (a) the
1032 day of the Closing unless the Government of Guam has been notified

1033 in writing by the Underwriters, on or prior to the day of the
1034 Closing, that the "end of the underwriting period" for the Bonds
1035 for all purposes of Rule 15c2-12 of the Securities and Exchange
1036 Commission promulgated under the Securities Exchange Act of 1934
1037 (the "Rule") will not occur on the day of the Closing, or (b) the
1038 date on which notice is given to the Government of Guam by the
1039 Underwriters in accordance with the following sentence but no more
1040 than _____ days after the closing. In the event that the
1041 Underwriters have given notice to the Government of Guam pursuant
1042 to clause (a) above that the "end of the underwriting period" for
1043 the Bonds will not occur on the day of the Closing, the
1044 Underwriters agree to notify the Government of Guam in writing as
1045 soon as practicable following the "end of the underwriting period"
1046 for the Bonds for all purposes of the Rule.
1047

1048 13. Notices. Any notice or other communication to be given
1049 to the Government of Guam under this Bond Purchase Agreement must
1050 be given by delivering the same in writing at the address of the
1051 Government of Guam set forth above and any notice or other
1052 communication to be given to the Underwriters under this Bond
1053 Purchase Agreement must be given by delivering the same in writing
1054 to the Senior Managers, Lehman Brothers, 999 Third Avenue, Suite
1055 4000, Seattle, Washington 98104-4075, Attention: _____;
1056 and Prager, McCarthy & Lewis, One Maritime Plaza, 11th Floor, San
1057 Francisco, California 94111, Attention: _____.
1058

1059 14. Benefit of Agreement. This Bond Purchase Agreement is
1060 made solely for the benefit of the Government of Guam and the
1061 Underwriters (including the successors or assigns of any
1062 Underwriters), and no other person may acquire or have any right
1063 hereunder or by virtue hereof. All of the representations,
1064 warranties and covenants of the Government of Guam contained in
1065 this Bond Purchase Agreement will remain operative and in full
1066 force and effect, regardless of (i) any investigations made by or
1067 on behalf of any of the Underwriters; or (ii) delivery of and
1068 payment for the Bonds pursuant to this Bond Purchase Agreement.
1069

1070 15. Counterparts. This Bond Purchase Agreement may be
1071 executed in several counterparts, which together shall constitute
1072 one and the same instrument.
1073

1074 16. Choice of Law. The validity, interpretation and
1075 performance of this Bond Purchase Agreement shall be governed by
1076 the laws of the State of California except that the obligations of
1077 the Government of Guam shall be governed by the laws of Guam.
1078

1079 17. Effectiveness. This Bond Purchase Agreement shall become
1080 effective upon the execution and delivery by the Government of Guam
1081 and the Senior Managers and shall be valid and enforceable from and
1082 after the time of such execution and delivery.
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18. Severability. In the event any provision of this Bond Purchase Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

19. Entire Agreement. This Bond Purchase Agreement, when accepted by the Government of Guam in writing as heretofore specified, shall constitute the entire agreement between the Government of Guam and the Underwriters.

20. Headings. The headings of the sections of this Bond Purchase Agreement are inserted for convenience only and shall not be deemed to be part hereof.

1102 IN WITNESS WHEREOF, the parties hereto have executed this
1103 Bond Purchase Agreement as of the day and year first above written.
1104

1105 **LEHMAN BROTHERS**

1106
1107 on behalf of itself and the
1108 Underwriters listed on the first
1109 page hereof.
1110

1111 By: _____
1112 Title: _____
1113

1114
1115 **PRAGER, MCCARTHY & SEALY**

1116 on behalf of itself and the
1117 Underwriters listed on the
1118 first page hereof.
1119

1120 By: _____
1121 Title: _____
1122

1123
1124 Accepted this ____ day of _____, 1993.
1125

1126 **GOVERNMENT OF GUAM**

1127 By: _____
1128 Governor of Guam
1129

1130 **APPROVED:**
1131 **ATTORNEY GENERAL**

1132 By: _____
1133 Title: _____
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1135
1136 **GUAM ECONOMIC DEVELOPMENT AUTHORITY**

1137 By: _____
1138 Title: _____
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IN WITNESS WHEREOF, the parties hereto have executed this Bond Purchase Agreement as of the day and year first above written.

LEHMAN BROTHERS

on behalf of itself and the Underwriters listed on the first page hereof.

By: _____
Title: _____

PRAGER, MCCARTHY & SEALY

on behalf of itself and the Underwriters listed on the first page hereof.

By: _____
Title: _____

Accepted this ____ day of _____, 1993.

GOVERNMENT OF GUAM

By: _____
Governor of Guam

**APPROVED:
ATTORNEY GENERAL**

By: _____
Title: _____

GUAM ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Title: _____

TWENTY-SECOND GUAM LEGISLATURE
1993 (First) Regular Session

FEB 26 '93

Bill No. 178 (LS)

Introduced By:

V.C. Pangelinan
P.C. Lujan

AN ACT TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSE OF CONSTRUCTING AND REFURBISHING PUBLIC EDUCATIONAL FACILITIES AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH BONDS.

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

Section 1. Legislative Findings. The Legislature finds that territorial leaders, past and present, have unanimously and consistently registered education as the foremost priority of the Government of Guam. To ensure that ample resources are provided for the construction and maintenance of permanent temporary educational facilities, the Legislature finds, however, that a specific policy directive is necessary. The Legislature, therefore, believes that a firm commitment to constructing new and refurbishing existing educational facilities is required for our youth and students. It is the intent of the Legislature to designate a permanent revenue source to fund the construction needs of Guam's public school system. Whereas the current policy of constructing temporary classrooms has not kept pace with the growth of Guam's student population and is subject to available funding, the Legislature finds it necessary to establish a policy to fund the

construction of permanent education facilities. By designating a stable source of revenue (real estate tax revenues), the Legislature intends to establish financial discipline and stability in the planning, design, refurbishment and construction of new and existing education facilities.

Section 2. General Obligation Bonds for Educational Facilities. The Governor of Guam is hereby authorized to issue General Obligation Bonds of the Government of Guam for the purpose of constructing new and permanent educational facilities. Such funds shall also be made available for refurbishing and the maintenance of existing facilities.

(a) Terms and Conditions. The Guam Economic Development Authority shall establish terms and conditions for the issuance of such bonds by the Governor of Guam.

(b) Public Education Facilities Fund. There is hereby created, separate and apart from other funds of the government of Guam, a fund known as the "Public Education Facilities Fund" (the "Fund"). All annual real estate tax revenues collected by the Government of Guam shall be deposited in the Fund and shall be accounted for and used for debt service of the General Obligation Bonds.

Section 3. The Board of Education shall develop a five (5)-year and a ten (10)-year Capital Improvements Master Plan for the construction, design and refurbishment of public school facilities.