



OFFICE OF THE GOVERNOR  
TERRITORY OF GUAM

MAY 16 1995

The Honorable Don Parkinson  
Speaker  
Twenty-Third Guam Legislature  
424 West O'Brien Drive  
Julale Center - Suite 222  
Agana, Guam 96910

OFFICE OF THE SPEAKER	
Date:	<u>5-16-95</u>
Time:	<u>1:13pm</u>
Received By:	<u>Arterne B. Toles</u>
Print Name:	<u>Arterne B. Toles</u>

Dear Speaker Parkinson:

Enclosed please find Substitute Bill No. 242 (LS), "AN ACT TO AMEND §22430 OF TITLE 5, GUAM CODE ANNOTATED, TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TERRITORIAL EDUCATIONAL FACILITIES AND PAYING CERTAIN GENERAL FUND EXPENSES AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH BONDS", which was **signed** into law May 13, 1995 as **Public Law No. 23-14**.

Very truly yours,

*Madeleine Z. Bordallo*  
MADELEINE Z. BORDALLO  
Acting Governor of Guam

Enclosure

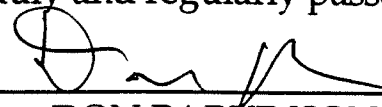
230423

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By:	<u>afly</u>
Time:	<u>4:41pm</u>
Date:	<u>5/16/95</u>

TWENTY-THIRD GUAM LEGISLATURE  
1995 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 242 (LS), "AN ACT TO AMEND §22430 OF TITLE 5, GUAM CODE ANNOTATED, TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TERRITORIAL EDUCATIONAL FACILITIES AND PAYING CERTAIN GENERAL FUND EXPENSES AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH BONDS," was on the 13th day of May, 1995, duly and regularly passed.



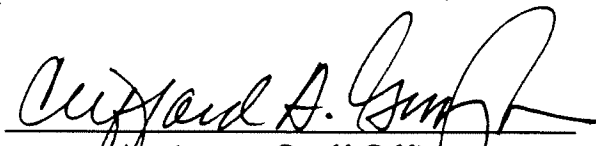
DON PARKINSON  
Speaker

Attested:




JUDITH WON PAT-BORJA  
Senator and Legislative Secretary

This Act was received by the Governor this 13<sup>th</sup> day of May, 1995, at 8:15 o'clock P.M.



Clifford A. Gumb  
Assistant Staff Officer  
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ  
Governor of Guam

Date: 5-13-95

Public Law No. 23-14

TWENTY-THIRD GUAM LEGISLATURE  
1995 (FIRST) Regular Session

Bill No. 242 (LS)

As substituted by the  
Committee on Economic-Agricultural  
Development & Insurance, and as further  
substituted by the Committee of the Whole

Introduced by:

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Committee on Rules, at the  
request of the Governor in  
accordance with the Organic  
Act of Guam.

AN ACT TO AMEND §22430 OF TITLE 5, GUAM CODE  
ANNOTATED, TO AUTHORIZE THE GOVERNOR OF  
GUAM TO ISSUE GOVERNMENT OF GUAM  
GENERAL OBLIGATION BONDS FOR THE PURPOSES  
OF CONSTRUCTING AND REFURBISHING  
TERRITORIAL EDUCATIONAL FACILITIES AND  
PAYING CERTAIN GENERAL FUND EXPENSES AND  
TO CREATE A FUNDING SOURCE FOR REPAYMENT  
OF SUCH BONDS.

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

2            **Section 1. Legislative findings.** The Legislature hereby finds that in  
3 1993 the government issued One Hundred Seventy-Five Million Dollars  
4 (\$175,000,000) aggregate principal amount of general obligation bonds to  
5 finance certain education facilities, but that the amounts authorized for  
6 certain purposes should be reprogrammed and increased to provide for  
7 infrastructure, including a sewage treatment plant, related to the Southern  
8 High School in order to provide adequate funding for these educational

1 facilities to be completed and fully operational. The Legislature also  
2 hereby finds that the accumulated general fund deficit will result in  
3 current revenues available in the general fund to pay certain obligations of  
4 the general fund such as vendor payable and income tax refunds. As part  
5 of a comprehensive deficit reduction plan, a mechanism is needed to bridge  
6 the gap and provide the necessary cash to the general fund until a surplus  
7 of current revenues over current expenditures can retire the deficit.  
8 Through the issuance of general obligation bonds, the government can  
9 fund its current needs while retiring the deficit over time. The Legislature  
10 has determined to reprogram the use of certain general obligation bonds  
11 previously authorized to be issued and provide for the bonds to be used to  
12 finance the deficit so that it may be retired over time.

13 **Section 2.** §22430 of Title 5, Guam Code Annotated, is amended to  
14 read:

15 “§22430. General obligation bonds for certain capital projects,  
16 including certain educational facilities projects, and for certain  
17 general fund expenses. (a) Authorization of issuance of general  
18 obligation bonds for capital projects and general fund expenses. The  
19 Governor of Guam is authorized to issue two (2) or more series of  
20 general obligation bonds of the government of Guam in an aggregate  
21 principal amount not to exceed Two Hundred Ninety-Six Million  
22 Dollars (\$296,000,000) to undertake the capital projects enumerated in  
23 subsection (m) of this Section, to provide for the payment of the  
24 general fund expenses listed in subsection (m) of this section and to  
25 pay expenses incurred in connection with the issuance of such bonds;  
26 provided, however, that the issuance of the bonds shall not cause a

1 violation of the debt limitation provisions of 48 USC 1423a (§11 of the  
2 Organic Act of Guam).

3 (b) Terms and conditions determined by certificate. The  
4 terms and conditions of the bonds shall be as determined by the  
5 Governor by the execution of a certificate authorizing the issuance of  
6 the bonds upon or prior to the issuance of the bonds; provided,  
7 however, that such terms and conditions shall be consistent with this  
8 Section, and that the bonds shall mature not later than December 1,  
9 2023 and shall bear interest at such rates and be sold for such price or  
10 prices as shall result in a yield to the bondholders not exceeding eight  
11 percent 8% per annum. The certificate of the Governor shall  
12 separately designate the amount of each maturity of bonds issued for  
13 each of the capital projects enumerated in subsection (m) of this  
14 Section and for general fund expenses, but shall also permit  
15 reallocation and redesignation of such bonds, with approval from the  
16 Legislature.

17 (c) Valid and binding general obligation. Any bonds  
18 authorized by this Section shall constitute the valid and binding  
19 general obligations of the government of Guam. The government of  
20 Guam pledges its full faith and credit for the punctual payment of  
21 both principal of and interest on the bonds. There shall be collected  
22 annually in the same manner and at the same time as government  
23 revenue for other purposes is collected, such sum as is required to  
24 pay the principal of and interest on the bonds. All officers charged  
25 by law with any duty in the collection of the revenues of the  
26 government shall do every lawful thing necessary to collect such  
27 sum. The validity of any such bonds shall not be affected by the

1 validity or regularity of any proceedings for the implementation of  
2 the capital projects funded by the bonds or for the payment of the  
3 general fund expenses funded by the bonds.

4 (d) Appropriations from the General Fund. There are hereby  
5 appropriated from the General Fund such sums as will equal in each  
6 year the amount of money necessary to pay the principal and interest  
7 on such bonds.

8 (e) Additional parity bonds. Nothing in this Section shall be  
9 construed to prevent the government of Guam from issuing, after  
10 appropriate enabling legislation, other obligations of the government  
11 secured by the general obligation of the government on a parity with  
12 the bonds authorized by this Section.

13 (f) Waiver of Immunity. Notwithstanding any substantive or  
14 procedural provision of Chapter 6 of Title 5, Guam Code Annotated,  
15 the government of Guam waives immunity from any suit or action in  
16 contract on the bonds, but does not waive sovereign immunity as to  
17 the personal liability of elected officials and employees of the  
18 government of Guam.

19 (g) Form of bonds; covenants; appointment of fiduciaries. The  
20 technical form and language of the bonds, including provisions for  
21 execution, exchange, transfer, registration, paying agency, lost or  
22 mutilated bonds, negotiability, cancellation and other terms or  
23 conditions not inconsistent with this Section, including covenants  
24 relating to the collection of revenues, shall be as specified in the  
25 certificate executed by the Governor authorizing the issuance of the  
26 bonds. The certificate may appoint one (1) or more trustees, co-  
27 trustees or other fiduciaries authorized to receive and hold in trust

1 the proceeds of the bonds and monies relating thereto, to protect the  
2 rights of bondholders and to perform such other duties as may be  
3 specified in the certificate. The Governor is also authorized to  
4 execute, on behalf of the government of Guam, any appropriate  
5 agreements, certificates or other instruments relating to the bonds  
6 and the sale of the bonds.

7 (h) Authorization for credit enhancement. The Governor is  
8 authorized to enter into such contracts or agreements with such  
9 banks, insurance companies or other financial institutions as he  
10 determines are necessary or desirable to improve the security and  
11 marketability of the bonds issued under this Section. Such contracts  
12 or agreements may contain an obligation to reimburse, with interest,  
13 any such banks, insurance companies or other financial institutions  
14 for advances used to pay principal of or interest on the bonds. Any  
15 such reimbursement obligation shall be a general obligation of the  
16 government of Guam, and any such advance, if necessary, shall be  
17 treated as creating a reimbursement obligation issued to refund the  
18 bonds.

19 (i) Use of proceeds from the sale of the bonds. Proceeds from  
20 the sale of the bonds shall be used solely to implement and equip the  
21 capital projects enumerated in subsection (m) of this Section, to pay  
22 general fund expenses listed in subsection (m) of this section and  
23 which are otherwise appropriated by the Legislature, to establish  
24 necessary reserves, and to pay expenses relating to the authorization,  
25 sale and issuance of the bonds, including, without limitation, printing  
26 costs, costs of reproducing documents, bonds insurance premiums,  
27 underwriting, legal and accounting fees and charges, fees paid to

1 banks or other financial institutions providing credit enhancement,  
2 costs of credit ratings, fees and charges for execution, transportation  
3 and safekeeping of bonds and other costs, charges and fees in  
4 connection with the issuance, sale and delivery of the bonds. The  
5 fees charged by the Guam Economic Development Authority for this  
6 bond issuance shall be waived.

7 (j) No personal liability. No employee or elected official of the  
8 government of Guam shall be individually or personally liable for the  
9 payment of any amounts due on any bonds issued under this Section,  
10 or for any other liability arising in connection with the bonds;  
11 provided, however, that nothing in this Section shall relieve any  
12 employee or elected official from the performance of any ministerial  
13 duty required by law.

14 (k) University of Guam Bond Fund. There is hereby created,  
15 separate and apart from other funds of the government of Guam, a  
16 fund known as the "University of Guam Bond Fund" (the "UOG  
17 Bond Fund"). The UOG Bond Fund shall not be commingled with  
18 either the General Fund, the Current Fund of the University of Guam,  
19 or any other fund of the government of Guam. The UOG Bond Fund  
20 shall be held in an account or accounts at a Guam financial institution  
21 or institutions separate and apart from all other accounts and funds  
22 of the government of Guam. All tuition revenues received by or on  
23 behalf of the University of Guam shall be deposited in the UOG  
24 Bond Fund and shall be accounted for and used periodically only for  
25 the following purposes and in the following order:

26 (1) On the dates on which monies are remitted from the  
27 General Fund to any trustee, co-trustee or paying agent for the



1 bonds for the purpose of either paying the principal of and  
2 interest on the bonds designated as having been issued for the  
3 capital project set out in subsection (m) item (5) or  
4 accumulating the amounts necessary to pay the principal of or  
5 interest on such bonds, there shall be transferred from the UOG  
6 Bond Fund to the General Fund amounts equal to, but not in  
7 excess of, the amounts remitted from the General Fund for such  
8 purposes, and in the event that the amount so transferred on  
9 any such date is insufficient to fully reimburse the amount so  
10 remitted, the amount of the insufficiency shall be transferred as  
11 soon thereafter as it becomes available in the UOG Bond Fund,  
12 together with interest from such remittance date to such date of  
13 transfer at a rate equal to the yield on the bonds.

14 (2) On the dates on which monies are transferred to the  
15 General Fund pursuant to paragraph (1) of this subsection (k) of  
16 this Section, if such transfer is sufficient to fully reimburse the  
17 General Fund (with interest, if required), the balance remaining  
18 in the UOG Bond Fund shall be transferred to the Current Fund  
19 of the University of Guam to be utilized only to implement the  
20 Physical Master Plan of the University.

21 Such tuition revenue collections shall not be pledged to the  
22 payment of amounts due on the bonds, and this subsection (k) may  
23 be amended at any time by subsequent act of the Legislature.  
24 Nothing in this Section shall be construed to prevent the government  
25 of Guam from issuing, after appropriate enabling legislation, for the  
26 benefit of the University of Guam, other general obligations of the  
27 government secured by such tuition revenues on a parity with the

1 bonds authorized by this Section. In addition, nothing in this Section  
2 shall be construed to prevent the University of Guam from issuing,  
3 after appropriate enabling legislation, revenue bonds or general  
4 obligations of the University of Guam secured by such tuition  
5 revenues on a parity with the bonds authorized by this Section.

6 (l) Territorial Educational Facilities Fund. There is continued  
7 in existence, separate and apart from other funds of the government  
8 of Guam, a fund known as the "Territorial Education Facilities Fund"  
9 (the "TEF Fund"). In TEF Fund shall not be commingled with the  
10 General Fund or any other fund of the government of Guam. The  
11 TEF Fund shall be held in an account or accounts at a Guam financial  
12 institution or institutions separate and apart from all other accounts  
13 and funds of the government of Guam. All real property tax  
14 revenues received by or on behalf of the government of Guam  
15 pursuant to §24103, Title 11, Guam Code Annotated, shall be  
16 deposited in the TEF Fund and shall be accounted for and used  
17 periodically only for the following purposes and in the following  
18 order:

19 (1) On the dates on which monies are remitted from the  
20 General Fund to any trustee, co-trustee or paying agent for the  
21 bonds for the purpose of either (A) paying the principal of and  
22 interest on the bonds designated as having been issued for the  
23 capital projects enumerated in items (1), (2), (3), (4), (6) and (7)  
24 of subsection (m) of this Section and for the payment of general  
25 fund expenses or (B) accumulating the amounts necessary to  
26 pay the principal of or interest on such bonds, there shall be  
27 transferred from the TEF Fund to the General Fund amounts

1 equal to, but not in excess of, the amounts remitted from the  
2 General Fund for such purposes, and in the event that the  
3 amount so transferred on any such date is insufficient to fully  
4 reimburse the amount so remitted, the amount of the  
5 insufficiency shall be transferred as soon thereafter as it  
6 becomes available in the TEF Fund, together with interest from  
7 such remittance date to such date of transfer at a rate equal to  
8 the yield on the bonds.

9 (2) On the dates on which monies are transferred to the  
10 General Fund pursuant to paragraph (1) of this subsection (1) of  
11 this Section, if such transfer is sufficient to fully reimburse the  
12 General Fund (with interest, if required), the balance remaining  
13 in the TEF Fund shall remain in the TEF Fund and shall only be  
14 appropriated by the Legislature for the purpose of constructing,  
15 refurbishing, replacing and funding educational facilities.

16 Such tax collections shall not be pledged to the payment  
17 of amounts due on the bonds, and this subsection (1) may be  
18 amended at any time by subsequent act of the Legislature.  
19 Nothing in this Section shall be construed to prevent the  
20 government of Guam from issuing, after appropriate enabling  
21 legislation, for the benefit of the government of Guam other  
22 general obligations or revenue obligations of the government  
23 secured by such real estate tax revenues on a parity with the  
24 bonds authorized by this Section.

25 (m) The capital projects to be implemented and equipped with  
26 the proceeds of the bonds authorized by this Section are as follows:

1	Capital Projects:	Allocated
2		Amounts:
3	1. High school located in Santa Rita, Guam	\$ 76,000,000,
4	2. Including a sewage treatment plant, infra-	
5	structure and off-site development, related	
6	to the high school in Santa Rita, Guam	\$ 21,000,000,
7	3. Elementary school located in Tamuning, Guam	\$ 15,000,000,
8	4. Elementary school located in Astumbo,	
9	Dededo, Guam	\$15,000,000,
10	5. Buildings at the University of Guam as follows:	
11	College of Arts and Sciences Building;	
12	renovation and addition to the Health Science	
13	Building; Plant Maintenance Building; Building II	
14	for the College of Agriculture and Life Sciences;	
15	College of Business and Public Administration;	
16	Fine Arts Building; and the Student Center,	\$ 28,000,000.
17	6. For the purchase of equipment and furniture	
18	and the relocation expenses for students during	
19	construction of projects set out in items (1),	
20	(3) and (4) of this subsection (m), including	
21	temporary classrooms,	\$ 3,000,000
22	7. To the extent of any bond proceeds not	
23	required for the projects listed in items (1)	
24	through (6) of this subsection (m), any	
25	remaining balance (other than the portions	
26	designated to be used for the Northern High	
27	School or to pay general fund expenses) may	

1 be applied to the costs of (i) repairing or  
2 reconstructing the Inarajan Elementary School,  
3 (ii) repairing or reconstructing the earthquake  
4 damaged Ordot-Chalan Pago Elementary School,  
5 (iii) reconstructing the earthquake damaged  
6 gymnasium and classrooms at Inarajan High  
7 School, (iv) repairing or reconstructing Upi  
8 Elementary School, (v) repairing or recon-  
9 structing earthquake damage at any other  
10 school, or (vi) other projects approved by  
11 subsequent legislation.

- 12 8. The aggregate principal amount of bonds  
13 authorized to be issued to provide for the  
14 payment of general fund expenses is One  
15 Hundred Fifteen Million Dollars  
16 (\$115,000,000), the proceeds of which to be  
17 used exclusively for the purposes outlined  
18 below. The general fund expenses authorized  
19 to be paid with the proceeds of such bonds are  
20 income tax refund payments, supplemental  
21 retirement payments, transfer payments to  
22 governmental agencies, and vendor  
23 payments, but in each case only to the extent  
24 such expenses have been incurred or  
25 previously obligated by the government for  
26 goods, services, and obligations rendered,  
27 received, or incurred prior to May 15, 1995.

1           (n) Uniform Design of Projects. In utilizing the bond proceeds  
2 authorized by projects set out in items (3) and (4) of subsection (m) of  
3 this Section, in order to optimize funds and not replicate services, a  
4 standard and uniform design for all elementary schools, shall be  
5 employed in their construction, unless the topography and size of the  
6 land for such a school prevents the use of such a standard and  
7 uniform design. Such standard and uniform designs shall be as  
8 energy efficient as is practical, and shall conform to island styles.

9           (o) Head Start Classrooms. The elementary schools described  
10 in items (3) and (4) of subsection (m) of this Section and whose  
11 construction is to be funded by this Act shall include a minimum of  
12 five (5) "Head Start" classrooms at each school."

13           (p) Selection of Participants. In view of the urgency for the  
14 issuance of the bonds for the purpose of financing general fund  
15 expenses and for the infrastructure related to the high school located  
16 in Santa Rita, the Governor is hereby authorized to utilize such  
17 method as he deems appropriate for the selection of all participants  
18 in connection with the issuance and sale of those bonds, including  
19 trustees, depositories, paying agents, underwriters, counsel, any  
20 credit enhancement provider and any other participants; provided,  
21 however, that such selection shall be subject to any provision of law  
22 which requires bidding, other competitive process, or any other  
23 procedure with respect to such selection, except that the Governor  
24 may limit the requests for proposals for services associated with the  
25 issuance of the bonds to those firms that have previously participated  
26 in bond issues for Guam.

1           (q) Additional bonds for Northern High School and Asan  
2 Elementary School. In the event that the debt capacity of the  
3 government of Guam as limited under §11 of the Organic Act of  
4 Guam shall, as a result of the triennial property tax valuation now  
5 underway, be increased by no less than \$101,000,000 the aggregate  
6 principal amount of bonds authorized under this section shall be  
7 increased by \$101,000,000 and the following project shall be added to  
8 the projects listed in subsection (m) of this section:

9           (1) Elementary School located in Asan, Guam           \$15,000,000

10          (2) Northern High School                                   \$86,000,000

11       **Section 3. Local Sales of Bonds.** The Governor of Guam shall  
12 undertake his best efforts to cause a portion of any bonds issued pursuant  
13 to Section 2 of this Act (§22430, Title 5, Guam Code Annotated), to be  
14 offered for sale to residents of Guam, as well as to residents of other  
15 jurisdictions, if and to the extent that such offer and any sales resulting  
16 from such offer do not increase the cost to the government of Guam of  
17 issuing and repaying such bonds.

18       **Section 4. Additional findings of the Legislature.** The Legislature  
19 hereby finds and declares as follows:

20           (a) §22430, Title 5, Guam Code Annotated, provides that the  
21 Governor is authorized to issue general obligation bonds of the  
22 government of Guam in aggregate principal amounts not to exceed  
23 Three Hundred Ninety-Seven Million Dollars (\$397,000,000) for the  
24 purpose of undertaking certain capital projects, paying certain  
25 general fund expenses and paying expenses incurred in connection  
26 with the issuance of such bonds..

1 (b) One Hundred Seventy-Five Million Dollars (\$175,000,000)  
2 aggregate principal amount of such bonds were issued in 1993,  
3 leaving the balance of Two Hundred Twenty-Two Million Dollars  
4 (\$222,000,000) aggregate principal amount authorized but unissued.

5 (c) §2103 (k) of Title 12, Guam Code Annotated, provides that  
6 agencies and instrumentalities of the government of Guam shall issue  
7 bonds and other obligations only by means of and through the  
8 agency of the Guam Economic Development Authority ("GEDA").

9 (d) The bonds authorized by the amendments made by this Act  
10 to said §22430 shall not be issued until the board of directors of  
11 GEDA shall adopt a resolution approving the sale of the bonds to be  
12 issued.

13 (e) Said §2103 (k) provides that GEDA shall not sell any bond  
14 without the approval of the Legislature of the terms and conditions of  
15 the issuance of the bonds.

16 (f) The form of certificate relating to government of Guam  
17 General Obligation Bonds, 1993 Series A, pursuant to which the  
18 bonds were issued has been presented to this Legislature.

19 **Section 5. Approval of Bonds.** This Legislature, pursuant to §22430,  
20 Title 5, Guam Code Annotated, and pursuant to §2103 (k), Title 12, Guam  
21 Code Annotated, hereby approves the issuance and sale by the government  
22 of Guam of general obligation bonds in a principal amount not to exceed  
23 Two Hundred Twenty-Two Million Dollars (\$222,000,000) provided, that  
24 the conditions to the issuance of such bonds shall have been met, such  
25 bonds have a final maturity not later than December 1, 2023, bear interest at  
26 such rate and are sold for such price or prices as shall result in a yield to the  
27 bondholders not exceeding eight percent (8%) per annum, and are issued



1 and sold pursuant to a certificate of the Governor in substantially the same  
2 form as presented to the Legislature.

3 **Section 6. Cost Containment Plan.** (a) Background. Despite the  
4 best efforts of the present method of estimating revenues, actual cash  
5 receipts have fallen below estimated revenues. The government now faces  
6 a cash flow problem with respect to the payments it must make. As an  
7 austerity measure, the government's appropriations for a fiscal year should  
8 be tied into its total revenue.

9 (b) General Fund Appropriations Cap. For Fiscal Year 1996, the  
10 Legislature shall not appropriate from the General Fund more than ninety-  
11 five percent (95%) of the total revenues projected for the general fund for  
12 the Fiscal Year 1996. For Fiscal Year 1997 and beyond, the Legislature shall  
13 not appropriate from the general fund more than ninety-five percent (95%)  
14 of the total revenues projected for the general fund for that fiscal year, or  
15 ninety-five percent (95%) of the total actual revenues collected for the  
16 general fund for the previous fiscal year, whichever number is smaller,  
17 until such time as the \$115,000,000, is paid in full.

18 (c) Effective Time. This budgetary cap shall be in effect until  
19 \$115,000,000 in debt, designated pursuant to this act to fund general fund  
20 expenses, is paid in full. However, to the extent necessary to deal with any  
21 disaster or emergency the budgetary cap may be temporarily lifted in the  
22 event that the Governor, the President of the United States, and the  
23 Legislature by vote of a majority of its members declares Guam to be in a  
24 state of disaster or emergency or any similar designation.

25 (d) Legislative Budget Limitation. The total operational budget of the  
26 Legislature for fiscal year 1996 shall not exceed three percent (3%) of the  
27 total revenues projected for the general fund for fiscal year 1996. For fiscal

1 year 1997 and beyond, the total operational budget of the Legislature shall  
2 not exceed three percent (3%) of the total revenues projected for the general  
3 fund for that fiscal year, or three percent (3%) of the total actual revenues  
4 collected for the general fund for the previous fiscal year, whichever  
5 number is smaller, until such time as the \$115,000,000 in debt, designated  
6 pursuant to this act to fund general fund expenses, is paid in full.

7 (e) Immediate Freeze on Salary Increments and Merit Bonuses.  
8 Effective October 1, 1995, there is hereby put into effect a comprehensive  
9 freeze on all salary increments and merit bonuses which will remain in  
10 effect for fiscal years 1996 and 1997 applicable to all full-time positions  
11 within every branch of government, public corporations, all government of  
12 Guam departments, bureaus, and agencies, instrumentalities, entities or  
13 sub-entitites of the Executive, Legislative, or Judicial branches, the Mayor's  
14 Council, and Mayor's Offices. All personnel performance evaluations, for  
15 purposes of salary increments or merit bonuses, are hereby discontinued  
16 for fiscal years 1996 and 1997. Effective October 1, 1997, all salary  
17 increments will resume in full force and effect, with no retroactive payment  
18 for the period of this freeze.

19 This Section 6 does not, and is not intended to, affect or apply to the  
20 terms of the bond contract, nor is it intended to effect a technical default  
21 thereon."

22 **Section 7.** Section 16 of Chapter V of Public Law 22-140 is hereby  
23 repealed.

PL 23-14



# Committee on Economic Agricultural Development and Insurance

TWENTY-THIRD GUAM LEGISLATURE  
424 W. O'Brien Dr., Julale Shopping Center, Suite #218  
Agaña, Guam 96910  
Tel: (671) 477-8527/9120 • Fax: (671) 477-5570

**SENATOR JOE T. SAN AGUSTIN (D)**  
CHAIRMAN

May 10, 1995

The Honorable Don Parkinson  
Speaker  
Twenty-Third Guam Legislature  
Suite 222, Julale Shopping Center  
424 W. O'Brien Drive  
Agana, Guam 96910

Dear Mr. Speaker:

The Committee on Economic-Agricultural Development and Insurance to which was referred Bill No. 242, has had the same under consideration and now wishes to report back Bill No. 242 As Substituted with the recommendation to do pass.

The Committee votes are as follows:

To Do Pass	<u>7</u>
Not To Pass	<u>2</u>
Abstain	_____
Inactive File	_____

A copy of the Committee Report and other pertinent documents are enclosed for your reference and information.

Sincerely yours,

  
JOE T. SAN AGUSTIN

enclosures


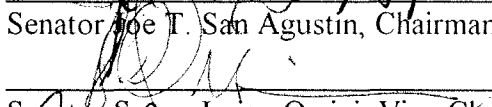
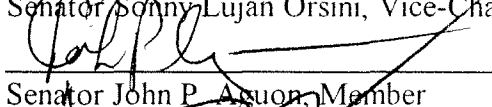
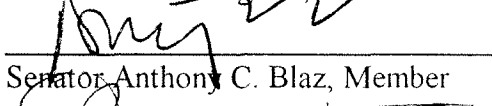
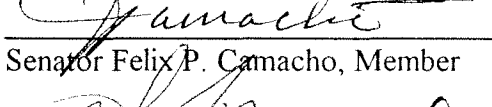
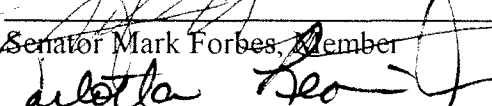
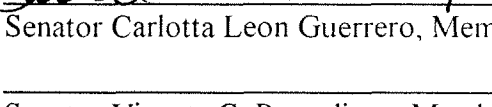
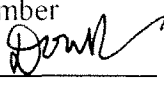
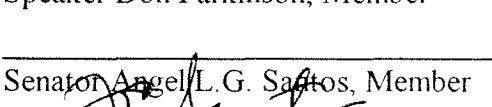
# Committee on Economic-Agricultural Development and Insurance

Twenty-Third Guam Legislature  
Senator Joe T. San Agustin, Chairman

## VOTE SHEET

### BILL NO. 242 As Substituted

AN ACT TO AMEND SUBSECTION 22430 TO TITLE 5, GUAM CODE ANNOTATED, TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TERRITORIAL EDUCATIONAL FACILITIES AND PAYING CERTAIN GENERAL FUND EXPENSES AND TO CREATE A FUNDING SOURCE FOR A REPAYMENT OF SUCH BONDS.

	Committee Members	To Do Pass	Not To Pass	Abstain	Inactive File
1.	 Senator Joe T. San Agustin, Chairman	✓			
2.	 Senator Sonny Lujan Orsini, Vice-Chairman	✓			
3.	 Senator John P. Aguon, Member	✓			
4.	 Senator Anthony C. Blaz, Member	✓			
5.	 Senator Felix P. Camacho, Member	✓			
6.	 Senator Mark Forbes, Member	✓			
7.	 Senator Carlotta Leon Guerrero, Member	✓			
8.	_____ Senator Vicente C. Pangelinan, Member				
9.	 Speaker Don Parkinson, Member		✓		
10.	_____ Senator Angel L.G. Santos, Member				
11.	 Senator Francis E. Santos, Member		✓		

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**Mayor Vicente S. Taitague, Talafofo**

**Mr. Johnny M. Rivera**

**Attorney Michael F. Phillips**

**Mr. Gordon Mailloux**

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**COMMITTEE ON ECONOMIC-AGRICULTURAL  
DEVELOPMENT AND INSURANCE**

**Twenty-Third Guam Legislature  
155 Hesler Street, Agana, Guam 96910**

**COMMITTEE REPORT**

**ON**

**BILL 242 - AN ACT TO AMEND SECTION 22430 TO TITLE 5, GUAM CODE ANNOTATED, TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TERRITORIAL EDUCATIONAL FACILITIES AND PAYING CERTAIN GENERAL FUND EXPENSES AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH BONDS.**

**COMMITTEE MEMBERS**

<b>Chairman:</b>	<b>Senator Joe T. San Agustin</b>
<b>Vice Chairman:</b>	<b>Senator Sonny L. Orsini</b>
<b>Members:</b>	<b>Senator John P. Aguon</b>
	<b>Speaker Don Parkinson</b>
	<b>Senator Anthony C. Blaz</b>
	<b>Senator Felix P. Camacho</b>
	<b>Senator Mark Forbes</b>
	<b>Senator Carlotta Leon Guerrero</b>
	<b>Senator Vicente Pangelinan</b>
	<b>Senator Angel L.G. Santos</b>
	<b>Senator Francis E. Santos</b>

## COMMITTEE REPORT

### **I) Overview**

Bill 242 was introduced at the request of the Governor of Guam in accordance with the Organic Act of Guam. The Bill was referred to the Committee by the Committee on Rules.

The Committee on Economic-Agricultural Development and Insurance conducted a Public Hearing at 9:00 am, Tuesday, May 09, 1995 in the Public Hearing Room of the Legislature's Temporary Building in Agana.

Committee Members present: Sen. Joe T. San Agustin, Sen. Sonny Orisini, Sen. John Aguon, Sen. Francis Santos, Sen. Vicente Pangelinan, Sen. Angel Santos, Speaker Don Parkinson, Sen. Anthony Blaz, Sen. Felix Camacho, Sen. Mark Forbes and Sen. Carlotta Leon Guerrero.

Other Senators present: Sen. Mark Charfarous, Sen. Elizabeth Anderson, Sen. Lou Leon Guerrero, Sen. Tom Ada, Sen. Ted Nelson, Sen. Joanne Brown, Sen. Judy Borja, Sen. Hope Cristobal.

### **II) Background of Bill 242**

Bill 242 amends section 22430 of Title 5 of the Guam Code Annotated, which authorizes the Governor of Guam to issue Government of Guam General Obligation Bonds for the purposes of constructing and refurbishing Territorial Educational Facilities and paying certain General Fund Expenses and to create a funding source for repayment of such bonds.

Section 1. The Legislature finds that in 1993, the government of Guam issued \$175,000,000 aggregate principal amount of general obligation bonds to finance certain educational facilities. However, additional

funding is needed in order to complete these facilities and make them fully operational. In addition, there are certain general fund obligations that need to be paid and that the general fund balance is not adequate to cover these expenses. This bill is a comprehensive deficit reduction plan that will allow an infusion of cash to the general fund until a surplus of current revenue over expenditures can retire the deficit.

Section 2. This section deals primarily with the amount of general obligation bonds to be issued, including the terms and conditions; appropriations from the general fund; additional parity bonds; waiver of immunity; forms of bonds, covenants and appointment of fiduciaries; authorization of credit enhancement; use of proceeds from sale; personal liability; and the capital projects to be issued.

Section 3. This section deals with the local sales of the bonds. The offer of the sale to the residents of Guam, as well as to residents of other jurisdictions.

Section 4. This section deals with the findings of the Guam Economic Development Authority as the lead agency to facilitate the bond process.

Section 5. This section relates to the approval of the bonds. The legislature has final approval as to the authorization of such sale of bonds, including interest.

### **III) Summary of Testimony**

Governor Carl T.C. Gutierrez appeared before the Committee to testify in favor of Bill 242. The Governor decided to take the rather unorthodox step of giving testimony himself because he feels very strongly about the seriousness and importance of this matter. The Governor stated that he needs the approval of the legislature to float this bond. He also stated that the government of Guam has an immediate cash shortfall...Bill 242 embodies a plan that will address this problem. The Governor also expressed his support of the 95% budgeting plan which is the foundation of the administration's FY 96



Budget proposal. He also stated that the severe cash shortfall is hurting our entire community. The Governor is open to other ideas that can help address this problem. He said the time has come for all of us to make the tough decisions.

Mayor Vicente Taitague submitted written testimony in support of Bill 242. The Mayor states that consolidating the governments debts will allow the general fund to improve to the point where we can start implementing CIP projects and pay our bills. He also stated that the village of Talofoto is faced with many problems that can be improved with an improved financial status. The Mayor has faith in Governor Gutierrez and has asked the Legislature to give the Governor a chance to make the difference.

Mr. Mike Philips, a private citizen submitted written testimony against Bill 242. Mr. Philips stated that it is important to remember that the people most affected by this deliberation cannot be here today...our children. Mr. Philips stated that despite statements made, we are balancing the excesses of the rich on the backs of the working people and grassroots.

Mr. Johnny Rivera, a private citizen submitted testimony in support of Bill 242. He is however disappointed that he could not attend the hearing and would like to have a public hearing scheduled for the evening. Mr. Rivera is in support of the bill due to his involvement and support of the Southern High School and would like to see its completion.

Mr. Albert Silos, a private citizen, appeared before the Committee to expressed his support of Bill 242 if it is to fund the schools, Retirement Fund, and Tax Refunds. However, he does not support the bill if it is to fund government operational expenses.

Mr. Gordon Mailloux, a private citizen, submitted written testimony in favor of bill 242. A copy of the testimony is attached herewith. Bills need to be paid and this is why he is supporting the bond bill as introduced.

Members of the Administration were also present to answer questions, provide and clarify financial information. These individuals include, Mr. Joey Duenas, Director of Revenue & Taxation; Mr. John Salas, Director of Administration; Mr. John DeNorcey, DOA Controller, Mr. Joe Rivera, Director of BBMR; Mr. Paul Leon Guerrero of BBMR; Mr. Kim Lujan of GEDA; Mr. Gilbert Robles, Deputy Director of GEDA; Mr. Clifford Guzman, Advisor to the Governor; and Mr. Sabino Flores, Chief Engineer of DPW.

#### **IV) Summary of the Administration's Presentation**

Mr. Clifford Guzman, Mr. John DeNorcey and Mr. Joe Rivera presented the Administration's overview of the General Fund Financial Condition in support of Bill 242. The presentation included a historical perspective of contributing factors; current and short term projected financial condition; consequences of deferring decisive actions; and a financial plan for recovery. Please refer to Exhibit A - Overview of General Fund Financial Condition for detailed financial information.

## V. SUMMARY OF SENATORS' QUESTIONS

Speaker Don Parkinson asked which departments/agencies had undergone any cost cuts regarding operational expenses. Mr. Paul Leon Guerrero, a Budget Analyst with Bureau of Budget Management Research (BBMR), responded that none had been cut. Senator Parkinson further inquired what would change that situation. Mr. Leon Guerrero, reading from the FY '96 Budget as submitted, sighted initiatives towards cutting expenditures.

Vice Speaker Ted Nelson commended the members of the administration, present at the hearing, on the demonstration offered.

Senator John Aguon asked what first three austerity measures the Administration will undertake if Bill 242 is not passed. In addition, Senator Aguon asked whether the amount of \$150 million could be lowered. Mr. John DeNorcey, Controller at Department of Administration, replied that this was the amount recommended. Mr. John Salas, Director of Department of Administration - in answer to Senator's Aguon's first question, replied that the Governor has instituted Executive Order 95-11, which exempts executive and administrative level employees from incurring overtime or compensatory time. This will save Gov. Guam \$3 million over the balance of this fiscal year, and \$6 million over the course of the year. Mr. Salas further added that the Governor has considered other austerity measures and submitted figures to that affect (SEE EXHIBIT C ).

Mr. Clifford Guzman, Advisor to Governor Gutierrez, stated that even though we undergo austerity measures we still need the cash infusion.

Senator Anthony Blaz inquired whether the Administration has considered re-prioritizing other bonds as a way to lower the \$150 million requested. Mr. Guzman replied that most of the bonds have been committed including 1993 Education Bond (SEE EXHIBIT B). Mr. Guzman further added that we must be careful, with regard to postponing projects, because construction costs increase, yearly.

Senator Francis Santos inquired what the Governor is doing with regard to hiring personnel. Mr. Guzman replied that the Governor personally reviews every application for employment. Senator Santos further inquired as to the number of staff hired since the beginning of the new administration. Mr. Salas answered that personnel has been contained but Tiyan caused this to increase nominally.

Senator Santos inquired what the "downside" to not paying tax refunds. Mr. Joseph Duenas, Director of Revenue and Taxation, answered that people would not receive their money and that money would not flow into our

economy. Mr. Duenas further added that without an infusion, it would take approximately four years to pay this years refunds.

Senator Felix Camacho inquired how there can be growth in revenues even though expenses exceed this amount by 3% on an annual basis. Mr. Joe Rivera, Director of BBMR, responded that other revenues will be generated (SEE EXHIBIT A- page 20).

Senator Mark Forbes asked whether the current monthly cash flow would be adequate for government expenditures, if all past financial obligations were paid off. Yes, according to Mr. DeNorcey, if budgets are maintained.

Senator Joanne Brown asked if there was any assurance, from the Administration, that the Legislature will not have to hear a future request for additional bonds. Mr. Guzman answered that the administration has already began to insure that that will never happen through budgeting and prioritizing.

Senator Carlotta Leon Guerrero asked if there is an existing formula that will indicate the dollar amount, in taxes, if the \$150 million flowed into our economy. Mr. Guzman answered that the Guam Finance Commission is working on formulas that will forecast our Gross Island Product and other money tracking mechanisms.

Senator Judith Won Pat-Borja, requested a list of staff hired since the beginning of the New Administration.

Senator Tom Ada, with regard to proposed water rate increases, whether cuts are being made in expenditures, as well, adding that this could be another way of averting this request. Mr. Duenas replied that even with cost cutting measures, Gov. Guam still needs the cash.

Senator Elizabeth Barret-Anderson, referring to EXHIBIT A, inquired whether the Administration felt this was a viable package. Mr. DeNorcey answered yes. Senator Barret-Anderson asked whether we are current with our bond payments. Mr. DeNorcey again replied yes.

Senator Lou Leon Guerrero inquired what solid financial sources the Government of Guam possess. Mr. Guzman responded real property taxes and Section 30 funds.

Senator Hope Cristobal asked what two major programs the Administration are implementing/undergoing that increase revenues and show restraints in spending. Mr. Guzman responded that the budget of 5% less than last fiscal year is one way.

Senator Mark Charfauros inquired whether we have the ability to pay. Mr. DeNorcey responded that we have never failed to pay because trustees take out those payments first.

## EDUCATIONAL AND BOND DISCUSSION

Sen. Joe T. San Agustin reconvened the Committee for the purpose of discussing the status of various educational facilities including the southern high school and possible reprogramming options.

Sen. San Agustin first asked Joey Duenas to give a presentation on our debt capacity and limitation. Mr. Duenas stated that the debt limitation is 10% of total appraise values of land and properties of Gov Guam. A detailed presentation is attached as Exhibit D.

Sen. Tom Ada asked what is the total interest paid on the \$45M bond issued thus far. Mr. Duenas indicated that the total paid for will be \$53M with principal and interest. Of the \$294M owed, what have we paid to date from the date of issuance. According to Mr. DeNorcey, we have paid \$85M to date in bond principal alone.

Mr. Sabino Flores gave an update on the status of the Southern High School as well as other educational facilities. He indicated that the Southern School will be completed by March 1997. The notice to proceed was given yesterday to continue work on the southern high school. The Asan and Astumbo school design are in progress, however, there is still pending questions regarding the school site. The Tamuning school is already under construction and the cost is \$11M. The bond bill includes additional funding to complete other facilities within the Southern High School. In addition, PUAG will need \$7M for the sewer treatment plant. Collateral Equipment of \$7M is also needed for the southern high school. Thus, a total of \$35M is needed for completion of the Southern High School.

Sen. Judy Borja asked what areas have been scaled down for the southern high school. Mr. Flores responded that the custodial building, the concrete roof to a metal roof, the ROTC building were changed. In addition, DPW is looking at sloping certain areas as opposed to building a concrete retaining wall. The swimming pool and fine arts building have also been scaled down structurally and cost wise. Sen. Borja asked if the design plans used for Tamuning elementary school can also be used for Astumbo and Asan schools as well. Mr. Flores replied that the design can be used however, the land and site and topographies are different for each school.

Sen. Judy Borja also asked if there are funds leftover from these three school projects, will the remaining funds be enough to build or renovate the Inarajan and Upi elementary schools? Mr. Flores responded that the bid coming in for these schools are much higher than the bid accepted for Tamuning elementary.

Sen. Francis Santos asked if there have been any change orders made to the Southern High School? Mr. Flores replied that to date there are no change orders submitted, however, DPW is in the process of finalizing the first change order for submission of \$10M. The cost currently for the Southern School is \$57M. Mr. Flores indicated that a cap on the project excluding collateral equipment is set at \$74M.

Sen. Judy Borja asked how much did it cost us everyday for the stop order issued to the Southern High School? Mr. Flores replied that it cost us a total of \$1.2M for the delay.

Sen. John Aguon asked when can the Astumbo and Asan schools begin construction? Mr. Flores replied that Astumbo school is set for construction bid by the end of May, 1995. The Asan school is pending land concerns and may need an environmental clean-up. The Department of Education is looking at alternative site for the school due to the environmental delays. Sen. Aguon also asked who is the point of contact or facilitator of all these projects? Mr. Cliff Guzman indicated that the Governor has appointed a CIP Task Force to oversee these projects. Sen. Aguon also asked if there is a provision in the bill that allows us to recall the bond issue if we are able to generate adequate cash for the general fund. Mr. Kimbo Lujan replied that the certificates will include these provisions.



# Committee on Economic-Agricultural Development and Insurance

TWENTY-THIRD GUAM LEGISLATURE  
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SENATOR JOE T. SAN AGUSTIN (D)  
CHAIRMAN

May 2, 1995

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## NOTICE OF PUBLIC HEARING

SENATOR JOE T. SAN AGUSTIN  
CHAIRMAN  
COMMITTEE ON ECONOMIC-AGRICULTURAL  
DEVELOPMENT AND INSURANCE  
Twenty-Third Guam Legislature

FRIDAY, MAY 5, 1995  
9 A.M.

GUAM LEGISLATURE PUBLIC HEARING ROOM  
155 HESLER STREET  
AGANA, GUAM

## A G E N D A

Bill No.242

AN ACT TO AMEND SUBSECTION 22430 TO TITLE 5,  
GUAM CODE ANNOTATED, TO AUTHORIZE THE  
GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM  
GENERAL OBLIGATION BONDS FOR THE PURPOSES OF  
CONSTRUCTING AND REFURBISHING TERRITORIAL  
EDUCATIONAL FACILITIES AND PAYING CERTAIN  
GENERAL FUND EXPENSES AND TO CREATE A FUNDING  
SOURCE FOR REPAYMENT OF SUCH BONDS.  
(Introduced by Committee on Rules at the the  
Request of the Governor in Accordance to the  
Organic Act of Guam)

\*\*The public is invited to express their views\*\*

**Testimony of Governor Carl T.C. Gutierrez on Bill 242  
Tuesday, May16, 1995**

Good morning Chairman San Agustin, members of the 23rd Guam Legislature and former colleagues. For the record, my name is Carl T.C. Gutierrez, and I am the governor of Guam.

I am here to testify in favor of Bill #242, as will be amended, which I asked to be introduced into this legislature. Thank you Speaker Parkinson, Senator Orsini, and Senator San Agustin for your rapid and cordial response.

I have decided to take the rather unorthodox step of giving testimony myself because I feel very strongly about this measure. With your permission, I will speak briefly, and then turn the floor over to our very able professionals who will answer your questions.

Let me make it clear from the beginning that I understand the concept of separation of powers. Some of my detractors have claimed that I am going to make this loan happen with or without legislative approval. That is certainly not true.

I sat in this legislature for two decades. I know that I can't set your public hearing calendar. I know that a governor can not push a



button and set island policy. The governor must receive a sanction from the legislature just like a business executive needs sanction from a board of directors. Floating \$150 million in bonds requires your authorization.

I know that it is the legislature that sets policy. And I know that it is my job to implement whatever policy the legislature sets. However, I also know that I have the responsibility to advise this legislature, my board of directors, about general governmental problems, and make policy suggestions that will correct those problems.

That is why I am here. We have an immediate cash shortfall problem. Bill 242 embodies our plan to deal with the problem. With your sanction, we will implement the plan and resolve the key issue of the day.

I say key issue of the day, because we have a multitude of problems to overcome. We have problems with the southern high school. We have problems at the Department of Education, the hospital, PUAG and GPA. We have problems with political status, economic development and Chamorro lands. We came into office with a piggy bank that had already been broken. We got Tiyan, but without a completed reuse plan. And then, on top of everything else, the Department of Defense announced the possible closure of Naval Station and SRF without the return of the assets.

Believe me we have plenty to keep us busy. But the single most pressing problem is the lack of immediate cash to pay our bills.

Some people have suggested that we really don't need the cash. Some people say that we should be able to find a way to do without a loan.

That is true. I could juggle the books and transfer funds from agency to agency to keep the government afloat. That process has been used for years. And I could do it too, with basically the same technocrats that have done it before. The standard operating policy of the government of Guam has been to borrow from Peter to pay Paul. Unfortunately, Peter is now just skin and bones!

We have to face the situation squarely, and make the tough decisions that are necessary to resolve the problem.

In my inaugural address I promised to create a plan that would redirect our economy. I gave you that plan in The State of Our Island address. We created a budget that will eliminate our deficit over the next four to five years, and I hope that you will approve that budget. The foundation of our plan is 95% budgeting.

I support 95% budgeting because we need to establish credibility with our people and we need credibility to support our bond ratings. Right now we have a tripple B bond rating, which is ok. But if we don't do something concrete to deomonstrate our

commitment to sound financial management, they may reduce us to tripple B-, and that is not good.

I have taken the time to speak personally to our bond raters, as well as to our investment counselors. Right now, according to them, Gov Guam has about a zero credibility. Although some staffers from past administrations have made cost cutting proposals, they never came to fruition. It was all talk with no action. I think the 95% budgeting proposal is a good idea, and you should put it into law. You won't be tying me up. You will be giving Guam credibility, and that will help me help the people of Guam.

However, even 95% budgeting will not resolve our immediate cash problem. Raising taxes is not the answer to our immediate problem. We face a real cash shortfall as of June 30. That date cannot be ignored. On June 30 we have to pay out income tax refunds, or start paying interest on them. We don't have the cash to do that.

The cash shortfall is hurting our entire community. We have small businesses that received contracts from the previous administration, and they haven't been paid. Some of them are going broke because they paid their cash up front to do a government job

and didn't get paid. They can't pay their employees and their vendors because we haven't paid them. We need to pay them now.

We need real cash to pay our teachers. I have heard that Senator Santos and Senator Won Pat want to appropriate \$20 million for the the Department of Education. Appropriating will do no good if there is no money in the bank. We have included sufficient funds in the bond to pay the teachers and provide a smooth transition from this school year to the next.

Some members of the legislature have proposed plans to help reduce the deficit, and that is good. We are open to all suggestions. However, some of those suggestions are regressive rather than progressive. Some senators have said that we shouldn't mortgage our future to pay today's bills, but the point is that our employees have already mortgaged their future on today's government. After deductions, many of our employees only take home 20 bucks. They are paying for their houses, their cars, and their children's education. They can't take a ten or fifteen percent pay cut.

And we can't just lay off ten or fifteen percent of the work force. Especially with July 1 around the corner and the possibility of losing more than a thousand federal jobs if Naval Station and SRF are shut down. Layoffs means paying out more welfare checks. It means more loan defaults. Neither are good for our economy.

Salary cuts or layoffs are not the right solution to our current problem. Our current problem has been long in the making and we

need to change the basic system if we are going to change the direction of this government.

I don't want to point fingers at who is responsible for the financial mess that we are in. That will serve no purpose. But I make a point of advising you and the public that we are in serious financial straits. As governor I have actually allowed the members of this legislature to tap into our computers to see our real financial situation. This was not done by previous administrations. I did it because I wanted to make sure that there was no doubt about our financial situation, or what I am doing to correct it.

We have managed to avert payless paydays by establishing strict cash control mechanisms.

We stopped paying overtime to management level employees, which should never have been implemented in the first place.

We deobligated several million dollars worth of contracts.

We cut the cash allowance for government mileage by 50%.

We stopped the use of government vehicles after hours. This alone saved us nearly \$2 million in fuel alone.

We held employment back, saving about \$10 million.

We curtailed travel and saved another \$3 million.

And believe me, if we had allowed business to continue as usual when we took office, we would already be another \$50 million in the hole.

We have done everything in our power to cut the cost of government, but that is not enough. We have bills to pay on June 30 and we don't have the money in the bank to pay them.

We have worked hard these last four months at discovering the roots of GovGuam financial problems. We have stuck our finger in the dike and stopped the flood. But that doesn't mean we've fixed the dike.

Fixing the dike, as I mentioned before, is going to take several years. We can work together on that problem. We will work with the legislature to devise a deficit reduction plan that is acceptable to everyone. But we need your help now to pay today's bills. That is why we submitted bill 242.

As I mentioned at the opening of my testimony, I know that I, as the governor, cannot do this without your support. Just because I am governor of Guam, I cannot push some magic button and make the legislature do what I think is best. Unlike the prewar, naval governors of Guam, I am not the governor, the legislature and the judiciary all rolled into one. I am the elected, civilian governor of Guam, and I must have your endorsement before we can ask for a loan. And that is what I am here to do.

Let me make it clear, if you have another solution, my ears are open. If you have a mechanism to get us the cash we need to meet

our obligations, let me know. But I haven't seen anything yet. I have heard a lot of rhetoric from several senators.

I have heard some windy promises of alternative plans. But I haven't seen anything in writing that is better than the plan we have submitted.

Ladies and gentlemen of the 23rd Guam Legislature, I am here to tell you that there is no time left for rhetoric; there is no time left for petty political demagoguery. My staff and I have worked around the clock for the last four months trying to resolve the financial mess we inherited. We found a broken artery and we stopped the hemorheaging. We did this by adopting the policy that "The buck stops here." With me. I control and manage the cash on a day-to-day basis. I, as governor, have that responsibility and I take it very seriously.

However, we have also concluded that in addition to cost cutting and long-term revenue enhancement, we need an immediate cash infusion. If passed, Bill 242 may provide that cash infusion. And I say may because I'm not sure that we can get the cash even with your support. We also need the budget paced, with the 95% budget.

Again, if someone has a better plan to provide immediate cash, let's hear it. If not, we would like your vote of support on this plan.

Just to make sure that there is no room for misunderstanding, let me make the following points clear.

There is no money in the bank to pay income tax refunds by June 30. That means we will have to start paying 8% interest on about \$50 million.

Come June 30 there will not be enough money in the bank to make our obligated welfare payments.

Come June 30 we will not have the cash to pay our education bills.

We need a debt consolidation loan.

With that, and 95% budgeting, and full cost recovery for utilities and health care, we can put our house in order and meet our immediate cash demands as well as our long term financial management goals.

I am willing to bet that if you give us the loan authorization, we will be able to give you a positive cash flow by the end of 1998.

In closing, let me say to you and the people who are listening that I know I am not making popular decisions right now. I am not winning votes from the government employees by establishing the austerity measures. But that is not my concern right now. Right now I am concerned about setting this government straight.



I have told my management team and my cabinet that my goal during these first four years is to make the government of Guam financially stable. I want to leave a legacy of sound financial management. I would not wish on my worst enemy the nightmare of financial woes that I have had to live with these last four months.

It is my dream, my vision, that whomever moves into Adelup after me, be it in 2003 or 1999, will be able to concentrate on construction, rather than reconstruction. That is why I have made my first order of business, the business of operating the government on a sound financial footing. We have concluded that to do that we need a debt consolidation loan. That is why I submitted bill 242 for your consideration.

I have pushed hard and fast for this loan because we need the cash by June 30 in order to pay our bills. I spoke to the bond people personally, and I believe that with your vote of confidence they will provide us the cash we need, and provide it before June 30.

Senator San Agustin, I have worked both for you and with you. I know that I can count on you to carry the ball on this very important issue. I hope that you will be able to convince your

colleagues to support Bill 242. I thank you, Speaker Parkinson, and Senator Santos for being in San Francisco to assist me in averting the bond raters from taking a negative outlook on Guam.

Thank you again for allowing me the opportunity to appear before you this morning. And now, with your permission, I would like to turn the microphone over to the finest bunch of technocrats anyone could ask for to answer your technical questions. All I ask is that you give them the time to make their full presentation before you begin asking questions. It will only take about 40 minutes. But I am sure that if you give them the time to tell their story, you will understand, as I do, why we need to make this loan, and why we need to do it now.

Buenos dias.

MAYOR'S OFFICE  
MUNICIPALITY OF TALOFOFO  
Talofofo, Guam

May 9, 1995

Honorable Joe T. San Agustin  
Chairman  
Committee on Economic-Agricultural and Insurance  
Twenty-Third Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

Dear Mr. Chairman:

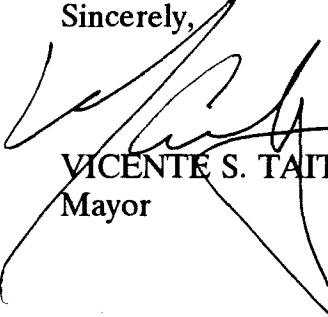
I am here this morning to testify in support of **Bill No. 242**, *"An Act to authorize the Governor of Guam to issue government of Guam General Obligation Bonds for the purpose of constructing and refurbishing territorial educational facilities and paying certain General Fund expenses and to create a funding source for repayment of such bonds."*

Mr. Chairman, in the Village of Talofofo, we are faced with problems. Problems that can be resolved to improve the quality of life in Talofofo will be greatly improved. To name a few, the infrastructure at the As-Lucas Subdivision (land for the landless program) is on hold due to lack of funding. The Village sewer system needs to be completed, water storage system needs to be upgraded, the roads need to be paved and widened, and street lights needs to be repaired. This concerns are not common to Talofofo, it is applicable to all nineteen (19) municipalities.

I believe that by consolidating the government debts, the cash flow in the General Fund will be improved to the point where we can start implementing CIP projects to improve the quality of life not only for us but more importantly for our future generation. I have faith in Governor Gutierrez to resolve the Island's problem. Let us give him the chance to make the difference.

As we leaders deliberate the issue, please put aside our political differences and concentrate on efforts in providing solution. With this in mind, the people of Talofofo fully support the intent of Bill No. 242.

Sincerely,



VICENTE S. TAITAGUE  
Mayor

May 9, 1995

To: Senator Carlotta Leon Guerrero  
Senator Tony Blaz

From: Johnny M. Rivera

Subject: Written Testimony concerning the  
150 Million Dollar Bond Issue

Dear Senators L. Guerrero, T. Blaz, and Members of 23rd  
Guam Legislature:

Let me begin by saying that I am quite disappointed that the Public Hearing concerning the 150 million dollar bond is happening at a time when I am not able to testify because of the hour. I wish I were able to testify personally and for this reason I request that there be an evening Public Hearing on the matter.

I am one of the original task force members of the Southern High School Project. At the time that we were designing it we were told by the Governor to design a school that was not only High Tech in concept, but also a school that was to be the pride of the people of Guam and designed by teachers.

The Southern High School was designed to be several things aside from just a High School it was to be:

1. A Joint Use Sports Facility with the Community. The Football Field and Track, Baseball/Softball Field and Swimming Pool area and Gym was to be available to the Community on weekends with agreement to be made with Parks and Recreation and other Community Groups with the students having first priority.
2. It was to be a future site of the South Pacific Games.
3. It was to be built to "Kill three birds with one stone" by doing the following:
  - a) After being built, the High School would take care of the students from Oceanview High and Inarajan High School. The two schools would merge as one.

- b) The current Inarajan High School would then become Inarajan Middle School thereby eliminating the need to build a Middle School in the South. Inarajan High was designed to be a Junior High School.
- c) Oceanview High School would then become a Middle School, since it was also designed as a Junior High School, eliminating Piti Middle School.
- d) The Piti Middle School and Inarajan Middle School campus would revert to elementary schools.
- e) The Inarajan Elementary school will then have the space currently occupied by the current Inarajan Middle School.
- f) The Southern High School with its Trade Facilities would be available at night as a GCC campus for adults wishing to learn trades and to further their education without having to travel to Mangilao.
- g) The 2000 seat auditorium was to be built not only for student use, but also as a place where Theatrical productions, political rallies, and community meetings and public hearings could be held.
- h) With the building of the Southern High there would be an elimination of building temporary classrooms for several years unless there was a population boom on Guam. As a matter of fact it may be a possibility that current temporary classrooms may be transferred to sites needing classrooms at a cheaper cost.

The Military pull out will only result in a 10% drop in enrollment at Oceanview. However, with the Military Pull Out of NAS, the people living on NAS may very well be transferred to Naval Station increasing the enrollment, meaning that students currently attending JFK and maybe Simon Sanchez may end up at Oceanview.

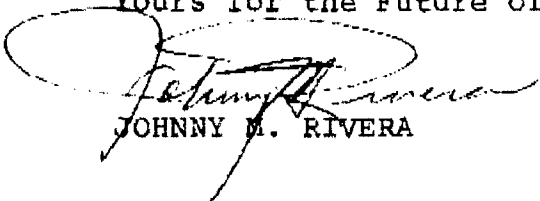
Additionally, the Military pull out does not mean that the local people will stop producing children.

In closing I am for the bond even if it exceeds 150 million/ I personally would rather see it go to 200 million so that the Southern High will be built as it was Originally designed and not with the cuts that PWC implemented. The current "fast track" classrooms were built without any input from DOE and the design is far from satisfactory.

You don't go to an Auto Mechanic for heart surgery so don't go anyplace else but DOE when it comes to designing a school.

I can be available after working hours to answer any questions concerning the Southern High School.

Yours for the Future of Our Island,



JOHNNY M. RIVERA

P.S.

I am not for Senatorial Pay Cuts. I was thinking more in terms of raise. I have a lot of other ideas I would like to share with the legislature, however for expediency I have shortened this testimony. Please have an evening Public Hearing.

The Law Offices of  
**PHILLIPS & BORDALLO**  
A Professional Corporation

410 West O'Brien Drive, Agana, Guam 96910  
Tel: (671) 477-ABCD (2223) • Fax: (671) 477-2FAX (2329)



May 9, 1995

Senator Joe T. San Agustin  
Chairperson  
Committee on Economic-Agricultural  
Development and Insurance  
Twenty-Third Guam Legislature  
155 Hesler Street  
Agana, Guam 96910

RE: Testimony on 150 Million Dollar Bond Proposal

Dear Mr. Chair and Members:

Thank you for the opportunity to testify before your Committee today. It is important to remember throughout your deliberation that most of our people affected by your decision cannot be here today. Our children are in school. Our working people do not enjoy the same freedom we have to leave work to testify before the Legislature. Many are afraid.

A Native American proverb that we as Chamorros ourselves have adopted explains, " We do not inherit the land from our ancestors... we borrow it from our children." Ironically, today you are not considering borrowing money for our children... you are borrowing it from our children.

The Platform of the Democratic Party of Guam promises in part:

*We must demand that all employees are paid a living wage. We must stop giving tax breaks to foreign developers who refuse to pay our workers enough to survive on their own island. Workers with families to support should at least be able to afford a car and home. We need to pass laws that guarantee worker rights, not laws that use taxpayers' money to benefit the wealthy. We are at a point in time where we must either raise wages or lower the cost of living on Guam. Our working people are not looking for handouts, only for what is fair and just, and their needs must be prioritized over the needs of the wealthy.*

Despite statements we made during the recent campaign, we are balancing the excesses of the rich on the backs of our working people and grassroots. Despite statements made by the Governor's representatives that cost cutting measures will save 50 Million Dollars per year, they still want to borrow an additional 150 Million Dollars. We must either begin to listen to the promises we make or stop making them.

" Erensia, lina'la' espiritu-ta "

Senator Joe T. San Agustin  
Re: Testimony on 150 Million Dollar Bond Proposal  
May 9, 1995  
Page -2-

In addition to the efforts made by the Governor and his cabinet to reduce spending, can we raise the balance of funds needed to survive?

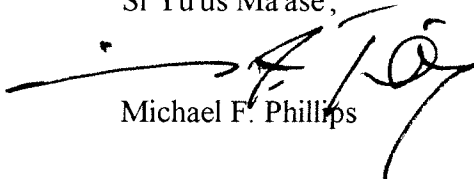
We enjoy one of the highest number of tourists per capita on Earth. Yet, when you look at the standard of living and quality of life provided our local people, you would never imagine we have such a resource. The full benefits of the tourism industry on Guam have remained at the top. The opportunity costs (measure of what we could have received) are actually higher than the benefits received. Unfortunately, our government has historically and now again proposes to spread the enormous cost of tourism equally among all our local people. We keep bringing in more and more people to staff more and more development and we then turn to our local people and say, "You pay for the expansion costs needed to keep up with this growth."

It is not fair to raise government fees such as water, power and medical care when these regressive tax programs exclusively benefit the rich. These increases, when taken as a proportion of a person's income, adversely affect our grassroots at the bottom. Ordinary working people will spend a higher percentage of their income to fund the government's debt than will the wealthy. The lower your income, the higher percentage you will be forced to pay for the same services provided to all. Why are we not considering a proposal to charge the hotels their fair share (aka the "actual cost theory") for the increased number of police officers we assign to Tumon?

Officials project that approximately 1.2 million tourists will visit our island this year. If between (and including) the foreign tour companies, airlines, hotels, tour agents on Guam, and the individual tourist, we could manage to generate a grand total of just 100 Dollars, we would raise an additional 120 Million Dollars per year. The proposed departure tax of 10 Dollars reduces the amount now needed to only 90 Dollars. The amount might even be much lower when we add the multiplier effect to the equation. It can be done.

What we cannot do is pass this nightmare onto the next generation. As the great UCLA Coach John Wooden said, "Do not let what you cannot do interfere with what you can do." Our children, working people and grassroots deserve nothing less.

Si Yu'us Ma'ase',

  
Michael F. Phillips



TESTIMONY ON BILL NO. 242  
Introduced by Sonny Orsini  
at the request of the Governor

My name is Gordon Mailloux and I am submitting this testimony as a concerned citizen. I am fully in favor of the authorization of issuance of the proposed \$175,000,000 bond for the purposes outlined in this bill with possible amendments and conditions. I herewith submit my reasoning for my support.

1. Bond interest is less than interest paid on late income tax refunds and late vendor payments.

2. By paying teachers on time and their retirement money, they will be less inclined to leave the island. You know how costly recruiting from off-island is. In addition, they will be spending their money creating taxes on sales as well as income tax from vendors.

3. Reimbursing Retirement Board will facilitate payments to those who wish to draw their contributions (advantages noted above).

4. Finishing Southern High School - We all know what delays cost. Recently, delays cost in excess of \$1 million (\$1,000,000). It was suggested that allocated money from other schools be deferred and used for present crisis. We had a good lesson on this with the Southern High School which went from \$20 million (\$20,000,000) to over \$100 million (\$100,000,000).

5. The non-payment of vendors is a double negative.

A. Vendors cannot pay their bills and their employees. G.R.T. is not paid and income tax of laid-off employees is lost. Many must resort to welfare which further drains the General Fund.

B. Good competitive vendors refuse to do business with the government leaving "gougers" with no competition. (They seem to have connections and get their payments)

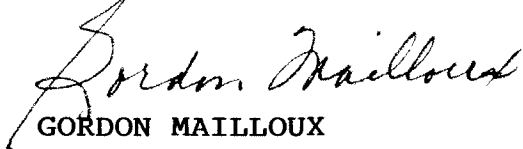
Testimony on Bill No. 242

Page 2

And finally, the greatest economic cancer facing the island is the "Doom-Gloom" syndrome. All businesses have suffered and several have been forced to close or go into bankruptcy.

We are on the threshold of a boom era. If we get our act together, we'll have no trouble repaying the bond and **"Happy days will be here again"**.

Respectfully submitted,

  
GORDON MAILLOUX



OFFICE OF THE GOVERNOR  
TERRITORY OF GUAM

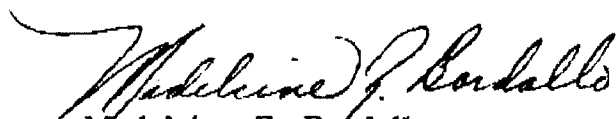
MAY 02 1995

The Honorable Don Parkinson  
Speaker  
Twenty-Third Guam Legislature  
424 West O'Brien Drive  
Julale Center - Suite 222  
Agana, Guam 96910

Dear Speaker Parkinson:

Attached please find draft bill entitled "AN ACT TO AMEND §22430 TO TITLE 5, GUAM CODE ANNOTATED, TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TERRITORIAL EDUCATIONAL FACILITIES AND PAYING CERTAIN GENERAL FUND EXPENSES AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH BONDS", to be introduced at the request of the Governor in accordance with the Organic Act of Guam.

Very truly yours,

  
Madeleine Z. Bordallo  
Acting Governor of Guam

Attachment



# COMMITTEE ON RULES

Twenty-Third Guam Legislature  
155 Hesler St., Agana, Guam 96910

*Jim*

May 4, 1995

## MEMORANDUM

**TO:** Chairman, Committee on Economic-Agricultural  
Development and Insurance

**FROM:** Chairman, Committee on Rules

**SUBJECT:** Referral - Bill No. 242

The above Bill is referred to your Committee as the principal committee. Please note that the referral is subject to ratification by the Committee on Rules at its next meeting. It is recommended you schedule a public hearing at your earliest convenience.

RECEIVED  
COMMITTEE ON ECONOMIC-AGRICULTURAL  
DEVELOPMENT INSURANCE  
DATE: 4 May 95  
TIME: 4:30  
REC'D BY: [Signature]

*[Signature]*  
**SONNY LUJAN ORSINI**

Attachment

TWENTY-THIRD GUAM LEGISLATURE  
1995 (FIRST) Regular Session

Bill No. 242 (LS)  
As Substituted by the Committee  
on Economic-Agricultural  
Development & Insurance

Introduced by: Committee on Rules  
At the Request of the  
Governor in accordance  
with the Organic Act of Guam

AN ACT TO AMEND SUBSECTION 22430 TO TITLE 5,  
GUAM CODE ANNOTATED, TO AUTHORIZE THE  
GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM  
GENERAL OBLIGATION BONDS FOR THE PURPOSES OF  
CONSTRUCTING AND REFURBISHING TERRITORIAL  
EDUCATIONAL FACILITIES AND PAYING CERTAIN  
GENERAL FUND EXPENSES AND TO CREATE A FUNDING  
SOURCE FOR REPAYMENT OF SUCH BONDS.

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

2 Section 1. Legislative findings. The Legislature hereby finds that in 1993 the  
3 government issued One Hundred Seventy-Five Million Dollars (\$175,000,000)  
4 aggregate principal amount of general obligation bonds to finance certain education  
5 facilities, but that the amounts authorized for certain purposes should be  
6 reprogrammed and increased to provide for infrastructure, including a sewage  
7 treatment plant, related to the Southern High School in order to provide adequate  
8 funding for these educational facilities to be completed and fully operational. The  
9 Legislature also hereby finds that the accumulated general fund deficit will result in

1 current revenues available in the general fund to pay certain obligations of the  
2 general fund such as vendor payables and income tax refunds. As part of a  
3 comprehensive deficit reduction plan, a mechanism is needed to bridge the gap and  
4 provide the necessary cash to the general fund until a surplus of current revenues  
5 over current expenditures can retire the deficit. Through the issuance of general  
6 obligation bonds, the government can fund its current needs while retiring the deficit  
7 over time. The Legislature has determined to reprogram the use of certain general  
8 obligation bonds previously authorized to be issued and provide for the bonds to be  
9 used to finance the deficit so that it may be retired over time.

10 Section 2. Section 22430 to Title 5, Guam Code Annotated, is amended to  
11 read:

12 “§22430. General obligation bonds for certain capital projects,  
13 including certain educational facilities projects, and for certain general fund  
14 expenses. (a) Authorization of issuance of general obligation bonds for  
15 capital projects and general fund expenses. The Governor of Guam is  
16 authorized to issue ~~one (1)~~ two (2) or more series of general obligation bonds  
17 of the government of Guam in an aggregate principal amount not to exceed  
18 Two Hundred ~~Sixty-One~~ Ninety-Six Million Dollars (~~\$261,000,000~~)  
19 (\$296,000,000) to undertake the capital projects enumerated in subsection  
20 (m) of this Section, ~~and paying~~ to provide for the payment of certain general

1 fund expenses and to pay expenses incurred in connection with the issuance  
2 of such bonds; provided, however, that the issuance of the bonds shall not  
3 cause a violation of the debt limitation provisions of 48 USC 1423a (§11 of  
4 the Organic Act of Guam).

5 (b) Terms and conditions determined by certificate. The terms  
6 and conditions of the bonds shall be as determined by the Governor by the  
7 execution of a certificate authorizing the issuance of the bonds upon or prior  
8 to the issuance of the bonds; provided, however, that such terms and  
9 conditions shall be consistent with this Section, and that the bonds shall  
10 mature not later than December 1, 2023 and shall bear interest at such rates  
11 and be sold for such price or prices as shall result in a yield to the  
12 bondholders not exceeding ~~ten~~ eight percent (~~10%~~) 8% per annum. The  
13 certificate of the Governor shall separately designate the amount of each  
14 maturity of bonds issued for each of the capital projects enumerated in  
15 subsection (m) of this Section and for general fund expenses, but shall also  
16 permit reallocation and redesignation of such bonds..

17 (c) Valid and binding general obligation. Any bonds authorized by  
18 this Section shall constitute the valid and binding general obligations of the  
19 government of Guam. The government of Guam pledges its full faith and

1 credit for the punctual payment of both principal of and interest on the bonds.  
2 There shall be collected annually in the same manner and at the same time as  
3 government revenue for other purposes is collected, such sum as is required  
4 to pay the principal of and interest on the bonds. All officers charged by law  
5 with any duty in the collection of the revenues of the government shall do  
6 every lawful thing necessary to collect such sum. The validity of any such  
7 bonds shall not be affected by the validity or regularity of any proceedings for  
8 the implementation of the capital projects funded by the bonds or for the  
9 payment of the general fund expenses funded by the bonds.

10 (d) Appropriations from the General Fund. There are hereby  
11 appropriated from the General Fund such sums as will equal in each year the  
12 amount of money necessary to pay the principal and interest on such bonds.

13 (e) Additional parity bonds. Nothing in this Section shall be construed  
14 to prevent the government of Guam from issuing, after appropriate enabling  
15 legislation, other obligations of the government secured by the general  
16 obligation of the government on a parity with the bonds authorized by this  
17 Section.

18 (f) Waiver of Immunity. Notwithstanding any substantive or  
19 procedural provision of Chapter 6 of Title 5, Guam Code Annotated, the



1 government of Guam waives immunity from any suit or action in contract on  
2 the bonds, but does not waive sovereign immunity as to the personal liability  
3 of elected officials and employees of the government of Guam.

4 (g) Form of bonds; covenants; appointment of fiduciaries. The  
5 technical form and language of the bonds, including provisions for execution,  
6 exchange, transfer, registration, paying agency, lost or mutilated bonds,  
7 negotiability, cancellation and other terms or conditions not inconsistent with  
8 this Section, including covenants relating to the collection of revenues, shall  
9 be as specified in the certificate executed by the Governor authorizing the  
10 issuance of the bonds. The certificate may appoint one (1) or more trustees,  
11 co-trustees or other fiduciaries authorized to receive and hold in trust the  
12 proceeds of the bonds and monies relating thereto, to protect the rights of  
13 bondholders and to perform such other duties as may be specified in the  
14 certificate. The Governor is also authorized to execute, on behalf of the  
15 government of Guam, any appropriate agreements, certificates or other  
16 instruments relating to the bonds and the sale of the bonds.

17 (h) Authorization for credit enhancement. The Governor is authorized  
18 to enter into such contracts or agreements with such banks, insurance  
19 companies or other financial institutions as he determines are necessary or

1 desirable to improve the security and marketability of the bonds issued under  
2 this Section. Such contracts or agreements may contain an obligation to  
3 reimburse, with interest, any such banks, insurance companies or other  
4 financial institutions for advances used to pay principal of or interest on the  
5 bonds. Any such reimbursement obligation shall be general obligation of the  
6 government of Guam, and any such advance, if necessary, shall be treated as  
7 creating a reimbursement obligation issued to refund the bonds.

8 (i) Use of proceeds from the sale of the bonds. Proceeds from the sale  
9 of the bonds shall be used solely to implement and equip the capital projects  
10 enumerated in subsection (m) of this Section, to pay general fund expenses  
11 otherwise appropriated by the Legislature, to establish necessary reserves,  
12 and to pay expenses relating to the authorization, sale and issuance of the  
13 bonds, including, without limitation, printing costs, costs of reproducing  
14 documents, bonds insurance premiums, underwriting, legal and accounting  
15 fees and charges, fees paid to banks or other financial institutions providing  
16 credit enhancement, costs of credit ratings, fees and charges for execution,  
17 transportation and safekeeping of bonds and other costs, charges and fees in  
18 connection with the issuance, sale and delivery of the bonds. The fees

1 charged by the Guam Economic Development Authority for this bond  
2 issuance shall be waived.

3 (j) No personal liability. No employee or elected official of the  
4 government of Guam shall be individually or personally liable for the payment  
5 of any amounts due on any bonds issued under this Section, or for any other  
6 liability arising in connection with the bonds; provided, however, that nothing  
7 in this Section shall relieve any employee or elected official from the  
8 performance of any ministerial duty required by law.

9 (k) University of Guam Bond Fund. There is hereby created, separate  
10 and apart from other funds of the government of Guam, a fund known as the  
11 “University of Guam Bond Fund” (the “UOG Bond Fund”). The UOG Bond  
12 shall not be commingled with either the General Fund, the Current Fund of  
13 the University of Guam, or any other fund of the government of Guam. The  
14 UOG Bond Fund shall be held in an account or accounts at a Guam financial  
15 institution or institutions separate and apart from all other accounts and funds  
16 of the government of Guam. All tuition revenues received by or on behalf of  
17 the University of Guam shall be deposited in the UOG Bond Fund and shall  
18 be accounted for and used periodically only for the following purposes and in  
19 the following order:

1                   (1) On the dates on which monies are remitted from the General  
2 Fund to any trustee, co-trustee or paying agent for the bonds for the  
3 purpose of either paying the principal of and interest on the bonds  
4 designated as having been issued for the capital project set out in  
5 subsection (m) item (5) or accumulating the amounts necessary to pay  
6 the principal of or interest on such bonds, there shall be transferred  
7 from the UOG Bond Fund to the General Fund amounts equal to, but  
8 not in excess of, the amounts remitted from the General Fund for such  
9 purposes, and in the event that the amount so transferred on any such  
10 date is insufficient to fully reimburse the amount so remitted, the  
11 amount of the insufficiency shall be transferred as soon thereafter as it  
12 becomes available in the UOG Bond Fund, together with interest from  
13 such remittance date to such date of transfer at a rate equal to the yield  
14 on the bonds.

15                   (2) On the dates on which monies are transferred to the General  
16 Fund pursuant to paragraph (1) of this subsection (k) of this Section, if  
17 such transfer is sufficient to fully reimburse the General Fund (with  
18 interest, if required), the balance remaining in the UOG Bond Fund  
19 shall be transferred to the Current Fund of the University of Guam to

1 be utilized only to implement the Physical Master Plan of the  
2 University.

3 Such tuition revenue collections shall not be pledged to the payment of  
4 amounts due on the bonds, and this subsection (k) may be amended at any  
5 time by subsequent act of the Legislature. Nothing in this Section shall be  
6 construed to prevent the government of Guam from issuing, after appropriate  
7 enabling legislation, for the benefit of the University of Guam, other general  
8 obligations of the government secured by such tuition revenues on a parity  
9 with the bonds authorized by this Section. In addition, nothing in this Section  
10 shall be construed to prevent the University of Guam from issuing, after  
11 appropriate enabling legislation, revenue bonds or general obligations of the  
12 University of Guam secured by such tuition revenues on a parity with the  
13 bonds authorized by this Section.

14 (l) ~~Territorial Educational Facilities~~ Real Property Tax Revenue Fund.

15 There is ~~hereby created~~ continued in existence, separate and apart from other  
16 funds of the government of Guam, a the fund previously known as the  
17 “Territorial Education Facilities Fund” (~~the “TEF”~~), which is hereby renamed  
18 the “Real Property Tax Revenue Fund” (the “RPTR Fund”). In ~~TEF~~ RPTR  
19 Fund shall not be commingled with the General Fund or any other fund of the

1 government of Guam. The ~~TEF~~ RPTR Fund shall be held in an account or  
2 accounts at a Guam financial institution or institutions separate and apart from  
3 all other accounts and funds of the government of Guam. All real property  
4 tax revenues received by or on behalf of the government of Guam pursuant to  
5 §24103, Title 11, Guam Code Annotated, shall be deposited in the ~~TEF~~  
6 RPTR Fund and shall be accounted for and used periodically only for the  
7 following purposes and in the following order:

8 (1) On the dates on which monies are remitted from the General  
9 Fund to any trustee, co-trustee or paying agent for the bonds for the  
10 purpose of either (A) paying the principal of and interest on the bonds  
11 designated as having been issued for the capital projects enumerated in  
12 items (1), (2), (3), (4), (6) and (7) of subsection (m) of this Section and  
13 for the payment of general fund expenses or (B) accumulating the  
14 amounts necessary to pay the principal of or interest on such bonds,  
15 there shall be transferred from the ~~TEF~~ RPTR Fund to the General  
16 Fund amounts equal to, but not in excess of, the amounts remitted from  
17 the General Fund for such purposes, and in the event that the amount  
18 so transferred on any such date is insufficient to fully reimburse the  
19 amount so remitted, the amount of the insufficiency shall be transferred

1 as soon thereafter as it becomes available in the ~~TEF~~ RPTR Fund,  
2 together with interest from such remittance date to such date of transfer  
3 at a rate equal to the yield on the bonds.

4 (2) On the dates on which monies are transferred to the General  
5 Fund pursuant to paragraph (1) of this subsection (1) of this Section, if  
6 such transfer is sufficient to fully reimburse the General Fund (with  
7 interest, if required), the balance remaining in the ~~TEF~~ RPTR Fund  
8 shall remain in the ~~TEF~~ RPTR Fund and shall only be appropriated by  
9 the Legislature for the purpose of constructing, refurbishing, replacing  
10 and funding educational facilities.

11 Such tax collections shall not be pledged to the payment of  
12 amounts due on the bonds, and this subsection (1) may be amended at  
13 any time by subsequent act of the Legislature. Nothing in this Section  
14 shall be construed to prevent the government of Guam from issuing,  
15 after appropriate enabling legislation, for the benefit of the government  
16 of Guam other general obligations or revenue obligations of the  
17 government secured by such real estate tax revenues on a parity with  
18 the bonds authorized by this Section.

1 (m) The capital projects to be implemented and equipped with the  
2 proceeds of the bonds authorized by this Section are as follows:

3	Capital Projects:	Allocated
4		Amounts:
5	1. High school located in Santa Rita, Guam	<u>\$ 76,000,000.</u>
6	2. <u>Including a sewage treatment plant, infra-</u>	
7	<u>structure and off-site development, related</u>	
8	<u>to the high school in Santa Rita, Guam</u>	<u>\$ 21,000,000.</u>
9	3. Elementary school located in Tamuning, Guam	\$ 15,000,000.
10	4. Elementary school located in Astumbo,	\$ 15,000,000.
11	Dededo, Guam	
12	5. Buildings at the University of Guam as follows:	
13	College of Arts and Sciences Building;	
14	renovation and addition to the Health Science	
15	Building; Plant Maintenance Building; Building II	
16	for the College of Agriculture and Life Sciences;	
17	College of Business and Public Administration;	
18	Fine Arts Building; and the Student Center,	\$ 28,000,000.
19	6. For the purchase of equipment and furniture	



1 and the relocation expenses for students during  
2 construction of projects set out in items (1),  
3 (3) and (4) of this subsection (m), including  
4 temporary classrooms, \$ 3,000,000

5 7. To the extent of any bond proceeds not  
6 required for the projects listed in items (1)  
7 through (6) of this subsection (m), any  
8 remaining balance (other than the portions  
9 designated to be used for the Northern High  
10 School or to pay general fund expenses) may  
11 be applied to the costs of (i) repairing or  
12 reconstructing the Inarajan Elementary School,  
13 (ii) repairing or reconstructing the earthquake  
14 damaged Ordot-Chalan Pago Elementary School,  
15 (iii) reconstructing the earthquake damaged  
16 gymnasium and classrooms at Inarajan High  
17 School, (iv) repairing or reconstructing Upi  
18 Elementary School, (v) repairing or recon-  
19 structing earthquake damage at any other



1                   (p) In view of the urgency for the issuance of the bonds for the  
2                   purpose of financing general fund expenses and for the infrastructure  
3                   related to the high school located in Santa Rita, the Governor is hereby  
4                   authorized to utilize such method as he deems appropriate for the  
5                   selection of all participants in connection with the issuance and sale of  
6                   those bonds, including trustees, depositaries, paying agents,  
7                   underwriters, counsel, any credit enhancement provider and any other  
8                   participants; provided, however, that such selection shall be subject to  
9                   any provision of law which requires bidding, other competitive  
10                   process, or any other procedure with respect to such selection, except  
11                   that the Governor may limit the requests for proposals for services  
12                   associated with the issuance of the bonds to those firms that have  
13                   previously participated in bond issues for Guam.

14                   (q) Additional bonds for Northern High School and Asan  
15                   Elementary School. In the event that the debt capacity of the  
16                   government of Guam as limited under section 11 of the Organic Act of  
17                   Guam shall, as a result of the triennial property tax valuation now  
18                   underway, be increased by no less that \$101,000,000 the aggregate  
19                   principal amount of bonds authorized under this section shall be

1                   increased by \$101,000,000 and the following project shall be added to  
2                   the projects listed in subsection (m) of this section:

3                   (1) Elementary School located in Asan Guam           \$15,000,000

4                   (2) Northern High School   \$86,000,000

5           Section 3. Local Sales of Bonds. The Governor of Guam shall undertake his  
6 best efforts to cause a portion of any bonds issued pursuant to Section 2 of this Act  
7 (§22430, Title 5, Guam Code Annotated), to be offered for sale to residents of  
8 Guam, as well as to residents of other jurisdictions, if and to the extent that such  
9 offer and any sales resulting from such offer do not increase the cost to the  
10 government of Guam of issuing and repaying such bonds.

11           Section 4. Findings of GEDA. The Legislature hereby finds and declares as  
12 follows:

13                   (a) §22430, Title 5, Guam Code Annotated, provides that the  
14 Governor is authorized to issue general obligation bonds of the government of  
15 Guam in aggregate principal amounts not to exceed Three Hundred Ninety-  
16 Seven Million Dollars (\$397,000,000) for the purpose of undertaking certain  
17 capital projects, paying certain general fund expenses and paying expenses  
18 incurred in connection with the issuance of such bonds..

1 (b) One Hundred Seventy-Five Million Dollars (\$175,000,000)  
2 aggregate principal amount of such bonds were issued in 1993, leaving the  
3 balance of Two Hundred Twenty-Two Million Dollars (\$222,000,000)  
4 aggregate principal amount authorized but unissued.

5 (c) §2103 (k) of Title 12, Guam Code Annotated, provides that  
6 agencies and instrumentalities of the government of Guam shall issue bonds  
7 and other obligations only by means of and through the agency of the Guam  
8 Economic Development Authority (“GEDA”).

9 (d) The bonds authorized by the amendments made by this Act to said  
10 §22430 shall not be issued until the board of directors of GEDA shall adopt a  
11 resolution approving the sale of the bonds to be issued.

12 (e) Said §2103 (k) provides that GEDA shall not sell any bond without  
13 the approval of the Legislature of the terms and conditions of the issuance of  
14 the bonds.

15 (f) The form of certificate relating to government of Guam General  
16 Obligation Bonds, 1993 Series A, pursuant to which ~~the~~ bonds were issued  
17 has been presented to this Legislature.

18 Section 5. Approval of Bonds. This Legislature, pursuant to Subsection  
19 22430, Title 5, Guam Code Annotated, and pursuant to Subsection 2103 (k), Title

1 12, Guam Code Annotated, hereby approves the issuance and sale by the  
2 government of Guam of general obligation bonds in a principal amount not to  
3 exceed Two Hundred Twenty-Two Million Dollars (\$222,000,000) provided, that  
4 the conditions to the issuance of such bonds shall have been met, such bonds have a  
5 final maturity not later than December 1, 2023, bear interest at such rate and are  
6 sold for such price or prices as shall result in a yield to the bondholders not  
7 exceeding eight percent (8%) per annum, and are issued and sold pursuant to a  
8 certificate of the Governor in substantially the same form as presented to the  
9 Legislature.

10 Section 6. Cost Containment Plan. (a) Background. Despite the best efforts  
11 of the present method of estimating revenues, actual cash receipts have fallen below  
12 estimated revenues. The government now faces a cash flow problem with respect to  
13 the payments it must make. As an austerity measure, the government's  
14 appropriations for a fiscal year should be tied into its total revenue.

15 (b) General Fund Appropriations Cap. For Fiscal Year 1996, the Legislature  
16 shall not appropriate from the General Fund more than ninety-five percent (95%) of  
17 the total revenues projected for the general fund for the Fiscal Year 1996. For  
18 Fiscal Year 1997 and beyond, the Legislature shall not appropriate from the general  
19 fund more than ninety-five percent (95%) of the total revenues projected for the

1 general fund for that fiscal year, or ninety-five percent (95%) of the total actual  
2 revenues collected for the general fund for the previous fiscal year, whichever  
3 number is smaller, until such time as the \$115,000,000, is paid in full.

4 (c) Effective Time. This budgetary cap shall be in effect until \$115,000,000  
5 in debt, designated pursuant to this act to fund general fund expenses, is paid in full.  
6 However, to the extent necessary to deal with any disaster or emergency the  
7 budgetary cap may be temporary lifted in the event that the Governor, the President  
8 of the United States, or the Legislature by vote of a majority of its members declares  
9 Guam to be in a state of disaster or emergency or any similar designation.

10 (d) The total operational budget of the Legislature for fiscal year 1996 shall  
11 not exceed three percent (3%) of the total revenues projected for the general fund  
12 for fiscal year 1996. For fiscal year 1997 and beyond, the total operational budget  
13 of the Legislature shall not exceed three percent (3%) of the total revenues projected  
14 for the general fund for that fiscal year, or three percent (3%) of the total actual  
15 revenues collected for the general fund for the previous fiscal year, whichever  
16 number is smaller, until such time as the \$115,000,000 in debt, designated pursuant  
17 to this act to fund general fund expenses, is paid in full.

**EXHIBIT A**

**OVERVIEW OF  
GENERAL FUND FINANCIAL CONDITION  
IN SUPPORT OF BILL 242**



GOVERNMENT OF GUAM

OVERVIEW  
OF  
GENERAL FUND FINANCIAL CONDITION  
IN SUPPORT OF BILL 242

MAY 9, 1995

- I. *Historical Perspective of Contributing Factors*
- II. *Current and Short Term Projected Financial Condition*
- III. *Consequences of Deferring Decisive Action*
- IV. *Financial Plan for Recovery*

I. *Historic Perspective of Contributing Factors*

A. Spending initiatives have required significant cash outlays since 1990, many of them fixed in nature.

(See Accompanying Table 1)

- Actual and Estimated Costs through Fiscal Year 1996: \$859,740,223.

Government of Guam  
Major Program / Spending Initiatives  
Contributing To General Fund Deficit  
Fiscal Years 1990-1994 Actual; Fiscal Years 1995-1996 Projected

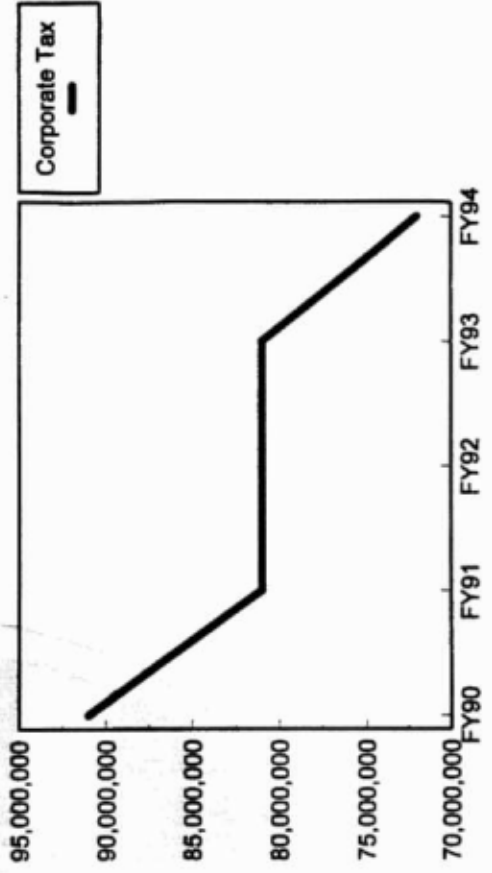
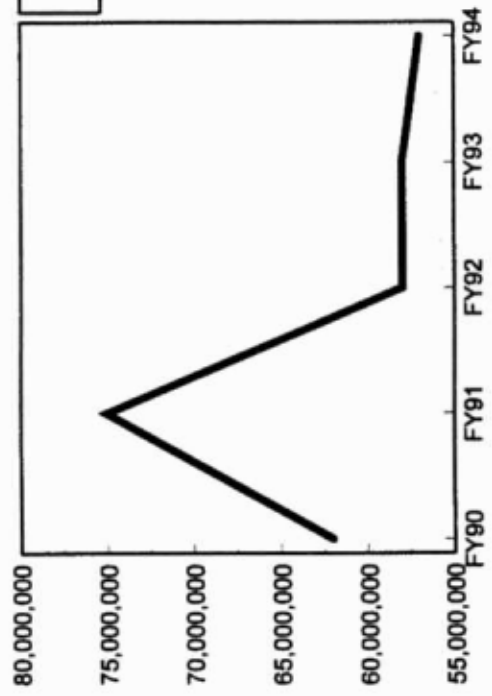
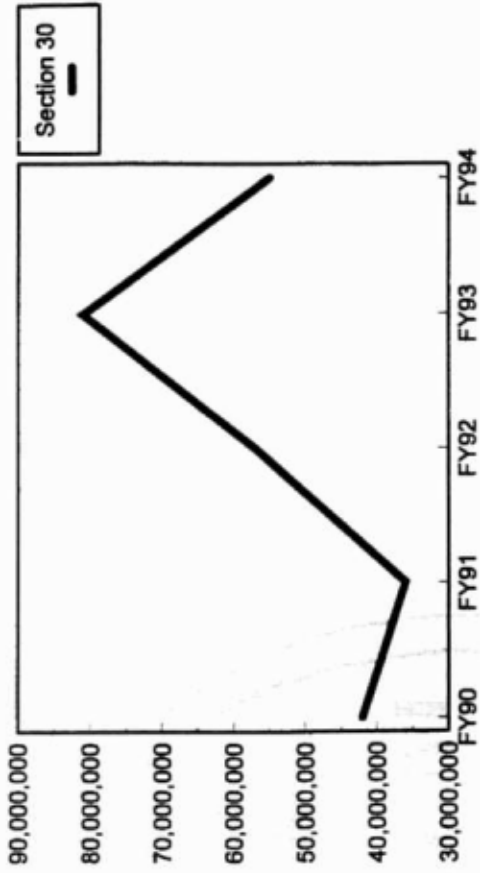
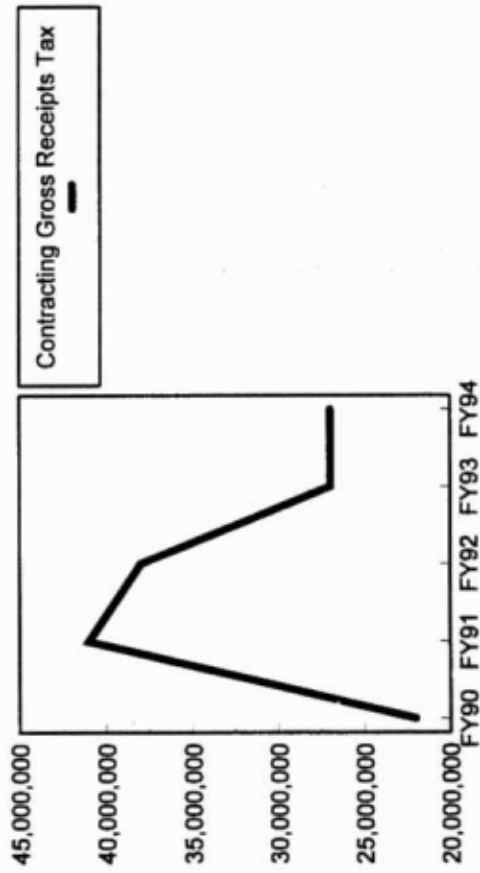
# TABLE 1

	Actual FY 1990	Actual FY 1991	Actual FY 1992	Actual FY 1993	Actual FY 1994	Projected FY 1995	Projected FY 1996	Cumulative Costs
1. \$5,440 Salary Adjustment, Including Retirement Contribution At Then Existing Rate	\$8,885,000	\$54,400,000	\$56,032,000	\$56,576,000	\$57,120,000	\$57,120,000	\$57,120,000	\$347,253,000
2. General Fund Payments For Medical Assistance Payments (Local Participation Rate)	9,432,310	15,152,918	12,999,621	15,445,320	22,461,013	24,258,000	26,199,000	125,948,182
3. Capital Projects Expenditures	3,442,917	8,411,594	26,507,491	21,670,498	21,656,974	10,000,150	7,250,000	98,939,624
4. General Fund Payments For Public Assistance (Local Participation Rate)	4,401,245	2,004,728	6,797,432	10,407,514	13,310,203	15,775,801	16,565,000	69,281,923
5. Prosperity Dividend (Tax Rebate)	0	65,598,109	0	0	0	0	0	65,598,109
6. General Fund Payments For Earned Income Credit	Not Available	4,190,927	6,284,879	7,078,131	7,949,475	9,477,000	10,614,000	45,594,412
7. Retirement Contribution Increases	0	0	0	834,000	7,602,000	12,947,000	18,481,000	39,864,000
9. General Fund Payments For Retroactive Increment of Option One Including \$14,027,698 to Autonomous Agencies	35,857,377	1,895,706	6,890	0	0	0	0	37,759,973
8. Hay Study Salary Adjustment Including Retirement Contribution At Existing Rate	0	0	5,825,000	5,882,000	5,998,000	5,938,000	5,938,000	29,521,000
<b>TOTAL</b>	<b>\$62,018,849</b>	<b>\$151,653,982</b>	<b>\$114,453,313</b>	<b>\$117,893,463</b>	<b>\$136,037,665</b>	<b>\$135,515,951</b>	<b>\$142,167,000</b>	<b>\$859,740,223</b>

- B. Revenue Streams, spontaneous in their growth, quickly dissipated or eroded.
- o Individual Income Tax payments including capital gains tax, yielded \$75 Million in the one fiscal year (1991); but by 1994 this revenue source declined by \$35 Million.
  - o Gross receipts tax for construction activity in Fiscal Year 1991 reached \$41 Million, this declined by \$28 Million in the three succeeding fiscal years.
  - o Corporate income taxes declined in Fiscal Year 1994 by \$9.5 Million; by September 30, 1995 the cumulative decline will exceed \$27 Million from carry forward of Corporate Net Operating Losses (NOL's).
  - o Section 30 collections made up these declines in Fiscal Year 1993, but suffered as well in Fiscal Year 1994.
  - o These revenues in Fiscal Year 1990 combined to represent 49% of all revenues, averaged 43.6% in Fiscal Years 1991-1994.
- (See Accompanying Graph 1).

# General Fund Selected Revenues

GRAPH 1

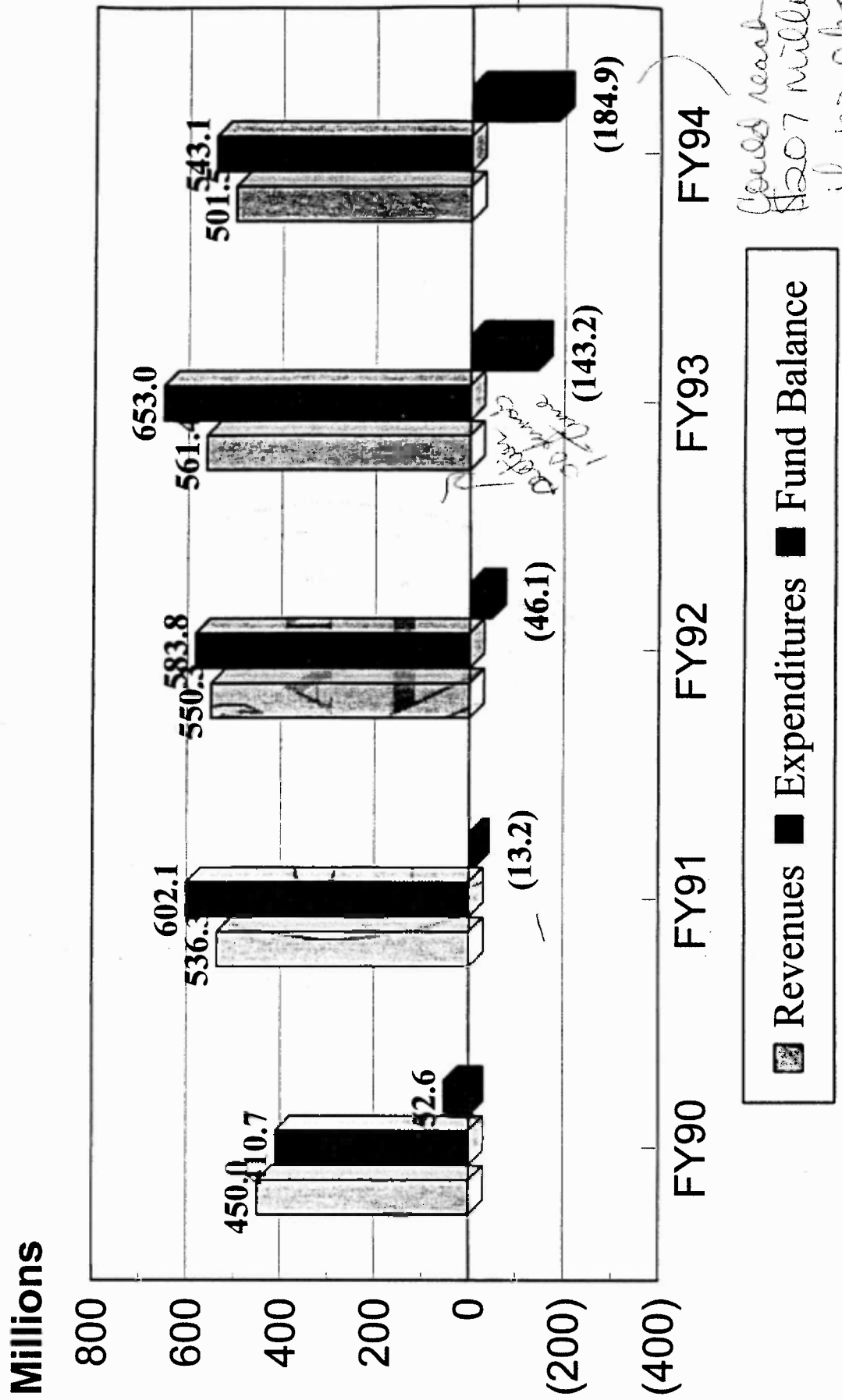


- C. External or Extraordinary Factors
  - o Three successive years of typhoons
  - o A fourth year producing a devastating earthquake
  - o Economic recession in Japan affecting two major industries: tourism and construction
  - o Downsizing of military presence
  
- D. Lack of commitment through a comprehensive plan of action.
  - o To develop a strong financial position

II. *Current and Short-Term Financial Position*

- A. General Fund Deficit (GAAP Basis) at September 30, 1994 (Actual) was \$185 Million.  
(See Graph 2)

# General Fund Revenues, Expenditures & Fund Balance





- B. General Fund Deficit (GAAP Basis) without any change will be \$207 Million at September 30, 1995.
  - o Total assets less total liabilities is your fund balance.
- C. General Fund liabilities recorded at March 31, 1995 is \$263 Million  
(See Accompanying Tables 2-7).

# TABLE 2

REFER TO TABLE NUMBER	GENERAL FUND SUMMARY OF LIABILITIES MARCH 31, 1995	AMOUNT
3	Cash Overdraft	\$3,678,416
4	Accounts Payable	14,813,972
7	Accrued Payroll and Other	35,033,864
5	Interfund Payables	56,807,674
5	Deferred Revenues	65,427,926
6	Tax Refund Accruals	68,855,951
6	Deposits & Other Liabilities	5,919,395
	Accrued Annual Leave (Current Portion)	6,509,007
	Notes Payables	6,000,000
	<b>TOTAL LIABILITIES</b>	<b>\$263,046,205</b>

# TABLE 3

GOVERNMENT OF GUAM  
 SCHEDULE OF ACCOUNTS PAYABLE  
 MARCH 31, 1995

ACCOUNTS PAYABLE		AMOUNT
A.	Payable to Vendors	
1.	Bank of Guam - PUAG	\$2,137,459
2.	Government of Guam Retirement Fund	1,548,395
3.	Guam Memorial Hospital - Medical Claims	873,780
4.	Hanil Development Company	638,788
5.	Catholic Social Services	587,199
6.	Pacific Dialysis Corporation	373,430
7.	Fidelity & Dep. Company	239,753
8.	Xerox Corporation	217,976
9.	Mobil Oil Guam	154,570
10.	Straub Hospital	144,778
11.	Kapiolani Child's Medical Center	138,935
12.	Queen's Medical Center	137,053
13.	IBM Corporation	133,059
14.	Sumitomo Construction Company	198,154
15.	Pedro's Plaza	111,874
16.	Pacific Rock Corporation	70,973
17.	Inland Builders	67,095
18.	C & S Construction	60,036
19.	Loyal Pacific	50,000
20.	Other Vendors	3,072,298
B.	Unclaimed Checks	
1.	Unclaimed Checks - Tax Refund Account	1,601,271
2.	Unclaimed Checks - General Fund Account	1,128,851
3.	Unclaimed Checks - Payroll Account	698,246
4.	Unclaimed Checks - 1990 Rebate Account	430,000
<b>TOTAL</b>		<b>\$14,813,973.00</b>

# TABLE 4

GOVERNMENT OF GUAM  
SCHEDULED OF ACCRUED EXPENDITURES  
MARCH 31, 1995

ACCRUED PAYROLL AND OTHER	AS RECORDED	IMPLICATIONS TO AGENCY FROM NON - PAYMENT
1. Retirement Fund for supplemental annuities to retirees and survivors	\$17,278,654	* Possible withdrawal of investment portfolio. * Defers refunds for withdrawals
2. Guam Memorial Hospital Authority for capital expenses related to accreditation efforts	7,407,045	* Possible delays in construction. * Delay in revenue generation
3. Department of Education for capital expenditures and operation subsidies	5,212,998	* Non - delivery of goods and services to schools. * Overcrowding from non - completion of classrooms.
4. Water System for operations subsidies	2,909,614	* Non - delivery of goods and services to a agency.
5. University of Guam for operations subsidies	1,587,793	* Non - delivery of goods and services to a agency.
6. For others including vendors	551,999	* Possible increase in tuition and fees.
7. Accrued Payroll	85,761	
<b>TOTALS</b>	<b>\$35,033,864</b>	

**TABLE 5**

GENERAL FUND DEFERRED REVENUES MARCH 31, 1995	AMOUNT
<p>A. Section 30 Advance Payments:</p> <p>Representing cash previously held for all uses in General Fund now totally depleted but deferred for revenue recognition throughout Fiscal Year 1995.</p>	<p>\$20,101,050</p>
<p>Non-Cash Liability representing collectible portion of Tax Receivables but for which revenue recognition is deferred until cash is available:</p> <ol style="list-style-type: none"> <li>1. For Income Tax Receivables</li> <li>2. Business Privilege Tax Receivables, Primarily Gross Receipt Taxes</li> </ol>	<p>39,842,013</p> <p>5,484,863</p>
<p><b>TOTAL</b></p>	<p><b>\$65,427,926</b></p>

# TABLE 6

GENERAL FUND DEPOSITS AND OTHER LIABILITIES MARCH 31, 1995		AMOUNT
A. Cash payments made and held in restricted bank accounts.		
1.	Dormant Bank Accounts	\$957,262
2.	Child Support Collections	912,973
B. Cash payments made and held in unrestricted General Fund demand accounts.		
1.	Payments by Contractors for Performance Bonds	1,936,556
2.	Unidentified Collections	484,811
3.	Payments by Guam Airport Authority for Access Roads	131,027
4.	Deposits by Guam Power Authority for Route 2, Phase II	126,000
5.	Deposits by FEMA for Public Works	122,721
6.	Deposits by Port Authority of Guam for Route 11A	115,248
7.	Payment by GEDA for Bond Issuance Expenses	78,294
8.	Tax Refunds withheld for Child Support	75,970
9.	Other deposits awaiting expenditure or refund	978,533
<b>TOTAL</b>		<b>\$5,919,395</b>

# TABLE 7

GENERAL FUND INTERFUND PAYABLES MARCH 31, 1995		AMOUNT
A. Cash advances to and used by General Fund for Operations:		
1.	From Guam Historic Preservation Trust Fund	\$5,739,994
2.	From Collections Subject To Income Tax Rebates (Fund)	4,774,575
3.	Veterans' Bonus Fund	2,377,232
4.	From Public Works Building & Design Fee Fund	2,346,636
5.	From Guam Housing Corporation Loan Fund	1,845,585
6.	From Workers' Compensation Fund	1,371,798
7.	From Land Survey Revolving Fund	1,235,753
8.	From Guam Environmental Fund	807,737
9.	From Abandoned Vehicle & Village Streetlight Fund	758,600
10.	From Water System Revolving Bonds, Series 1989 Capital Project Fund	531,424
11.	From Program Development Fund	510,167
12.	From JROTC Fund	475,351
13.	From Recreation Revolving Fund	411,358
14.	From Summer School Fund	396,968
15.	From Department of Corrections Revolving Fund	350,821
16.	From Liquidated Damages Fund	336,402
17.	From Southern Community Health Center Fund	280,316
18.	From Parks Fund	254,480
19.	From General Obligations Bonds, 1986 Series A, A Debt Service Fund	251,274
20.	From Abandoned Vessel Fund	241,007
21.	From Health Professional Licensure Fund	235,898
22.	From Printing Revolving Fund	231,970
23.	Others	842,903
B. Cash Held in General Fund and Awaiting Transfers to Persons or Trustees:		
1.	Territorial Highway Fund	1,263,350
2.	Limited Obligations Infrastructure Bond Debt Service Fund	2,824,483
3.	GSA Inventory Revolving Fund	1,613,642
4.	Territorial Education Facilities Fund	359,691
5.	General Obligations Bond, 1986 Debt Service Fund	251,274
6.	Water System Bond, 1989 Debt Service Fund	121,053
7.	General Obligation Bond, 1994 Debt Service Fund	241
C. Liability From Unexpended Transfers Appropriated From General Fund		
1.	Community Development Fund	2,886,781
2.	Off-Island Residential Treatment Fund	1,658,880
3.	PUAG Capital Projects Fund	1,378,719
4.	Workers' Compensation Fund	1,371,798
5.	Instructional Personnel Fund	1,348,072
6.	Option One Salary Adjustment Fund	565,007
7.	Hazardous Substance Fund	250,000
D. Liability For Transactions Between Funds Other Than General Fund and Offset By Receivables		
1.	General Obligations Bond, 1993 Debt Service Fund	5,836,519
2.	Limited Obligation Highway Bonds, 1992 Series A	8,468,896
<b>TOTAL</b>		<b>\$58,807,874</b>

- D. Unrecorded liabilities at March 31, 1995 of \$33 Million.
- o \$13 Million in payables at Department of Education.
  - o \$12 Million for supplemental annuities to retirees.
  - o \$4 Million in Water System (PUAG) Subsidies, allotted, not paid.
  - o \$2 Million in University of Guam subsidies allotted, not paid.
  - o \$2 Million in medical bills not received.



### III. *Consequences of Deferring Decisive Action*

- Debilitating disruptions of health care systems
- Chronic failures in responding to individual and catastrophic emergencies
- Compromises in delivery of education
- Delays in performing routine services
- Deferred maintenance of infrastructure assets
- Declines in employee productivity
- Deprecation of public and investor confidence
- Pledges of good faith and credit will be severely eroded.

#### *IV. Financial Plan for Recovery*

##### *A. Goals*

1. Eliminate deficit in Fiscal Year 1999
2. Build and maintain an adequate cash reserve for 60 day operating and capital requirements.
3. Restrict operational appropriations and expenditures to 95% of the lower of that year's revenue estimate or prior year actual revenue.
4. Tie in any growth in government size to productivity, population and demographic factors.
5. Review operating processes in Fiscal Year 1996 to examine program needs, organizational structure and private sector alternatives with the goal of restoring public and investor confidence in the government's performance.

## B. Planned Phases

1. Initiatives in Fiscal Year 1996 and thereafter
  - Changes in Processes
  - Cost Containment
  - Cost Recovery
  - Improvements in Financial Management Systems
  - Revenue Enhancement
  - Review of Organization Dynamics
  - Economic Diversity and Expansion

(See Accompanying Table 8)

**TABLE 8**

**GOVERNMENT OF GUAM  
TARGETED FUTURE INITIATIVES  
FISCAL YEARS 1996 - 2002**

CATEGORY	TARGETED ACTION	ESTIMATED ANNUAL BENEFIT TO GENERAL FUND
Cost Containment	Implement Defined Contribution Retirement Plan	\$14 - 22 Million
Cost Recovery	Solid Waste Fees	4 - 5 Million
Revenue Enhancement	Business Licenses & Fees; Other Agency Fees	8 - 12 Million
Economic Diversity & Expansion	Aircraft Maintenance; Financial Services, Captive Insurance and Tourism Expansion	10-15 Million

2. Fiscal Year 1996 Budget Plan

- o Acceptance and adoption of initiatives in total is crucial  
(See Accompanying Table 9)

# TABLE 9

## GOVERNMENT OF GUAM FISCAL YEAR 1996 BUDGET INITIATIVES (As submitted to Guam Legislature) MAY 9, 1995

CATEGORY	PLANNED ACTION	BENEFIT TO GENERAL FUND
Cost Transfer	Public Utility Agency of Guam funded by Rate Increase	\$20,731,454
"	Retirement Fund \$1,800 COLA funded by Retirement Fund	9,585,000
"	Guam Memorial Hospital funded by Fees for Services	7,675,748
"	Parks & Recreation, Parks Division funded by T.A.F.	5,629,206
"	Customs & Quarantine Agency funded by Fees	2,469,915
"	Guam Mass Transit Authority funded by T.H.F.	1,809,550
"	Retirement Supplemental Annuities funded by Retirement Fund for New Retirees	1,390,083
"	Council on Arts & Humanities Agency funded by T.A.F.	776,305
"	Guam Museum funded by T.A.F.	312,996
	<b>TOTAL</b>	<b>\$50,380,257</b>

3. Fiscal Year 1995 (Current Year) Initiatives  
(See Accompanying Table 10)

TABLE 10

GOVERNMENT OF GUAM

EXECUTIVE'S FINANCIAL INITIATIVES IN FISCAL YEAR 1995  
AS OF MAY 9, 1995

INITIATIVES	DOLLAR BENEFIT TO GENERAL FUND (ANNUALIZED)
E.O. 95-11 Overtime Exempt Professional Employees	\$6,000,000
Governor's Directive 95-019 Mileage Allowance from \$0.60 to \$0.30	200,000
Reallocation of Government Vehicles	300,000
Executive Order 95-01 Cost Reduction Overall	10,000,000
<b>TOTAL</b>	<b>\$16,500,000</b>



4. Interim Financing

- o Proposed \$150 Million Bond Issue

A. Cash Flow projection, Fiscal Year 1995  
(See Accompanying Table 11)

09-May-95

Division of Accounts  
 General Fund Unrestricted Funds Cash Flow Projection  
 Actual Through April 26, 1995; Projected April 27, 1995 Through September 30, 1995  
 Fiscal Year 1995

**TABLE 11**

	Actual October 1994	Actual November 1994	Actual December 1994	Actual January 1995	Actual February 1995	Actual March 1995	Actual April 1995	Projected May 1995	Projected June 1995	Projected July 1995	Projected August 1995	Projected September 1995	Total For Twelve Months Ending September 30, 1995 (In Dollars) (In Percent)
<b>BEGINNING CASH</b>	\$10,172,392	\$9,225,151	\$8,521,313	\$5,006,019	\$2,018,928	\$2,195,356	\$7,354,550	\$23,645,073	\$9,572,622	\$48,000,319	\$26,028,704	\$6,475,652	\$10,172,392
<b>ADD SOURCES:</b>													
Treasury Collections	25,467,417	30,199,316	34,182,559	32,092,051	24,569,624	37,075,073	55,108,108	28,701,200	56,628,000	29,088,400	29,475,600	42,882,400	425,449,748
Depository Account Collections	7,678,713	8,333,648	9,667,887	8,462,122	7,598,255	9,553,099	8,428,500	6,345,100	14,519,000	7,430,700	10,516,300	11,680,200	110,013,524
Federal Reimbursements	7,892,832	5,841,303	6,461,185	3,289,578	6,420,285	8,505,702	4,874,229	5,600,000	4,800,000	4,800,000	4,800,000	4,400,000	68,085,115
Trustee Reimbursements	1,820,216	1,304,534	1,672,526	1,826,492	2,659,871	1,253,841	2,408,609	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000	19,946,089
Section 30 Remittances	22,000,000	4,716,305	0	0	0	0	0	0	0	0	0	0	26,716,305
Loan Proceeds	0	0	6,000,000	0	0	6,000,000	0	0	0	0	0	0	12,000,000
Bond Proceeds	0	0	0	0	0	0	0	0	115,000,000	0	0	0	115,000,000
Miscellaneous Collections	2,619,401	2,661,647	2,225,923	2,179,007	2,515,897	2,471,223	2,397,981	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	28,571,078
<b>TOTAL SOURCES</b>	67,478,579	53,056,753	60,190,080	47,869,250	43,763,932	64,858,938	73,217,427	44,346,300	194,647,000	45,019,100	48,491,900	62,862,600	805,781,859
<b>TOTAL AVAILABLE CASH</b>	77,650,971	62,281,904	68,711,393	52,855,269	45,782,860	67,054,294	80,571,977	67,991,373	204,219,622	93,019,419	74,520,604	69,338,252	815,954,251
<b>DEDUCT USES:</b>													
Net Payroll	5,208,024	5,933,207	8,100,043	6,139,754	5,292,074	5,424,982	5,490,005	5,200,000	7,800,000	5,200,000	5,200,000	5,200,000	70,188,089
Public Assistance	1,549,652	1,561,725	1,579,450	1,614,129	1,628,638	1,593,900	1,673,021	1,669,751	1,706,649	1,723,715	1,740,952	1,758,362	19,819,944
Tax Refunds	0	0	0	0	0	809,300	3,545,805	1,000,000	29,000,000	8,000,000	6,000,000	5,000,000	53,355,105
Transfers to Tax Reserve Fund	0	0	0	0	0	0	0	2,779,000	5,484,000	2,817,000	2,854,000	4,152,000	18,086,000
Transfers to Trustees	5,146,741	3,503,738	4,903,970	3,203,681	3,578,779	3,702,224	3,720,436	3,900,000	3,500,000	3,500,000	3,500,000	3,500,000	45,659,569
Vendors - Combined	19,723,699	17,395,717	17,277,088	15,592,407	17,018,132	24,088,083	17,800,891						128,896,016
Vendors - Less Medical Payments								15,000,000	15,000,000	17,000,000	17,000,000	15,000,000	79,000,000
Vendors - Medical Payments Only								2,250,000	2,250,000	2,250,000	2,250,000	2,250,000	11,250,000
<b>Transfers to AGENCIES:</b>													
DOE	16,137,232	11,778,017	15,382,372	12,320,721	9,300,000	11,808,964	10,831,428	11,009,000	32,000,000	8,500,000	11,500,000	12,500,000	163,058,735
PUAG	2,404,758	2,533,976	2,000,000	1,917,032	700,000	2,289,032	2,451,000	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	27,315,798
Retirees - Supplemental Annuities	7,800,000	0	0	0	0	0	0	0	38,878,654	2,400,000	2,400,000	2,400,000	53,878,654
Other Branches & Agencies	10,455,713	11,034,212	14,462,451	10,046,616	6,069,881	9,983,260	11,414,318	13,000,000	18,000,000	13,000,000	13,000,000	11,000,000	141,468,451
<b>TOTAL USES OF CASH</b>	68,425,819	53,760,592	63,705,374	50,836,340	43,587,504	59,699,744	56,926,904	58,418,751	156,219,303	66,990,715	66,041,952	65,360,362	811,976,361
<b>ENDING CASH BALANCE</b>	\$9,225,151	\$8,521,313	\$5,006,019	\$2,018,928	\$2,195,356	\$7,354,550	\$23,645,073	\$9,572,622	\$48,000,319	\$26,028,704	\$6,475,652	\$3,977,890	\$3,977,890

B. Planned Use of Bond Proceeds  
(See Accompanying Table 12)

Bureau of Budget & Management Research  
 Planned Uses of Bond Proceeds  
 General Obligation Bonds, Series 1995 A  
 As of May 9, 1995

**TABLE 12**

	Projected May, 1995	Projected June, 1995	Projected July, 1995	Projected August, 1995	Projected September, 1995	Projected Thereafter
<b>SOUTHERN HIGH SCHOOL:</b>						
- Construction costs, including infrastructure assets	\$0	\$0	\$0	\$0	\$0	\$28,000,000
- Collateral equipment	0	0	0	0	0	7,000,000
<b>LINE AGENCY OPERATING COSTS:</b>						
- Welfare & medical claims	0	2,500,000	2,500,000	2,500,000	2,500,000	0
- Other vendor payments	0	12,000,000	12,000,000	11,000,000	0	0
<b>AUTONOMOUS AGENCY SUBSIDIES:</b>						
<b>Department of Education:</b>						
- Operating costs	0	20,000,000	0	0	0	0
- Capital projects	0	0	2,500,000	2,500,000	0	0
<b>Retirement Fund:</b>						
- Retirees' supplemental annuities	0	37,800,000	2,400,000	2,400,000	2,400,000	0
<b>TOTAL MONTHLY USES</b>	<b>0</b>	<b>72,300,000</b>	<b>19,400,000</b>	<b>18,400,000</b>	<b>4,900,000</b>	<b>35,000,000</b>
<b>TOTAL CUMULATIVE USES</b>	<b>\$0</b>	<b>\$72,300,000</b>	<b>\$91,700,000</b>	<b>\$110,100,000</b>	<b>\$115,000,000</b>	<b>\$150,000,000</b>

- C. Need for an infusion of cash is immediate and enormous
- o By September 30, 1995 nearly \$45 Million in annuities will be unpaid. - *retained*
  - o \$54 Million of refunds and NOL's past due will remain unpaid. *Texas*
  - o \$20 Million will be needed by DOE to pay vendors and reopen *August* schools.
  - o Time is not available to permit the planned initiatives to take root.
  - o There is no suitable alternative to obtaining the cash without calamitous results.
  - o If action is not taken as requested, the livelihoods of thousands will be affected.

D. Planned Financial Condition; Fiscal Years 1996-2002

- o See Accompanying Table 13

# SCHEDULE A

TABLE 14

Triennial Assessment Revenue Forecast  
May 7, 1995

A Period	B Forecast Real Property Revenues	C Total Debt Payment	D Less UOG Payment	E Net Debt Payment	F Available For Debt
Fiscal Year 1994					2,294,179
Fiscal Year 1995	10,500,000	11,322,825	2,027,710	9,295,115	1,204,885
Fiscal Year 1996	19,478,000	12,793,125	2,027,669	10,765,456	8,712,544
Fiscal Year 1997	20,519,000	12,792,865	2,027,983	10,764,882	9,754,118
Fiscal Year 1998	21,433,000	12,794,845	2,027,933	10,766,912	10,666,088
Fiscal Year 1999	220,075,000	12,794,526	2,027,641	10,766,885	11,308,115
Fiscal Year 2000	22,696,000	12,792,690	2,028,009	10,764,681	11,931,319
Fiscal Year 2001	23,218,000	12,795,010	2,027,716	10,767,294	12,450,706
Fiscal Year 2002	23,740,000	12,793,160	2,028,207	10,764,953	12,975,047
Implementation of Triennial Revaluation Effective Fiscal Year 1996.					
Tax Roll Fiscal Year 1996 \$24,500,000					



E. Final Recommendations

- Adopt Fiscal Year 1996 Executive Budget in the aggregate and simultaneously with borrowing authorization.
- Will demonstrate commitment to the plan of action that will be compelling to possible lenders.

## V. *Summary*

- There have been many possible solutions that have been suggested over the last few days since Governor Gutierrez submitted this Bill to the 23rd Guam Legislature. Solutions ranging from an overall reduction in GovGuam's workforce to reduction in hours or pay to its employees to further delaying payment of tax refunds. However, all the ideas represent prospective solutions and/or savings. The need for cash infusion is immediate.
- The only alternative we can see to floating this bond would be to forego essential services or payments which would only temporarily put off our cash needs and merely serve to extend and increase the overall cash shortfall we are experiencing.
- We have offered what we feel is the best possible solution aimed towards eliminating our general fund shortfalls. It is a plan that will preserve employment, allow us to continue to provide the services our people deserve and spread the cost of borrowing across the widest possible plain. We feel it is the fairest approach possible.

- This plan will allow us to continue in our efforts to improve our overall economy and provide us with the margins we need for growth. We have all the confidence in the plan as we have presented it and Governor Gutierrez is fully committed to its implementation. However, for the plan to be successful, it is important that all the components we have outlined are supported by this body. It will take all of us working collectively as one to see it through.
- With this proposal plan we can and will eliminate our cash shortfalls and create a leaner, more efficient, effective and productive Government by 1999.

Good Morning Mr. Chairman and members of the Legislative Committee on Economic Development, ladies and gentlemen. My name is Clifford Guzman, and I am member of the Governor's Management Team. I am here today along with Mr. Joe Rivera and Paul Leon Guerrero of BBMR, Mr. Joey Duenas and Joe Bamba from Department of Revenue and Taxation and Mr. John Salas and Mr. John DeNorcey from the Department of Administration.

We are here to show our support for Bill 242 and to offer what we hop will be clarification as to the need and urgency for the authorization to float this very important bond. We offer our presentation partially in writing and partially in verbal form with visual aids to help clarify our position and we than each of you in advance for your patience.

In order for us to fully understand where we are today and where might be heading, it is ultimately important to understand how we got to our present position in the first place. "

To this end, we would like to begin our presentation with a historical perspective of what in our view are the major contributing factors to our present state of financial affairs...

**EXHIBIT B**

**1993  
GENERAL OBLIGATION BONDS  
PROJECT ACCOUNTING REPORT**

TERRITORY OF GUAM  
 GENERAL OBLIGATION BONDS - 1993, SERIES A  
 CAPITAL PROJECTS FUND  
 PROJECT ACCOUNTING REPORT  
 MARCH 31, 1995

Project Title	Account Number	Budget	Current Year Expenditures	Cumulative Expenditures	Outstanding Encumbrances	Continuing Appropriations
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**1993 SERIES A CONSTRUCTION FUND PROJECTS**  
**FUND - 253 / APPROP - D4 / DEPT - 0660**

College of Arts and Science Building	C1601	15,311,315	2,319,948	4,231,586	10,040,658	1,039,071
Plant Maintenance Building	C1603	1,308,000	13,071	13,071	0	1,294,929
Building II - Agriculture & Life Science	C1604	7,980,685	1,609,317	2,592,457	5,384,152	4,076
College of Education	C1608	3,400,000	61,350	2,705,927	34,741	659,331
<b>Sub - Total</b>		<b>28,000,000</b>	<b>4,003,685</b>	<b>9,543,041</b>	<b>15,459,552</b>	<b>2,997,408</b>

**1993 SERIES A CONSTRUCTION FUND PROJECTS**  
**FUND - 253 / APPROP - D4 / DEPT - 1010**

Santa Rita High School	C1601	76,000,000	5,505,446	10,605,953	53,355,522	12,038,525
Elementary School - Tamuning	C1602	15,000,000	147,110	2,644,451	11,830,143	525,406
Elementary School - Astumbo / Dededo	C1603	15,000,000	322,348	322,348	75,948	14,601,705
Elementary School - Asan	C1604	15,000,000	0	0	473,871	14,526,129
Elementary School - Inarajan	C1614	7,000,000	27,295	27,295	317,705	6,655,000
Elementary School - Ordot / Chalan Pago	C1615	6,000,000	280,186	557,846	117,600	5,324,554
Elementary School - U P I	C1616	8,000,000	316,794	661,119	276,205	7,062,676
Inarajan High School	C1617	3,500,000	252,371	783,987	885,239	1,830,775
1993 DOE Earthquake Repairs	C1618	1,705,965	348,609	1,580,885	112,163	12,918
<b>Sub - Total</b>		<b>147,205,965</b>	<b>7,200,159</b>	<b>17,183,882</b>	<b>67,444,396</b>	<b>62,577,687</b>

<b>TOTAL</b>	<b>\$175,205,965</b>	<b>\$11,203,844</b>	<b>\$26,726,923</b>	<b>\$82,903,948</b>	<b>\$65,575,095</b>
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TERRITORY OF GUAM  
 GENERAL OBLIGATION BONDS - 1993, SERIES A  
 CAPITAL PROJECTS FUND  
 CONTRACT STATUS REPORT  
 MARCH 31, 1995

Page 1 of 3

Vendor Name	Account Number	Number	Amount	Contract / Document Payment	Balance	Project Duration	Percent Completed	Contract Status	Description of work
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1993 SERIES A CONSTRUCTION FUND PROJECTS  
 FUND - 253 / APPROP - D4 / DEPT - 0680

Project Title: College of Arts and Science Building

Guam Power Authority	5 253 D 4 0680 CI 601	J50661229	\$3,590.51	\$3,590.51	\$0.00				Power line extension for the new CAS building
Envirochem, Inc	5 253 D 4 0680 CI 601	J50661280	6,285.00	6,285.00	0.00				Invoice No: 1995563
Belanger & Associates	5 253 D 4 0680 CI 601	C40660349	501,515.00	235,798.00	265,717.00	3 years	48%		Construction management services
UOG Construction Company	5 253 D 4 0680 CI 601	C46200024	24,950.00	19,960.00	4,990.00	3 years	80%		Dismantle old student center's frame work & relocate
UOG Construction Company	5 253 D 4 0680 CI 601	C46200258	13,477.131.00	3,707,180.00	9,769,951.00	4 years	28%		Construction of the New CAS Building
Harmon Corporation	5 253 D 4 0680 CI 601		254,281.18	254,281.18	0.00				UOG Building 'B' expansion
Bascos Corporation	5 253 D 4 0680 CI 601		4,491.00	4,491.00	0.00				Dismantle old student center's frame work & relocate
			<b>14,272,243.69</b>	<b>4,231,585.69</b>	<b>10,040,658.00</b>				

Project Title: Plant Maintenance Building

Carrie Brewster	5 253 D 4 0680 CI 603	C46200174	4,070.80	4,070.80	0.00	1 year	100%		Landscaping
Guam Tropical Landscaping	5 253 D 4 0680 CI 603	C46200255	9,000.00	9,000.00	0.00	1 year	100%		Landscaping
			<b>13,070.80</b>	<b>13,070.80</b>	<b>0.00</b>				

Project Title: Building II - Agriculture & Life Science

Belanger & Associates	5 253 D 4 0680 CI 604	C40660476	353,685.00	233,514.00	120,171.00	2 years	67%		Construction of the UOG-CALS II Building
Hanlin Construction Company	5 253 D 4 0680 CI 604	C46200066	7,622,924.39	2,358,942.90	5,263,981.49	2 years	31%		Construction of the UOG-CALS II Building
			<b>7,976,609.39</b>	<b>2,592,456.90</b>	<b>5,384,152.49</b>				

Project Title: College of Education

Guam Tropical Landscaping	5 253 D 4 0680 CI 608	C56200017	4,095.00	4,095.00	0.00	1 year	100%		For furnish and plants
Pacific Irrigation Landscaping	5 253 D 4 0680 CI 608	C56200027	14,319.50	14,319.50	0.00	1 year	100%		Provide 14 different types of plants
DOS Air Conditioning Corporation	5 253 D 4 0680 CI 608	C56200028	10,500.00	0.00	10,500.00	30 days	0%		Design, fabrication and installation of duct work
Micro School Supply - AKA: Office Concepts	5 253 D 4 0680 CI 608	C40660420	51,215.31	51,215.31	0.00	2 years	100%		For office concepts
Oceana Trading Company	5 253 D 4 0680 CI 608	C40660420	29,378.16	29,378.16	0.00	2 years	100%		Classroom chairs for UOG/COE Building
Oceana Trading Company	5 253 D 4 0680 CI 608	J50660191	11,179.83	11,179.83	0.00	2 years	100%		Classroom chairs for UOG/COE Building
Office Pavilion	5 253 D 4 0680 CI 608	C40660421	242,412.62	218,171.35	24,241.27	2 years	90%		For office furniture for UOG/COE Building
E.L. Marketing Group	5 253 D 4 0680 CI 608	C40660447	7,347.00	7,347.00	0.00	2 years	100%		Installation of Local Talk nodes & 10 Base - T cable
Harmon Corporation	5 253 D 4 0680 CI 608		2,370,221.12	2,370,221.12	0.00				Construction of the UOG-COE Building
			<b>2,740,669.54</b>	<b>2,705,927.27</b>	<b>34,741.27</b>				

Sub - Total

25,002,592.42      9,543,040.66      15,459,551.76

1993 SERIES A CONSTRUCTION FUND PROJECTS  
 FUND - 253 / APPROP - D4 / DEPT - 1010

Project Title: Santa Rita High School

Ogden Environmental and Energy Services	5 253 D 4 1010 CI 601	C50660256	330,000.00	0.00	330,000.00	3 years	0%		Consultant
SSSanyong Construction Co. Ltd.	5 253 D 4 1010 CI 601	C40660239	57,987,548.00	8,879,870.00	49,107,678.00	850 days	16%		Construct the Southern High School
Juan C. Tenorio & Associates, Inc.	5 253 D 4 1010 CI 601	C40660288	4,700,000.00	1,038,746.40	3,661,253.60	900 days	23%		Construct the Southern High School
Albert H Tsutsui, A. I. A. Inc	5 253 D 4 1010 CI 601	C40660360	621,540.00	608,577.00	12,963.00	180 days	98%		Design of Northern & Southern High School
Duenas & Associates, Inc	5 253 D 4 1010 CI 601	C40660433	300,355.00	60,774.90	239,580.10	200 days	21%		Design of Southern High School
Xerox Corporation	5 253 D 4 1010 CI 601	P56P00186	12,934.18	10,114.11	2,820.07				Lease of Xerox Copier - Model 5100
Dimension Systems	5 253 D 4 1010 CI 601	Q51010019	500.00	0.00	500.00				Purchase of computer supplies and materials
GS A	5 253 D 4 1010 CI 601	Q51010033	727.70	0.00	727.70				Supplies
Specs Inc	5 253 D 4 1010 CI 601	P46P01987	3,812.10	3,812.10	0.00				Supplies
National Office Supply	5 253 D 4 1010 CI 601	P46P02016	3,451.26	3,451.26	0.00				Supplies
GS A	5 253 D 4 1010 CI 601	SDD000010	607.21	607.21	0.00				Supplies / Order No. 94 - 083400
			<b>63,961,475.45</b>	<b>10,605,952.98</b>	<b>53,355,522.47</b>				



**TERRITORY OF GUAM  
GENERAL OBLIGATION BONDS - 1993, SERIES A  
CAPITAL PROJECTS FUND  
CONTRACT STATUS REPORT  
MARCH 31, 1995**

Page 2 of 3

Vendor Name	Account Number	Number	Amount	Contract / Document Payment	Balance	Project Duration	Percent Completed	Contract Status Description of work
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Project Title: Elementary School - Tamuning								
Sumitomo Construction Company Limited	5 253 D 4 1010 CI 602	C50660083	11,280,000.00	0.00	11,280,000.00	905 days	0%	Construction of New Tamuning Elementary School
Belanger & Associates	5 253 D 4 1010 CI 602	C50660085	655,000.00	141,427.00	513,573.00	905 days	22%	Construction of New Tamuning Elementary School
Specs Inc	5 253 D 4 1010 CI 602	P56P00188	3,000.00	469.80	2,530.20			Supplies
Modern Office Supply Inc	5 253 D 4 1010 CI 602	P56P00560	727.70	0.00	727.70			Supplies
Martin Cristobal Laguana & G Modular Homes	5 253 D 4 1010 CI 602	C40660154	1,076,001.00	1,042,689.00	33,312.00	140 days	97%	Design of New Tamuning Elementary School
Modrable Home Builders	5 253 D 4 1010 CI 602	C40660331	1,377,284.00	1,377,284.00	0.00	90 days	100%	Construction of transportable classrooms & Adm Off
Augusto S. Delgado & Associates, Inc	5 253 D 4 1010 CI 602	C40660342	65,593.00	65,593.00	0.00	90 days	100%	Demolition of classrooms at Tam Elem School
Specs Inc	5 253 D 4 1010 CI 602	C40660495	8,000.00	8,000.00	0.00	90 days	100%	Electrical assessments of various public schools
National Office Supply	5 253 D 4 1010 CI 602	P46P02018	2,500.20	2,500.20	0.00			Supplies
Data Management & Info System	5 253 D 4 1010 CI 602	P46P02040	2,300.84	2,300.84	0.00			Supplies
U O G	5 253 D 4 1010 CI 602	P46P02055	500.00	500.00	0.00			Payroll / PPE: 09/30/94
U O G	5 253 D 4 1010 CI 602		2,596.84	2,596.84	0.00			Supplies
			1,090.44	1,090.44	0.00			Payroll / PPE: 11/12/94
			<b>14,474,594.02</b>	<b>2,644,451.12</b>	<b>11,830,142.90</b>			

Project Title: Elementary School - Astumbo / Dedebo								
Martin Cristobal Laguana	5 253 D 4 1010 CI 603	C50660076	396,583.00	321,415.00	75,168.00	150 days	82%	Design of Astumbo Elementary School
Pacific Daily News	5 253 D 4 1010 CI 603	P56P00002	484.50	484.50	0.00			Advertisement
Data Management & Info System	5 253 D 4 1010 CI 603	P56P00191	500.00	448.00	52.00			Purchase of computer supplies & materials
Modern Office Supply Inc	5 253 D 4 1010 CI 603	P56P00561	727.70	0.00	727.70			Supplies
			<b>398,295.20</b>	<b>322,347.50</b>	<b>75,947.70</b>			

Project Title: Elementary School - Asan								
Martin Cristobal Laguana	5 253 D 4 1010 CI 604	C50660186	473,176.00	0.00	473,176.00	150 days	0%	Design of Asan Elementary School
Standard Office Supply	5 253 D 4 1010 CI 604	P56P00733	694.80	0.00	694.80			Supplies
			<b>473,870.80</b>	<b>0.00</b>	<b>473,870.80</b>			

Project Title: Elementary School - Inarajan								
N C Architects, Inc	5 253 D 4 1010 CI 614	C50660056	345,000.00	27,295.00	317,705.00	185 days	8%	Design of Inarajan Elementary School
			<b>345,000.00</b>	<b>27,295.00</b>	<b>317,705.00</b>			

Project Title: Ordot / Chalan Pago Elementary School								
Rex International Incorporated	5 253 D 4 1010 CI 615	C50660020	185,360.00	185,360.00	0.00	30 days	100%	Construction of transportable classrooms
Rex International Incorporated	5 253 D 4 1010 CI 615	C50660058	81,086.00	81,086.00	0.00	30 days	100%	Construction of transportable classrooms
E V Balderoso & Associates	5 253 D 4 1010 CI 615	C50660099	300,000.00	182,400.00	117,600.00	130 days	61%	Design of Ordot - Chalan Pago Elementary School
Rex International Incorporated	5 253 D 4 1010 CI 615	C40660435	87,000.00	87,000.00	0.00	30 days	100%	Demolition of buildings
Rex International Incorporated	5 253 D 4 1010 CI 615	C40660536	22,000.00	22,000.00	0.00	30 days	100%	Demolition of buildings
			<b>615,446.00</b>	<b>557,846.00</b>	<b>117,600.00</b>			

Project Title: U P I Elementary School								
Augusto Delgado & Associates, Inc	5 253 D 4 1010 CI 616	C50660042	10,000.00	10,000.00	0.00	35 days	100%	Design of exterior electrical systems
H N C Architects, Inc	5 253 D 4 1010 CI 616	C50660084	394,578.56	118,373.56	276,205.00	185 days	30%	Design of UPI Elementary School
G E M C C O	5 253 D 4 1010 CI 616	C50660130	25,000.00	25,000.00	0.00	75 days	100%	Construction of transportable classrooms
G E M C C O	5 253 D 4 1010 CI 616	C40660434	337,500.00	337,500.00	0.00	75 days	100%	Construction of transportable classrooms
G E M C C O	5 253 D 4 1010 CI 616	C40660460	133,245.00	133,245.00	0.00	75 days	100%	Construction of transportable classrooms
G E M C C O	5 253 D 4 1010 CI 616	C40660537	37,000.00	37,000.00	0.00	75 days	100%	Construction of transportable classrooms
			<b>937,323.56</b>	<b>661,118.56</b>	<b>276,205.00</b>			

**TERRITORY OF GUAM  
GENERAL OBLIGATION BONDS - 1993, SERIES A  
CAPITAL PROJECTS FUND  
CONTRACT STATUS REPORT  
MARCH 31, 1995**

Page 3 of 3

Vendor Name	Account Number	Number	Amount	Contract / Document		Balance	Project Duration	Percent Completed	Contract Status	Description of work
				Payment						
<b>Project Title: Inarajan High School</b>										
EMPSCO - Engineering Consultant	5 253 D 4 1010 CI 617	C50660077	85,175.00	85,175.00		0.00	31 days	100%		Design of New Inarajan High School Gymnasium
ERIC & Associates	5 253 D 4 1010 CI 617	C50660125	162,500.00	100,200.00		62,300.00	90 days	62%		Design of eight (8) classroom buildings
EMCCO	5 253 D 4 1010 CI 617	C50660229	887,650.00	65,113.00		822,537.00	360 days	8%		Construction of Inarajan High School Gymnasium
Specific Daily News	5 253 D 4 1010 CI 617	P56P00063	484.50	484.50		0.00				Advertisement
pieces Inc	5 253 D 4 1010 CI 617	P56P00187	1,500.00	1,398.00		102.00				Reproduction of original drawing
Tropical Color Center	5 253 D 4 1010 CI 617	P56P00784	300.00	0.00		300.00				Supplies
Winzier & Kelly	5 253 D 4 1010 CI 617	C40660046	143,616.00	143,616.00		0.00	330 days	100%		Structural evaluations of various public schools
Maeda Pacific Corporation	5 253 D 4 1010 CI 617	C40660432	388,000.00	388,000.00		0.00	30 days	100%		Demolition of Gymnasium & Earthquake-Damaged
			<b>1,689,225.50</b>	<b>783,986.50</b>		<b>885,239.00</b>				

**Project Title: Other Schools**

P M Builders	5 253 D 4 1010 CI 618	C50660124	21,898.75	20,398.75		1,500.00	21 days	94%		Repairs at G.W.H.S. Phase II
GK 2 Inc	5 253 D 4 1010 CI 618	D51010001	20,110.00	20,110.00		0.00				Structural damage assessment services
Winzier & Kelly Consulting Engineers	5 253 D 4 1010 CI 618	D51010002	28,350.00	28,350.00		0.00				Structural damage assessment services
EMPSCO - Engineering Consultant	5 253 D 4 1010 CI 618	D51010006	20,000.00	20,000.00		0.00				Structural damage assessment services
Gillham & Associates GK2 Inc.	5 253 D 4 1010 CI 618	C40660289	363,500.00	259,750.00		103,750.00	225 days	72%		Structural evaluations of various public schools
EMPSCO - Engineering Consultant	5 253 D 4 1010 CI 618	C40660357	393,840.00	393,840.00		0.00	330 days	100%		Structural evaluations of various public schools
Winzier & Kelly	5 253 D 4 1010 CI 618	C40660378	439,384.00	432,471.00		6,913.00	330 days	99%		Structural evaluations of various public schools
Department of Public Works	5 253 D 4 1010 CI 618	W31900065	321,464.75	321,464.75		0.00				Structural evaluations of various public schools
Crump E & S of California Insurance	5 253 D 4 1010 CI 618		84,500.00	84,500.00		0.00				Insurance for earthquake damages
			<b>1,693,047.50</b>	<b>1,580,884.50</b>		<b>112,163.00</b>				

Sub - Total	84,628,278.03	17,183,862.16	67,444,395.87
<b>TOTAL</b>	<b>\$109,630,870.45</b>	<b>\$26,726,922.82</b>	<b>\$82,903,947.63</b>

04-May-95

**TERRITORY OF GUAM**  
**Territorial Education Facilities Fund &**  
**Funds & Account Group Relating to the**  
**Issue of The General Obligation Bonds,**  
**1993 Series A**  
**Balance Sheets**  
**March 31, 1995**

	Territorial Education Facilities Fund	General Obligation Bonds, 1993 Series A Capital Projects Fund	General Obligation Bonds, 1993 Series A Debt Service Fund	Related General Long Term Debt Account Group	1995 Totals (Memorandum Only) <u>UNAUDITED</u>	1994 Totals (Memorandum Only) <u>AUDITED</u>
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ASSETS						
Cash & equivalents	\$5,438,622	\$53,404,491	\$4,654,102	\$0	\$63,497,215	\$42,988,185
Investments	0	99,794,000	0	0	99,794,000	127,455,122
Tax receivables, net	15,921,360	0	0	0	15,921,360	8,329,397
Interfund receivables	353,420	6,889,213	5,836,519	0	13,079,152	8,244,515
A/R federal agencies	0	0	0	0	0	0
Other receivables, net	0	662,928	0	0	662,928	97,563
Inventories	0	0	0	0	0	0
Prepayments	0	948,502	0	0	948,502	0
Deposits & other assets	0	0	0	0	0	0
<b>TOTAL CURRENT ASSETS</b>	<b>21,713,402</b>	<b>161,699,134</b>	<b>10,490,621</b>	<b>0</b>	<b>193,903,157</b>	<b>187,114,782</b>

<b>AMOUNT TO BE PROVIDED FOR RETIREMENT OF DEBT</b>	0	0	0	168,925,791	168,925,791	169,747,796
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<b>AMOUNT AVAILABLE IN DEBT SERVICE FUNDS</b>	0	0	0	3,584,209	3,584,209	5,252,204
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<b>RESTRICTED ASSETS</b>	0	0	0	0	0	0
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LONG - TERM ASSETS:						
Support assets	0	0	0	0	0	0
Capital leases	0	0	0	0	0	0
Buildings & improvements	0	0	0	0	0	0
Plant in service	0	0	0	0	0	0
Gross long-term assets	0	0	0	0	0	0
Less accumulated depreciation	0	0	0	0	0	0
Long-term assets, net of depreciation	0	0	0	0	0	0
Construction in progress	0	0	0	0	0	0
Land	0	0	0	0	0	0
Other	0	0	0	0	0	0

<b>TOTAL LONG TERM ASSETS</b>	0	0	0	0	0	0
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<b>TOTAL ASSETS</b>	<b>\$21,713,402</b>	<b>\$161,699,134</b>	<b>\$10,490,621</b>	<b>\$172,510,000</b>	<b>\$366,413,157</b>	<b>\$362,114,782</b>
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**TERRITORY OF GUAM**  
**Territorial Education Facilities Fund and**  
**Funds & Account Group Relating to the**  
**Issue of The General Obligation Bonds,**  
**1993 Series A**  
**Balance Sheets**  
**March 31, 1995**

	Territorial Education Facilities Fund	General Obligation Bonds, 1993 Series A Capital Projects Fund	General Obligation Bonds, 1993 Series A Debt Service Fund	Related General Long Term Debt Account Group	1995 Totals (Memorandum Only) UNAUDITED	1994 Totals (Memorandum Only) AUDITED
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LIABILITIES & FUND EQUITY						
Cash overdraft	\$0	\$0	\$0	\$0	\$0	\$0
Current portion of debt & related interest	0	0	0	0	0	0
Accounts payable	0	1,540,859	0	0	1,540,859	3,100,444
Accrued payroll & other	0	0	0	0	0	2,597
Interfund payables	0	6,852,695	6,906,413	0	13,759,106	5,889,371
A/P federal agencies	0	0	0	0	0	0
Deferred revenue	15,921,360	0	0	0	15,921,360	8,329,397
Estimated tax refunds	0	0	0	0	0	0
Deposits & liabilities	0	0	0	0	0	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,921,360</b>	<b>8,393,554</b>	<b>6,906,413</b>	<b>0</b>	<b>31,221,325</b>	<b>17,321,809</b>
Vacation leave accrual	0	0	0	0	0	0
Contracts & Leases	0	0	0	0	0	0
Notes payable & bonds payable	0	0	0	172,510,000	172,510,000	175,000,000
Accrued unfunded retirement costs	0	0	0	0	0	0
<b>TOTAL DEFERRED LIABILITIES</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>172,510,000</b>	<b>172,510,000</b>	<b>175,000,000</b>
<b>TOTAL LIABILITIES</b>	<b>15,921,360</b>	<b>8,393,554</b>	<b>6,906,413</b>	<b>172,510,000</b>	<b>203,731,326</b>	<b>192,321,809</b>

FUND EQUITY (DEFICIT)						
Contributed capital:						
Government of Guam	0	0	0	0	0	0
Federal Government	0	0	0	0	0	0
Other	0	0	0	0	0	0
Retained earnings:						
Restricted	0	0	0	0	0	0
Unrestricted	0	0	0	0	0	0
Fund balance:						
Reserved for:						
Debt service	0	0	3,584,209	0	3,584,209	5,252,204
Related assets	0	0	0	0	0	0
Encumbrances	0	82,903,948	0	0	82,903,948	77,300,014
Continuing appropriations	0	65,575,095	0	0	65,575,095	84,302,674
Unreserved	5,792,042	4,826,538	0	0	10,618,580	2,938,081
<b>TOTAL FUND EQUITY (DEFICIT)</b>	<b>5,792,042</b>	<b>153,305,580</b>	<b>3,584,209</b>	<b>0</b>	<b>162,681,831</b>	<b>169,792,973</b>

<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$21,713,402</b>	<b>\$161,699,134</b>	<b>\$10,490,621</b>	<b>\$172,510,000</b>	<b>\$366,413,157</b>	<b>\$362,114,782</b>
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**TERRITORY OF GUAM**  
**Territorial Education Facilities Fund and**  
**Funds & Account Group Relating to the**  
**Issue of The General Obligation Bonds,**  
**1993 Series A**

**Statements of Revenues,**  
**Expenditures & Changes in Fund Balance**  
**March 31, 1995**

	Territorial Education Facilities Fund	General Obligation Bonds, 1993 Series A Capital Projects Fund	General Obligation Bonds, 1993 Series A Debt Service Fund	Related General Long Term Debt Account Group	1995 Totals (Memorandum Only) UNAUDITED	1994 Totals (Memorandum Only) AUDITED
<b>REVENUES:</b>						
Taxes	\$8,674,360	\$0	\$0	\$0	\$8,674,360	\$10,675,893
Licenses, fees & permits	0	0	0	0	0	0
Use of money & property	0	2,280,034	156,585	0	2,436,618	6,247,335
Federal contributions	0	0	0	0	0	0
Other	0	0	0	0	0	0
<b>TOTAL REVENUES</b>	<b>8,674,360</b>	<b>2,280,034</b>	<b>156,585</b>	<b>0</b>	<b>11,110,978</b>	<b>16,923,218</b>

<b>EXPENDITURES:</b>						
General government	0	0	0	0	0	0
Protection of life & property	0	0	0	0	0	0
Public health	0	0	0	0	0	0
Community services	0	0	0	0	0	0
Recreation	0	0	0	0	0	0
Individual & collective rights	0	0	0	0	0	0
Transportation	0	0	0	0	0	0
Education	0	0	0	0	0	0
Protection of environment & resources	0	0	0	0	0	0
Economic development	0	0	0	0	0	0
Transfers to persons	0	11,203,844	0	0	11,203,844	15,523,079
Capital projects	0	0	4,416,413	0	4,416,413	5,388,051
Interest	0	0	2,490,000	0	2,490,000	0
Principal	0	11,203,844	6,906,413	0	18,110,257	20,921,130
<b>TOTAL EXPENDITURES</b>	<b>0</b>	<b>11,203,844</b>	<b>6,906,413</b>	<b>0</b>	<b>18,110,257</b>	<b>20,921,130</b>

<b>TOTAL REVENUE OVER (UNDER) EXPENDITURES</b>	<b>8,674,360</b>	<b>(8,923,810)</b>	<b>(6,749,828)</b>	<b>0</b>	<b>(6,999,278)</b>	<b>(3,997,912)</b>
<b>OTHER SOURCES (USES):</b>						
Addition to long-term debt	0	0	0	0	0	173,651,313
Transfers in	0	0	5,085,419	0	5,085,419	10,441,078
Transfers out	(5,176,498)	0	0	0	(5,176,498)	(8,786,167)
Other sources	0	0	0	0	0	0
Other uses	0	(17,200)	(3,586)	0	(20,786)	(1,919,803)
Other financing uses - early extinguishment of debt	0	0	0	0	0	0
<b>TOTAL SOURCES (USES)</b>	<b>(5,176,498)</b>	<b>(17,200)</b>	<b>5,081,833</b>	<b>0</b>	<b>(111,864)</b>	<b>173,386,421</b>

<b>EXCESS (DEFICIENCY) OF REVENUES &amp; OTHER SOURCES OVER EXPENDITURES &amp; OTHER USES</b>	<b>3,497,862</b>	<b>(8,941,010)</b>	<b>(1,667,995)</b>	<b>0</b>	<b>(7,111,143)</b>	<b>169,388,509</b>
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<b>BEGINNING FUND BALANCE (DEFICIT)</b>	<b>2,294,179</b>	<b>162,246,590</b>	<b>5,252,204</b>	<b>0</b>	<b>169,792,973</b>	<b>404,464</b>
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<b>EQUITY TRANSFERS IN</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>EQUITY TRANSFERS OUT</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>ENDING FUND BALANCE (DEFICIT)</b>	<b>\$5,792,042</b>	<b>\$153,305,580</b>	<b>\$3,584,209</b>	<b>\$0</b>	<b>\$162,681,831</b>	<b>\$169,792,973</b>
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**EXHIBIT C**

**MANPOWER  
COST CUTTING  
MEASURES**

# MANPOWER COST CUTTING MEASURES

COST CUTTING MEASURE	PROJECTED SAVINGS			REQUIREMENTS
	NON-AUTONOMOUS	AUTONOMOUS	EXECUTIVE BRANCH	
<i>FLSA (Exempt)</i>	\$ 2.2M	\$ 2.8M	\$ 5.0M	EO 95-11 (Implemented April 1995)
<i>Reduced Workweek</i>				
○ 35 hrs Affecting 100% employees	\$ 16.4M	\$ 34.3M	\$ 50.7M	<ul style="list-style-type: none"> <li>Requires Amendment of §4108 on Sick Leave</li> <li>Promulgate EO</li> </ul>
○ 35 hrs Affecting 75% employees	\$ 12.3M	\$ 25.7M	\$ 38.0M	
○ 32 hrs Affecting 100% employees	\$ 26.3M	\$ 55.0M	\$ 81.3M	
○ 32 hrs Affecting 72% employees	\$ 19.7M	\$ 41.3M	\$ 70.0M	
<i>Furlough @22 days/yr</i>				
○ 100% of employees	\$ 11.1M	\$ 23.3M	\$ 34.4M	<ul style="list-style-type: none"> <li>Requires Personnel Rules Amendment; then</li> <li>Promulgate EO</li> </ul>
○ 75% of employees	\$ 8.3M	\$ 17.5M	\$ 25.8M	
<i>Freeze Salary Increment</i>				
○ 1 yr (60% receive increment)	\$ 2.1M	\$ 4.4M	\$ 6.5M	<ul style="list-style-type: none"> <li>Promulgate EO</li> </ul>
○ 2 yr (100% receive increment)	\$ 5.3M	\$ 11.0M	\$ 16.3M	
<i>Salary Reduction</i>				
○ 5% across the Board	\$ 6.5M	\$ 13.5M	\$ 20.0M	<ul style="list-style-type: none"> <li>Requires Amendment of P. L. 21-59; then</li> <li>Promulgate EO</li> </ul>
○ 10% across the Board	\$ 13.0M	\$ 27.0M	\$ 40.0M	
<i>Lay-Off</i>				
○ 10%	\$ 18.2M	\$ 38.0M	\$ 56.2M	<ul style="list-style-type: none"> <li>Engage Priority Placement Procedure (EO 87-33)</li> <li>Engage Lay-Off Procedure (Personnel Rules)</li> </ul>
○ 20%	\$ 36.4M	\$ 76.0M	\$ 112.4M	
○ 30%	\$ 54.5M	\$ 114.0M	\$ 168.6M	

## ASSUMPTIONS

- Average Salary ..... \$30,000 yr. or \$14.42 hr.
- Average Increment Increase ..... (4%) or \$1,200 yr.
- Health Insurance ..... \$1,720 yr.
- Life Insurance ..... \$116 yr.
- Retirement Contribution ..... 17.708% or \$5,312 yr.
- Annual Leave ..... 300 hrs. or \$4,326 yr.
- Total No. of Non-Autonomous Employees ..... 4,383
- Total No. of Autonomous Employees ..... 9,172
- **COMBINED (Non-Autonomous & Autonomous Employees) ..... 13,555**

**EXHIBIT D**

**TRIENNIAL REAPPRAISAL  
STUDY**



GOVERNMENT OF GUAM

DEPARTMENT OF REVENUE AND TAXATION

SUBJECT: Triennial Reappraisal Study

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NOTE: The following figures supersede the amounts reported earlier relative to a comparison between the amounts reflected on the current Real Property Tax Roll and what these figures will be upon implementation of the values derived from the 1993 Triennial Reappraisal study.

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	<u>CURRENT VALUES</u>	<u>PROJECTED VALUES</u>
LAND	\$1.7 Billion Dollars	\$5.8 Billion Dollars
BLDG	\$2.6 Billion Dollars	\$4.1 Billion Dollars
	<u>AGGREGATE VALUES</u>	<u>AGGREGATE VALUES</u>
LAND/BLDG	\$4.9 Billion Dollars	\$9.9 Billion Dollars
	<u>TAX ASSESSMENTS</u>	<u>TAX ASSESSMENTS</u>
LAND/BLDG	\$14.2 Million Dollars	\$24.5 Million Dollars

SOURCE: Department of Revenue and Taxation  
Real Property Tax Division

Department of Revenue and Taxation

Real Property Tax Division

**Conversion and Incorporation of Escaped Assessments  
on the 1994 Real Property Tax Assessment Roll**

**ESCAPED ASSESSMENTS (LAND): \$4,816.68**

\$4,816.68 divided by .005 (Tax Rate) divided by .35 (Assessment Ratio) equals:

\$2,752,388.57 Appraised Value Land

**ESCAPED ASSESSMENT (BLDG): \$741,012.62**

\$741,012.62 divided by .01 (Tax Rate) divided by .35 (Assessment Ratio) equals:

\$211,717,891.43 Appraised Value Buildings

Appraised Value (Land) on Tax Roll Summary	\$1,719,413,525.65
Appraised Value (Land) Escaped Assessments	<u>2,752,388.57</u>
	<b>\$1,722,165,714.22</b>
Appraised Value (Bldg) on Tax Roll Summary	\$2,984,482,306.42
Appraised Value (Bldg) Escaped Assessments	<u>211,717,891.43</u>
	<b>\$3,196,200,197.85</b>

**TOTAL AGGREGATE APPRAISED VALUES (1994):**

LAND	\$1,722,165,714.22
BLDG	<u>\$3,196,200,197.85</u>
	<b><u>\$4,918,365,912.07</u></b>

Mun\_Code Municipality\_Desc

Mun_Code	Municipality_Desc	Land_appr Bldg_appr	Land_assess Bldg_assess	Land_tax Bldg_tax	Total_tax
84	Yona Suburban	111,944,876.81	39,180,706.91	195,904.16	428,938.66
TOTAL	Totals for Municipality 84 - Yona Suburban	66,581,316.60	23,303,460.81	233,034.50	
TOTAL	TOTAL	1,719,413,325.65	601,794,663.41	3,008,995.96	13,454,691.34
TOTAL	TOTAL	2,984,482,306.42	1,044,568,807.22	10,445,695.38	

FINAL TOTALS  
TOTAL  
COUNT 47,976  
TOTAL

\*\*\* END OF REPORT \*\*\*

Escape Assessment for 1994:  
L) 4,816.68  
B) 741,012.62

745,829.30

\$ 14,200,520.64

CERTIFICATION OF THE 1994 REAL PROPERTY TAX ASSESSMENT ROLL AS PER SEC. 19349, CHAPTER IV, TITLE XX OF THE GOVERNMENT CODE OF GUAM. (Subject to escaped assessments to include pending updates, of which are not subject to penalties and costs, to be incorporated in the 1994 Real Property Tax Assessment Roll).

  
TOMAS F. MENDIOLA, Secretary  
Board of Equalization

Date:

10/31/94

Department of Revenue & Taxation  
Real Property Tax System  
Statistical and Revenue Analysis-1

Mun_Code	Municipality_Desc	Land_appr Bidg_appr	Land_assess Bidg_assess	Land_tax Bidg_tax	Total_tax
62	Sinajana Suburban				
TOTAL	Totals for Municipality 62 - Sinajana Suburban	181,923,949.63	63,673,382.33	318,370.10	1,057,006.26
COUNT	6,280				
TOTAL	TOTAL	211,038,409.78	73,863,443.42	738,636.16	
70	Sumay				
TOTAL	Totals for Municipality 70 - Sumay	131,484.00	46,019.40	230.09	1,213.35
COUNT	5				
TOTAL	TOTAL	280,931.00	98,325.85	983.26	
72	Talofoto Urban				
TOTAL	Totals for Municipality 72 - Talofoto Urban	2,706,522.00	947,282.70	4,736.38	29,020.10
COUNT	247				
TOTAL	TOTAL	6,938,179.00	2,428,362.65	24,283.72	
74	Talofoto Suburban				
TOTAL	Totals for Municipality 74 - Talofoto Suburban	64,257,532.20	22,490,136.27	112,450.97	171,319.27
COUNT	1,219				
TOTAL	TOTAL	16,819,481.00	5,886,818.35	58,868.30	
76	Umatac				
TOTAL	Totals for Municipality 76 - Umatac	11,136,853.26	3,897,898.64	19,489.71	35,234.98
COUNT	342				
TOTAL	TOTAL	4,498,641.40	1,574,524.49	15,745.27	
78	Yigo				
TOTAL	Totals for Municipality 78 - Yigo	96,103,157.12	33,636,104.82	168,183.33	570,954.76
COUNT	5,118				
TOTAL	TOTAL	115,077,511.28	40,277,128.94	402,771.43	
80	Machanao				
TOTAL	Totals for Municipality 80 - Machanao	29,958,356.02	10,485,424.54	52,428.09	219,166.68
COUNT	1,570				
TOTAL	TOTAL	47,639,547.38	16,673,841.58	166,738.59	
82	Yona Urban				
TOTAL	Totals for Municipality 82 - Yona Urban	3,038,574.26	1,063,500.99	5,317.57	43,182.74
COUNT	251				
TOTAL	TOTAL	10,818,614.00	3,786,514.90	37,865.17	

Department of Revenue & Taxation  
 Real Property Tax System  
 Statistical and Revenue Analysis-1

Mun_Code	Municipality_Desc	Land_appr Bidg_appr	Land_assess Bidg_assess	Land_tax Bidg_tax	Total_tax
36	Barrigada Suburban				
TOTAL	Totals for Municipality 36 - Barrigada Suburban	177,439,416.79	62,103,795.84	310,523.59	1,208,672.66
COUNT	6,786	256,613,880.64	89,814,858.21	898,149.07	
TOTAL	Totals for Municipality 40 - Merizzo				
TOTAL	Totals for Municipality 40 - Merizzo	36,791,312.74	12,876,959.45	64,385.56	123,258.44
COUNT	1,125	16,820,787.89	5,887,275.76	58,872.88	
TOTAL	Totals for Municipality 42 - Dededo Urban				
TOTAL	Totals for Municipality 42 - Dededo Urban	8,912,169.29	3,119,259.25	15,596.27	95,755.38
COUNT	505	22,902,541.78	8,015,889.62	80,159.11	
TOTAL	Totals for Municipality 44 - Dededo Suburban				
TOTAL	Totals for Municipality 44 - Dededo Suburban	733,278,153.00	256,647,353.44	1,283,242.08	7,665,454.65
COUNT	13,617	1,823,488,385.39	638,220,934.90	6,382,212.57	
TOTAL	Totals for Municipality 52 - Inarajan				
TOTAL	Totals for Municipality 52 - Inarajan	54,730,858.86	19,155,800.54	95,779.22	160,432.00
COUNT	1,499	18,472,203.04	6,465,271.06	64,652.78	
TOTAL	Totals for Municipality 56 - Piti Urban				
TOTAL	Totals for Municipality 56 - Piti Urban	650,072.00	227,525.20	1,137.67	7,111.35
COUNT	67	1,706,768.00	597,368.80	5,973.68	
TOTAL	Totals for Municipality 58 - Piti Suburban				
TOTAL	Totals for Municipality 58 - Piti Suburban	29,709,466.73	10,398,313.35	51,991.91	224,785.57
COUNT	810	49,369,607.14	17,279,362.50	172,793.66	
TOTAL	Totals for Municipality 60 - Sinajana Urban				
TOTAL	Totals for Municipality 60 - Sinajana Urban	12,964,991.08	4,537,746.86	22,688.91	159,200.97
COUNT	679	39,003,379.00	13,651,182.65	136,512.06	

Department of Revenue & Taxation  
 Real Property Tax System  
 Statistical and Revenue Analysis-1

Mun_Code	Municipality_Desc	Land_appr Bidg_appr	Land_assess Bidg_assess	Land_tax Bidg_tax	Total_tax
20	Agana Urban				
TOTAL	Totals for Municipality 20 - Agana Urban	26,196,335.33	9,168,717.36	45,844.20	274,779.32
COUNT	TOTAL	746			
TOTAL	TOTAL	65,410,005.06	22,893,501.77	228,935.12	
22	Agana Suburban				
TOTAL	Totals for Municipality 22 - Agana Suburban	24,026,529.83	8,409,285.44	42,046.69	178,561.02
COUNT	TOTAL	551			
TOTAL	TOTAL	39,004,100.03	13,651,435.01	136,514.33	
24	Agat Urban				
TOTAL	Totals for Municipality 24 - Agat Urban	6,008,779.00	2,103,072.65	10,515.90	76,222.66
COUNT	TOTAL	550			
TOTAL	TOTAL	18,773,351.00	6,570,672.85	65,706.76	
26	Agat Suburban				
TOTAL	Totals for Municipality 26 - Agat Suburban	71,952,411.24	25,183,343.88	125,917.34	493,065.29
COUNT	TOTAL	2,366			
TOTAL	TOTAL	104,899,304.29	36,714,756.50	367,147.95	
28	Santa Rita				
TOTAL	Totals for Municipality 28 - Santa Rita	2,424,810.37	848,683.63	4,243.67	36,775.31
COUNT	TOTAL	302			
TOTAL	TOTAL	9,294,750.00	3,253,162.50	32,531.64	
30	Asan Urban				
TOTAL	Totals for Municipality 30 - Asan Urban	1,130,746.67	395,761.33	1,978.85	19,730.51
COUNT	TOTAL	93			
TOTAL	TOTAL	5,071,887.00	1,775,160.45	17,751.66	
32	Asan Suburban				
TOTAL	Totals for Municipality 32 - Asan Suburban	25,916,399.62	9,070,739.86	45,353.87	112,970.24
COUNT	TOTAL	745			
TOTAL	TOTAL	19,318,927.86	6,761,624.75	67,616.37	
34	Barrigada Urban				
TOTAL	Totals for Municipality 34 - Barrigada Urban	6,079,567.80	2,127,848.73	10,639.83	61,879.17
COUNT	TOTAL	329			
TOTAL	TOTAL	14,639,796.86	5,123,928.90	51,239.34	

GOVERNMENT OF GUAM

DEPARTMENT OF REVENUE AND TAXATION

FY 1995

COMPARISON OF AGGREGATE PROPERTY TAX VALUATIONS  
OVER FY 1987 BASE YEAR

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YEAR	AGGREGATE TAX VALUATION *	PROPERTY TAX ASSESSMENT	CHG %
1994	4.918 billion	14.2 million	+1.95
1993	4.256 billion	11.8 million	+1.46
1992	4.067 billion	10.7 million	+1.23
1991	3.712 billion	9.6 million	+1.00
1990	3.631 billion	9.3 million	+ .94
1989	3.400 billion	8.5 million	+ .77
1988	3.246 billion	8.2 million	+ .71
1987	3.093 billion	7.5 million	+ .71
1986	2.061 billion	4.8 million	<b>BASE YEAR</b>

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\* Aggregate property tax values as certified by the Board of Equalization.  
[ §24518, Chapter 24, Title 11 Guam Code Annotated ]

Source: Department of Revenue and Taxation  
Real Property Tax Division

**EXHIBIT E**

**FISCAL NOTE**



**FISCAL NOTE**  
**BUREAU OF BUDGET AND MANAGEMENT RESEARCH**

**BBMR-F7**

Bill No. 242  
 Amendatory Bill: Yes

Date Received: 5/03/95  
 Date Reviewed: 5/04/95

Department/Agency Affected: Government of Guam

Department/Agency Head: Governor Carl T. C. Gutierrez

Total FY Appropriation to Date: \$545 Million

Bill Title (preamble): **An Act to Amend Subsection 22430 to Title 5, Guam Code Annotated, to Authorize the Governor of Guam to Issue Government of Guam General Obligation Bonds for the Purposes of Constructing and Refurbishing Territorial Educational Facilities and Paying Certain General Fund Expenses and to Create a Funding Source for Repayment of Such Bonds.**

**Change in Law:** Amending Subsection 22430 of Title 5, Guam Code Annotated to include, other than educational facilities projects, "and for certain general fund expenses." Aggregate principal amount of general obligation bonds is not to exceed \$411 million. Terms and conditions shall be amended for the maturity of the bonds to be December 1, 2023. Renaming the Territorial Educational Facilities Fund to Real Property Tax Revenue Fund. Increasing the southern high school capital project from \$76 million to \$104 million. Increasing the purchase of collateral equipment and furniture and relocation expenses from \$3 million and \$10 million. Increasing the northern high school capital project from \$76 million to \$86 million. Include an aggregate principal amount of bonds for payment of general fund expenses.

**Bill's Impact on Present Program Funding:**  
 Increase  Decrease \_\_\_\_\_ Reallocation \_\_\_\_\_ No Change \_\_\_\_\_

**Bill is for:**  
 Operations \_\_\_\_\_ Capital Improvement \_\_\_\_\_ Other  General Obligation Bonds

**FINANCIAL/PROGRAM IMPACT**

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
Government-wide Support	1/		1/

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	1/					1/
OTHER						
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? Y -- IF NO, ADD'L AMOUNT REQUIRED \$ 1/

AGENCY/PERSON/DATE CONTACTED: Not applicable

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND	N/A					N/A
OTHER						
TOTAL						

ANALYST Paul Leon Guerrero DATE 5/4/95 DIRECTOR Joseph E. Rivera, Acting DATE \_\_\_\_\_

FOOTNOTES: See attached.

Bill NO. 242 proposes to amend the aggregate principal amount of bonds authorized to be issued from \$261 million to \$411 million for the purposes of undertaking certain educational facility capital projects, paying certain general fund expenses and paying expenses incurred in connection with the issuance of such bonds.

The Real Property Tax Revenue Fund has been identified for payment of principal of and interest on the general obligation bonds. The following is a Triennial Real Property Assessment Revenue Forecast projecting amounts available after payment of the principal of and interest charged against the first issuance of the educational bonds.

Triennial Assessment Revenue Forecast  
May 7, 1995

A Period	B Forecast Real Property Revenues	C Total Debt Payment	D Less UOG Payment	E Net Debt Payment	F Available For Debt
FY94					2,294,179
FY95	10,500,000	11,322,825	2,027,710	9,295,115	1,204,885
FY96	19,478,000	12,793,125	2,027,669	10,765,456	8,712,544
FY97	20,519,000	12,792,865	2,027,983	10,764,882	9,754,118
FY98	21,433,000	12,794,845	2,027,933	10,766,912	10,666,088
FY99	22,075,000	12,794,526	2,027,641	10,766,885	11,308,115
FY00	22,696,000	12,792,690	2,028,009	10,764,681	11,931,319
FY01	23,218,000	12,795,010	2,027,716	10,767,294	12,450,706
FY02	23,740,000	12,793,160	2,028,207	10,764,953	12,975,047

Implementation of Triennial Revaluation Effective FY96.  
Tax Roll FY96 \$24,500,000

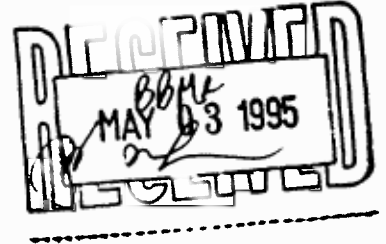


**Committee on Economic Agricultural  
Development and Insurance**

**TWENTY-THIRD GUAM LEGISLATURE**  
424 W. O'Brien Dr., Julale Shopping Center, Suite #218  
Agaña, Guam 96910  
Tel: (671) 477-8527/9120 • Fax: (671) 477-5570

SENATOR JOE T. SAN AGUSTIN (D)  
CHAIRMAN

May 3, 1995



Mr. Joseph E. Rivera  
Director  
Bureau of Budget and Management Research  
P. O. Box 2950  
Agana, Guam 96910

Dear Mr. Rivera:

The Committee on Economic-Agricultural Development and Insurance is conducting a public hearing on Friday, May 5, 1995, at 9 a.m., in the Guam Legislature Public Hearing Room on the following Bill:

**Bill No. 242      AN ACT TO AMEND SUBSECTION 22430 TO TITLE 5, GUAM CODE ANNOTATED, TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TERRITORIAL EDUCATIONAL FACILITIES AND PAYING CERTAIN GENERAL FUND EXPENSES AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH BONDS. (Introduced by Committee on Rules at the Request of the Governor of Guam in Accordance with the Organic Act of Guam)**

As this Bill directly affects the development of the territory, you are cordially invited to testify and present your opinion and comments. A copy of the Bill is enclosed for your disposition. The Committee would appreciate receiving twenty (20) copies of your testimony prior to the hearing.

Thank you and we look forward to seeing you at the hearing.

Sincerely yours,

  
JOE T. SAN AGUSTIN  
Senator and Chairman

Enclosure

**EXHIBIT F**

**CERTIFICATION**



## Committee on Economic-Agricultural Development and Insurance

TWENTY-THIRD GUAM LEGISLATURE  
424 W. O'Brien Dr., Julale Shopping Center, Suite #218  
Agaña, Guam 96910  
Tel: (671) 477-8527/9120 • Fax: (671) 477-5570

SENATOR JOE T. SAN AGUSTIN (D)  
CHAIRMAN

May 11, 1995

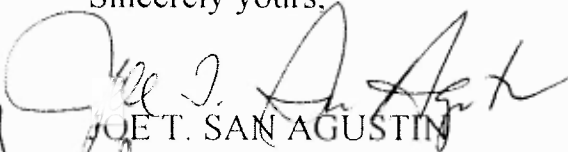
Senator Francis E. Santos  
Chairman, Committee on Ways & Means  
23rd Guam Legislature  
155 Hesler St.  
Agana, Guam 96910

Dear Senator Santos:

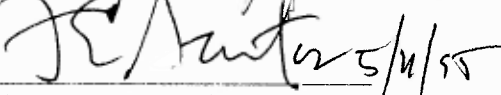
The Committee on Economic-Agricultural Development and Insurance has completed its report on Bill No. 242. The bill would provide authorization to the Governor to issue general obligation bonds to address construction of Guam's educational facilities and to pay for general operating expenses. The Committee conducted a public hearing and has returned a recommendation TO DO PASS Bill No. 242 as amended by the Committee.

Your acceptance of the EADI Committee report as Chairman of the Committee on Ways and Means will allow us to place the bill before the Legislature for a vote in compliance with Section 6.04.06.02 of the legislative standing rules. This action will help facilitate the funding necessary to expeditiously begin the much needed construction of educational facilities for the students in our territory and to provide an immediate cash infusion to meet general operating needs of our government.

Sincerely yours,

  
JOE T. SAN AGUSTIN

Concurred by:

  
5/11/95  
Senator Francis E. Santos

**EXHIBIT G**

**DEBT CAPACITY  
SCHEDULE**

Government of Guam  
 Debt Capacity Schedule  
 May 6, 1995

Total Valuation 1994	4,900,000,000	
Debt Limit of Valuation 10%	<u>490,000,000</u>	

Bonds	Principal	
Guam General Obligation, Series 1986	11,380,000	
Guam Water System Revenue, Series 1989	42,090,000	
Guam Limited Obligation Infrastructure Improvement Bonds, 1989	22,830,000	
Guam Limited Obligation Highway Bonds, 1992 Series A	64,565,000	
Guam General Obligation Bonds, 1993 Series A	172,510,000	
Guam General Obligation Bonds, Series 1994 A	45,000,000	
Line Of Credit	<u>6,000,000</u>	
Total		<u>364,375,000</u>
Additional Debt Capacity		<u><u>125,625,000</u></u>

Bond Principal Balance March 31, 1995

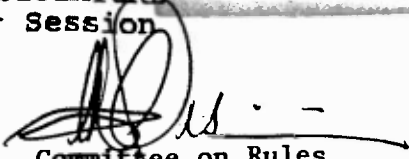
**Introduced**

MAY 09 1995

TWENTY-THIRD GUAM LEGISLATURE  
1995 (FIRST) Regular Session

Bill No. 242 (LS)

Introduced by:

  
Committee on Rules  
At the Request of the Governor  
in accordance with the Organic  
Act of Guam.

AN ACT TO AMEND §22430 TO TITLE 5, GUAM CODE ANNOTATED, TO AUTHORIZE THE GOVERNOR OF GUAM TO ISSUE GOVERNMENT OF GUAM GENERAL OBLIGATION BONDS FOR THE PURPOSES OF CONSTRUCTING AND REFURBISHING TERRITORIAL EDUCATIONAL FACILITIES AND PAYING CERTAIN GENERAL FUND EXPENSES AND TO CREATE A FUNDING SOURCE FOR REPAYMENT OF SUCH BONDS.

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

1       **Section 1. Legislative findings.** The Legislature hereby  
2 finds that in 1993 the government issued One Hundred Seventy-Five  
3 Million Dollars (\$175,000,000) aggregate principal amount of  
4 general obligation bonds to finance certain education facilities,  
5 but that the amount of general obligation bonds authorized to be  
6 issued for the southern high school and related required  
7 infrastructure and for the purchase of equipment and furniture  
8 for schools needs to be increased in order to provide adequate  
9 funding for these educational facilities to be completed and  
10 fully operational. The Legislature also hereby finds that the  
11 accumulated general fund deficit will result in current revenues  
12 available in the general fund being insufficient to pay certain  
13 obligations of the general fund such as vendor payables and  
14 income tax refunds. As part of a comprehensive deficit reduction  
15 plan, a mechanism is needed to bridge the gap and provide the  
16 necessary cash to the general fund until a surplus of current  
17 revenues over current expenditures can retire the deficit.  
18 Through the issuance of general obligation bonds, the government  
19 can fund its current needs while retiring the deficit over time.

20       **Section 2.** Section 22430 to Title 5, Guam Code Annotated,  
21 is amended to read:

22       "§22430. General obligation bonds for certain capital  
23 projects, including certain educational facilities projects,  
24 and for certain general fund expenses. (a) Authorization of  
25 issuance of general obligation bonds for capital projects  
26 and general fund expenses. The Governor of Guam is  
27 authorized to issue ~~one (1)~~ two (2) or more series of



P.L. 22-19

1 general obligation bonds of the government of Guam in an  
2 aggregate principal amount not to exceed ~~<Two>~~ Four Hundred  
3 ~~<Sixty-One>~~ Eleven Million Dollars ~~<(\$261,000,000)>~~  
4 (\$411,000,000) to undertake the capital projects enumerated  
5 in subsection (m) of this Section, ~~<and paying>~~ to provide  
6 for the payment of certain general fund expenses and to pay  
7 expenses incurred in connection with the issuance of such  
8 bonds; provided, however, that the issuance of the bonds  
9 shall not cause a violation of the debt limitation  
10 provisions of 48 USC 1423a (\$11 of the Organic Act of Guam).  
11 Since One Hundred Seventy-Five Million Dollars  
12 (\$175,000,000) aggregate principal amount of the bonds were  
13 issued in 1993, as of the effective date of the amendments  
14 to this section made by P.L. 23- Two Hundred Thirty-Six  
15 Million Dollars (\$236,000,000) aggregate principal amount of  
16 the bonds are authorized but unissued.

17 (b) Terms and conditions determined by certificate.  
18 The terms and conditions of the bonds shall be as determined  
19 by the Governor by the execution of a certificate  
20 authorizing the issuance of the bonds upon or prior to the  
21 issuance of the bonds; provided, however, that such terms  
22 and conditions shall be consistent with this Section~~< and~~  
23 ~~that the bonds >~~. The bonds issued for educational  
24 facilities and related required infrastructure, furniture  
25 and equipment shall mature not later than December 1, 2028  
26 and the bonds issued for general fund expenses shall mature  
27 not later than December 1, 2007. The bonds shall bear  
28 interest at such rates and be sold for such price or prices  
29 as shall result in a yield to the bondholders not exceeding  
30 ten percent (10%) per annum. The certificate of the  
31 Governor shall separately designate the amount of each  
32 maturity of bonds issued for each of the capital projects  
33 enumerated in subsection (m) of this Section and for general  
34 fund expenses, but shall also permit reallocation and  
35 redesignation of such bonds in a manner consistent with this  
36 Section.

37 (c) Valid and binding general obligation. Any bonds  
38 authorized by this Section shall constitute the valid and  
39 binding general obligations of the government of Guam. The  
40 government of Guam pledges its full faith and credit for the  
41 punctual payment of both principal of and interest on the  
42 bonds. There shall be collected annually in the same manner  
43 and at the same time as government revenue for other  
44 purposes is collected, such sum as is required to pay the  
45 principal of and interest on the bonds. All officers  
46 charged by law with any duty in the collection of the  
47 revenues of the government shall do every lawful thing  
48 necessary to collect such sum. The validity of any such  
49 bonds shall not be affected by the validity or regularity of

1 any proceedings for the implementation of the capital  
2 projects funded by the bonds or for the payment of the  
3 general fund expenses funded by the bonds.

4 (d) **Appropriations from the General Fund.** There are  
5 hereby appropriated from the General Fund such sums as will  
6 equal in each year the amount of money necessary to pay the  
7 principal and interest on such bonds.

8 (e) **Additional parity bonds.** Nothing in this Section  
9 shall be construed to prevent the government of Guam from  
10 issuing, after appropriate enabling legislation, other  
11 obligations of the government secured by the general  
12 obligation of the government on a parity with the bonds  
13 authorized by this Section.

14 (n) **Waiver of Immunity.** Notwithstanding any  
15 substantive or procedural provision of Chapter 6 of Title 5,  
16 Guam Code Annotated, the government of Guam waives immunity  
17 from any suit or action in contract on the bonds, but does  
18 not waive sovereign immunity as to the personal liability of  
19 elected officials and employees of the government of Guam.

20 (g) **Form of bonds; covenants; appointment of**  
21 **fiduciaries.** The technical form and language of the bonds,  
22 including provisions for execution, exchange, transfer,  
23 registration, paying agency, lost or mutilated bonds,  
24 negotiability, cancellation and other terms or conditions  
25 not inconsistent with this Section, including covenants  
26 relating to the collection of revenues, shall be as  
27 specified in the certificate executed by the Governor  
28 authorizing the issuance of the bonds. The certificate may  
29 appoint one (1) or more trustees, co-trustees or other  
30 fiduciaries authorized to receive and hold in trust the  
31 proceeds of the bonds and monies relating thereto, to  
32 protect the rights of bondholders and to perform such other  
33 duties as may be specified in the certificate. The Governor  
34 is also authorized to execute, on behalf of the government  
35 of Guam, any appropriate agreements, certificates or other  
36 instruments relating to the bonds and the sale of the bonds.

37 (h) **Authorization for credit enhancement.** The  
38 Governor is authorized to enter into such contracts or  
39 agreements with such banks, insurance companies or other  
40 financial institutions as he determines are necessary or  
41 desirable to improve the security and marketability of the  
42 bonds issued under this Section. Such contracts or  
43 agreements may contain an obligation to reimburse, with  
44 interest, any such banks, insurance companies or other  
45 financial institutions for advances used to pay principal of  
46 or interest on the bonds. Any such reimbursement obligation

1 shall be a general obligation of the government of Guam, and  
2 any such advance, if necessary, shall be treated as creating  
3 a reimbursement obligation issued to refund the bonds.

4 (i) Use of proceeds from the sale of the bonds.  
5 Proceeds from the sale of the bonds shall be used solely to  
6 implement and equip the capital projects enumerated in  
7 subsection (m) of this Section, to pay general fund expenses  
8 otherwise appropriated by the Legislature, to establish  
9 necessary reserves, and to pay expenses relating to the  
10 authorization, sale and issuance of the bonds, including,  
11 without limitation, printing costs, costs of reproducing  
12 documents, bonds insurance premiums, underwriting, legal and  
13 accounting fees and charges, fees paid to banks or other  
14 financial institutions providing credit enhancement, costs  
15 of credit ratings, fees and charges for execution,  
16 transportation and safekeeping of bonds and other costs,  
17 charges and fees in connection with the issuance, sale and  
18 delivery of the bonds. The fees charged by the Guam  
19 Economic Development Authority for this bond issuance shall  
20 be waived.

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

29 (k) University of Guam Bond Fund. There is hereby  
30 created, separate and apart from other funds of the  
31 government of Guam, a fund known as the "University of Guam  
32 Bond Fund" (the "UOG Bond Fund"). The UOG Bond Fund shall  
33 not be commingled with either the General Fund, the Current  
34 Fund of the University of Guam, or any other fund of the  
35 government of Guam. The UOG Bond Fund shall be held in an  
36 account or accounts at a Guam financial institution or  
37 institutions separate and apart from all other accounts and  
38 funds of the government of Guam. All tuition revenues  
39 received by or on behalf of the University of Guam shall be  
40 deposited in the UOG Bond Fund and shall be accounted for  
41 and used periodically only for the following purposes and in  
42 the following order:

43 (1) On the dates on which monies are remitted  
44 from the General Fund to any trustee, co-trustee or  
45 paying agent for the bonds for the purpose of either  
46 paying the principal of and interest on the bonds  
47 designated as having been issued for the capital

P.L. 22-19

1 project set out in subsection (m) item (5) or  
 2 accumulating the amounts necessary to pay the principal  
 3 of or interest on such bonds, there shall be  
 4 transferred from the UOG Bond Fund to the General Fund  
 5 amounts equal to, but not in excess of, the amounts  
 6 remitted from the General Fund for such purposes, and  
 7 in the event that the amount so transferred on any such  
 8 date is insufficient to fully reimburse the amount so  
 9 remitted, the amount of the insufficiency shall be  
 10 transferred as soon thereafter as it becomes available  
 11 in the UOG Bond Fund, together with interest from such  
 12 remittance date to such date of transfer at a rate  
 13 equal to the yield on the bonds.

14 (2) On the dates on which monies are transferred  
 15 to the General Fund pursuant to paragraph (1) of this  
 16 subsection (k) of this Section, if such transfer is  
 17 sufficient to fully reimburse the General Fund (with  
 18 interest, if required), the balance remaining in the  
 19 UOG Bond Fund shall be transferred to the Current Fund  
 20 of the University of Guam to be utilized only to  
 21 implement the Physical Master Plan of the University.

22 Such tuition revenue collections shall not be pledged  
 23 to the payment of amounts due on the bonds, and this  
 24 subsection (k) may be amended at any time by subsequent act  
 25 of the Legislature. Nothing in this Section shall be  
 26 construed to prevent the government of Guam from issuing,  
 27 after appropriate enabling legislation, for the benefit of  
 28 the University of Guam, other general obligations of the  
 29 government secured by such tuition revenues on a parity with  
 30 the bonds authorized by this Section. In addition, nothing  
 31 in this Section shall be construed to prevent the University  
 32 of Guam from issuing, after appropriate enabling  
 33 legislation, revenue bonds or general obligations of the  
 34 University of Guam secured by such tuition revenues on a  
 35 parity with the bonds authorized by this Section.

36 (1) ~~Territorial Educational Facilities~~ Real Property  
 37 Tax Revenue Fund. There is ~~hereby created~~ continued in  
 38 existence, separate and apart from other funds of the  
 39 government of Guam, ~~the~~ the fund previously known as the  
 40 "Territorial Education Facilities Fund" ~~(the "TEF")~~, which is  
 41 hereby renamed the "Real Property Tax Revenue Fund" (the  
 42 "RPTR Fund"). The ~~TEF~~ RPTR Fund shall not be commingled  
 43 with the General Fund or any other fund of the government of  
 44 Guam. The ~~TEF~~ RPTR Fund shall be held in an account or  
 45 accounts at a Guam financial institution or institutions  
 46 separate and apart from all other accounts and funds of the  
 47 government of Guam. All real property tax revenues received  
 48 by or on behalf of the government of Guam pursuant to

1 §24103, Title 11 , Guam Code Annotated, shall be deposited  
2 in the ~~TEF~~ RPTR Fund and shall be accounted for and used  
3 periodically only for the following purposes and in the  
4 following order:

5 (1) On the dates on which monies are remitted  
6 from the General Fund to any trustee, co-trustee or  
7 paying agent for the bonds for the purpose of either  
8 (A) paying the principal of and interest on the bonds  
9 designated as having been issued for the capital  
10 projects enumerated in items (1), (2), (3), (4), (6)  
11 and (7) of subsection (m) of this Section and for the  
12 payment of general fund expenses or (B) accumulating  
13 the amounts necessary to pay the principal of or  
14 interest on such bonds, there shall be transferred from  
15 the ~~TEF~~ RPTR Fund to the General Fund amounts equal  
16 to, but not in excess of, the amounts remitted from the  
17 General Fund for such purposes, and in the event that  
18 the amount so transferred on any such date is  
19 insufficient to fully reimburse the amount so remitted,  
20 the amount of the insufficiency shall be transferred as  
21 soon thereafter as it becomes available in the ~~TEF~~  
22 RPTR Fund, together with interest from such remittance  
23 date to such date of transfer at a rate equal to the  
24 yield on the bonds.

25 (2) On the dates on which monies are transferred  
26 to the General Fund pursuant to paragraph (1) of this  
27 subsection (1) of this Section, if such transfer is  
28 sufficient to fully reimburse the General Fund (with  
29 interest, if required), the balance remaining in the  
30 ~~TEF~~ RPTR Fund shall remain in the ~~TEF~~ RPTR Fund and  
31 shall only be appropriated by the Legislature for the  
32 purpose of constructing, refurbishing, replacing and  
33 funding educational facilities.

34 Such tax collections shall not be pledged to the  
35 payment of amounts due on the bonds, and this  
36 subsection (1) may be amended at any time by subsequent  
37 act of the Legislature. Nothing in this Section shall  
38 be construed to prevent the government of Guam from  
39 issuing, after appropriate enabling legislation, for  
40 the benefit of the government of Guam other general  
41 obligations or revenue obligations of the government  
42 secured by such real estate tax revenues on a parity  
43 with the bonds authorized by this Section.

44 (m) The capital projects to be implemented and  
45 equipped with the proceeds of the bonds authorized by this  
46 Section are as follows:

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1	<b>Capital Projects:</b>	<b>Allocated</b>
2		<b>amounts:</b>
3	1. High school located in Santa Rita, Guam	<u>\$104,000,000,</u>
4	<del>(\$76,000,000), and related required</del>	
5	<u>infrastructure and offsite development,</u>	
6	<u>including a sewage treatment plant</u>	
7	2. Elementary school located in Tamuning,	\$15,000,000,
8	Guam,	
9	3. Elementary school, located in Astumbo,	\$15,000,000,
10	Dededo, Guam,	
11	4. Elementary school located in Asan,	\$15,000,000,
12	Guam,	
13	5. Buildings at the University of Guam as	
14	follows: College of Arts and Sciences	
15	Building; renovation and addition to	
16	the Health Science Building; Plant	
17	Maintenance Building; Building II for	
18	the College of Agriculture and Life	
19	Sciences; College of Business and	
20	Public Administration Building; Fine	
21	Arts Building; and the Student Center,	\$28,000,000
22	6. For the purchase of equipment and	
23	furniture and the relocation expenses	
24	for students during construction of	
25	projects set out in items (1), (2), (3)	
26	and (4) of this subsection (m),	
27	including temporary classrooms,	<del>&lt;\$ 3,000,000&gt;</del>
28		<u>\$10,000,000</u>

- 1 7. To the extent of any bond proceeds not
- 2 required for the projects listed in
- 3 items (1) through (6) of this
- 4 subsection (m), any remaining balance
- 5 (other than the portions designated to
- 6 be used for the Northern High School or
- 7 to pay general fund expenses) may be
- 8 applied to the costs of (i) repairing
- 9 or reconstructing the Inarajan
- 10 Elementary School, (ii) repairing or
- 11 <of> reconstructing the earthquake-
- 12 damaged Ordot-Chalan Pago Elementary
- 13 School, (iii) reconstructing the
- 14 earthquake-damaged gymnasium and
- 15 classrooms at Inarajan High School,
- 16 (iv) repairing or reconstructing Upi
- 17 Elementary School, (v) repairing or
- 18 reconstructing earthquake damage at any
- 19 other school, or (vi) other projects
- 20 approved by subsequent legislation.
- 21 8. Northern High School <\$76,000,000>, \$85,000,000

22 The aggregate principal amount of bonds authorized to  
 23 be issued to provide for the payment of general fund  
 24 expenses is One Hundred Fifteen Million Dollars  
 25 (\$115,000,000).

26 (n) In utilizing the bond proceeds authorized by  
 27 projects set out in items (2), (3) and (4) of subsection (m)  
 28 of this Section, in order to optimize funds and not  
 29 replicate services, a standard and uniform design for all  
 30 elementary schools, shall be employed in their construction,  
 31 unless the topography and size of the land for such a school  
 32 prevents the use of such a standard and uniform design.  
 33 Such standard and uniform designs shall be as energy  
 34 efficient as is practical, and shall conform to island  
 35 styles.

36 (o) The elementary schools described in items (2), (3)  
 37 and (4) of subsection (m) of this Section and whose  
 38 construction is to be funded by this Act shall include a  
 39 minimum of five (5) "Head Start" classrooms at each school."

40 (p) In view of the urgency for the issuance of the  
 41 bonds for the purpose of financing general fund expenses and  
 42 for the completion of the high school located in Santa Rita,  
 43 the Governor is hereby authorized to utilize such method as  
 44 he deems appropriate for the selection of all participants  
 45 in connection with the issuance and sale of those bonds.

1 including trustees, depositaries, paying agents,  
2 underwriters, counsel, any credit enhancement provider and  
3 any other participants; provided, however, that such  
4 selection shall be subject to any provision of law which  
5 requires bidding, other competitive process, or any other  
6 procedure with respect to such selection, except that the  
7 Governor may limit the requests for proposals for services  
8 associated with the issuance of the bonds to those firms  
9 that have previously participated in bond issues for Guam.

10 **Section 3. Local sales of bonds.** The Governor of Guam  
11 shall undertake his best efforts to cause a portion of any bonds  
12 issued pursuant to Section 2 of this Act (§22430, Title 5, Guam  
13 Code Annotated), to be offered for sale to residents of Guam, as  
14 well as to residents of other jurisdictions, if and to the extent  
15 that such offer and any sales resulting from such offer do not  
16 increase the costs to the government of Guam of issuing and  
17 repaying such bonds.

18 **Section 4. Findings of GEDA.** The Legislature hereby finds  
19 and declares as follows:

20 (a) §22430, Title 5, Guam Code Annotated, provides  
21 that the Governor is authorized to issue general obligation  
22 bonds of the government of Guam in aggregate principal  
23 amounts not to exceed Four Hundred Eleven Million Dollars  
24 (\$411,000,000) for the purposes of undertaking certain  
25 educational facility capital projects, paying certain  
26 general fund expenses and paying expenses incurred in  
27 connection with the issuance of such bonds.

28 (b) One Hundred Seventy-Five Million Dollars  
29 (\$175,000,000) aggregate principal amount of such bonds were  
30 issued in 1993, leaving the balance of Two Hundred Thirty-  
31 Six Million Dollars (\$236,000,000) aggregate principal  
32 amount authorized but unissued.

33 (c) §2103(k) of Title 12, Guam Code Annotated,  
34 provides that agencies and instrumentalities of the  
35 government of Guam shall issue bonds and other obligations  
36 only by means of and through the agency of the Guam Economic  
37 Development Authority ("GEDA").

38 (d) Bonds authorized by the amendments made by this  
39 Act to §22430 shall not be issued unless and until the board  
40 of directors of GEDA shall adopt a resolution approving the  
41 sale of the bonds to be issued.

42 (e) Said §2103(k) provides that GEDA shall not sell any  
43 bond without the approval of the Legislature of the terms  
44 and conditions of the issuance of the bonds.



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1 (f) A proposed form of certificate relating to the  
2 Government of Guam General Obligation Bonds, 1993 Series A,  
3 was presented to this Legislature.

4 **Section 5. Approval of bonds.** This Legislature, pursuant  
5 to §22430, Title 5, Guam Code Annotated, and pursuant to  
6 §2103(k), Title 12, Guam Code Annotated, hereby approves the  
7 issuance and sale by the government of Guam of general obligation  
8 bonds in a principal amount not to exceed Two Hundred Thirty-Six  
9 Million Dollars (\$236,000,000); **provided**, that such bonds have a  
10 final maturity consistent with §22430, bear interest at such rate  
11 and are sold for such price or prices as shall result in a yield  
12 to the bondholders not exceeding ten percent (10%) per annum, and  
13 are issued and sold pursuant to a certificate of the Governor in  
14 substantially the same form as previously presented to the  
15 Legislature.