

Office of the Governor of Guam

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Office of the People's Speaker
Vicente C. Pangelinan

2004
JAN 25 11 AM
RECEIVED BY: *[Signature]*

Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

The Honorable Vicente C. Pangelinan
Speaker
I Mina'Bente Siete Na Liheslaturan Guåhan
Twenty-Seventh Guam Legislature
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Pangelinan:

Transmitted herewith is Bill No. 232 (COR), "AN ACT TO APPROPRIATE SIX HUNDRED EIGHTY-NINE THOUSAND SEVEN HUNDRED SEVENTY-ONE DOLLARS (\$689,771) FROM THE SERIES 2001A SUBACCOUNT OF THE YOUTH TOBACCO EDUCATION AND PREVENTION FUND TO THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE FUND FOR THE PURPOSE OF YOUTH COMPLIANCE MONITORING AND TOBACCO AND DRUG PREVENTION AND EDUCATION PROGRAMS; AND TO EXTEND THE TIME FOR EXPENDITURE OF VARIOUS TOBACCO SETTLEMENT BOND FUNDS BY AMENDING 5 GUAM CODE ANNOTATED §§221304(b), 221305, 221306, AND 11 GUAM CODE ANNOTATED §6123(b)," which I signed into law on February 6, 2004 as **Public Law 27-69**.

Sincerely yours,

[Signature]
KALEO S. MOYLAN
I Maga'låhen Guåhan Para Pa'go
Acting Governor of Guam

Attachment: copy attached of signed bill


cc: The Honorable Tina Rose Muña-Barnes
Senator and Legislative Secretary

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2004 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUÅHAN

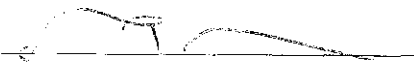
This is to certify that Bill No. 232 (COR), "AN ACT TO APPROPRIATE SIX HUNDRED EIGHTY-NINE THOUSAND SEVEN HUNDRED SEVENTY-ONE DOLLARS (\$689,771) FROM THE SERIES 2001A SUBACCOUNT OF THE YOUTH TOBACCO EDUCATION AND PREVENTION FUND TO THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE FUND FOR THE PURPOSE OF YOUTH COMPLIANCE MONITORING AND TOBACCO AND DRUG PREVENTION AND EDUCATION PROGRAMS; AND TO EXTEND THE TIME FOR EXPENDITURE OF VARIOUS TOBACCO SETTLEMENT BOND FUNDS BY AMENDING 5 GUAM CODE ANNOTATED §§221304(b), 221305, 221306, AND 11 GUAM CODE ANNOTATED §6123(b)," was on the 4th day of February, 2004, duly and regularly passed.

Attested:


Tina Rose Muña Barnes
Senator and Legislative Secretary

vicente (ben) c. pangelinan
Speaker

This Act was received by *I Maga'lahaen Guåhan* this 5 day of February, 2004,
at 4:30 o'clock P.M.


Assistant Staff Officer
Maga'lahaen's Office

APPROVED:


KABEO S. MOYLAN
I Maga'lahaen Guåhan, Para Pa'go

Date: Feb 04, 2004

Public Law No. 27-69

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2003 (FIRST) Regular Session

Bill No. 232 (COR)

As amended on the Floor.

Introduced by:

L. A. Leon Guerrero

v. c. pangelinan

F. B. Aguon, Jr.

J. M.S. Brown

F. R. Cunliffe

C. Fernandez

Mark Forbes

L. F. Kasperbauer

R. Klitzkie

J. A. Lujan

T. R. Muña Barnes

J. M. Quinata

Toni Sanford

R. J. Respicio

Ray Tenorio

AN ACT TO APPROPRIATE SIX HUNDRED EIGHTY-NINE THOUSAND SEVEN HUNDRED SEVENTY-ONE DOLLARS (\$689,771) FROM THE SERIES 2001A SUBACCOUNT OF THE YOUTH TOBACCO EDUCATION AND PREVENTION FUND TO THE DEPARTMENT OF MENTAL HEALTH AND SUBSTANCE ABUSE FUND FOR THE PURPOSE OF YOUTH COMPLIANCE MONITORING AND TOBACCO AND DRUG PREVENTION AND EDUCATION PROGRAMS; AND TO EXTEND THE TIME FOR EXPENDITURE OF VARIOUS TOBACCO SETTLEMENT BOND FUNDS BY *AMENDING* 5 GUAM CODE ANNOTATED §§221304(b), 221305, 221306, AND 11 GUAM CODE ANNOTATED §6123(b).

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

2 **Section 1. Legislative Findings and Intent.** On July 1, 2001, Orrick,
3 Herrington & Sutcliffe, LLP, Bond Counsel for the Guam Economic
4 Development Authority, reported that two (2) endowment funds were
5 established on June 21, 2001, for the Youth Tobacco Education and Prevention
6 Fund ("YTEPF"): the Series 2001A subaccount with a total of Nine Hundred
7 Eighty-Two Thousand Two Hundred Forty-Seven Dollars and Twenty-Six
8 Cents (\$982,247.26) on deposit and the Series 2001B subaccount with a total of
9 One Million One Hundred Sixty-Five Thousand Seven Hundred Forty-Eight
10 Dollars and Nine Cents (\$1,165,748.09) on deposit.

11 Public Law 26-68 appropriated Three Hundred Twenty-Seven Thousand
12 Four Hundred Fifteen Dollars (\$327,415.00) from the Series 2001A subaccount
13 to the Department of Mental Health and Substance Abuse Fund ("MHSA
14 Fund") to be used exclusively for youth compliance monitoring and tobacco
15 and drug prevention and education programs for Fiscal Year 2002, which was
16 ten percent (10%) of the proceeds of the sale and securitization of the Guam
17 Allocation from the Master Settlement Agreement. As of June 30, 2003, the
18 balance in the Series A account was One Million Seventeen Thousand One
19 Hundred Eighty-Six Dollars and Twenty-Six Cents (\$1,017,186.26).

20 It is therefore the intent of *I Liheslaturan Guåhan* to appropriate the
21 remainder of the Six Hundred Eighty-Nine Thousand Seven Hundred
22 Seventy-One Dollars (\$689,771) from the Series 2001A subaccount of the
23 YTEPF to the Department of Mental Health and Substance Abuse to develop
24 multiple strategies to include: Information Dissemination, Education,

1 Alternatives, Problem Identification and Referral, Community-Based Process
2 and Environmental and Social Policies.

3 **Section 2. Appropriation to the Department of Mental Health and**
4 **Substance Abuse Fund from the Series 2001A Subaccount of the Youth**
5 **Tobacco Education and Prevention Fund for tobacco prevention and**
6 **education programs.** Pursuant to Public Law 25-187 and notwithstanding
7 any other provision of law, there is hereby appropriated Six Hundred Eighty-
8 Nine Thousand Seven Hundred Seventy-One Dollars (\$689,771) from the
9 Series 2001A Subaccount of the Youth Tobacco Education and Prevention
10 Fund to the Department of Mental Health and Substance Abuse Fund to be
11 used exclusively for youth compliance monitoring and tobacco and drug
12 prevention and education programs for Fiscal Year 2004.

13 **Section 3. Restriction of Transfer Authority by I Maga'lahaen**
14 **Guåhan.** Notwithstanding any other provision of law, *I Maga'lahaen Guåhan*
15 shall *not* use his transfer authority to utilize any monies appropriated herein
16 and said funds shall *not* be transferred or used for any other purpose.

17 **Section 4. Reversion of Funds.** Notwithstanding the general
18 provisions of §22406 of Title 5 of the Guam Code Annotated, which require
19 that unused and de-appropriated funds revert to the General Fund, or any
20 other provision of law to the contrary, all unused funds appropriated herein
21 shall, in all circumstances and whether in whole or in part, remain in the
22 Department of Mental Health and Substance Abuse Fund and shall be carried
23 over into the next fiscal year and shall be expended exclusively for youth

1 compliance monitoring and tobacco and drug prevention and education
2 programs.

3 **Section 5. Reporting Requirement.** The Department of Mental
4 Health and Substance Abuse shall submit a detailed report of the
5 expenditures of the funds appropriated by this Act to the Speaker of *I*
6 *Liheslaturan Guåhan* and the Administrator of the Guam Economic
7 Development and Commerce Authority within sixty (60) days following the
8 close of Fiscal Year 2004. If any unused portion of the funds appropriated
9 herein is carried over into Fiscal Year 2005, the provisions contained in this
10 Section so do apply.

11 **Section 6. (a) Legislative Findings and Intent.** *I Liheslaturan Guåhan*
12 finds that the proceeds of the Tobacco Settlement Asset-Backed Bonds for
13 Guam are deposited in Series 2001A and Series 2001B accounts. Fifty percent
14 (50%) of the initial amount deposited in the Series 2001A accounts are
15 expected to be used and expended by June 21, 2004. Any unexpended
16 amounts thereafter will be transferred to the Series 2001B accounts, which
17 expenditures are limited to ninety percent (90%) of the earnings of the funds.

18 *I Liheslaturan Guåhan* further finds that due to the problems created by
19 the two (2) typhoons in 2002, the expenditure of these funds have been
20 delayed. Additionally, the needs of the beneficiaries of these bonds have been
21 re-prioritized due to damages suffered during the typhoons. Rather than
22 rushing to spend the bond proceeds prior to the June 2004 deadline, it is more
23 prudent to allow more time for some beneficiaries of the Tobacco Settlement
24 Asset-Backed Bonds to reallocate the proceeds and maximize them by using
25 the money to match the Federal Emergency Management Agency ("FEMA")

1 grants, for example. It is not sufficient to only encumber the funds in the
2 Series 2001A accounts, but the Series 2001A funds must actually be spent
3 before the deadline, or else the monies will be transferred to the Series 2001B
4 accounts.

5 Therefore, there being no indenture limitations, tax law or legal
6 prohibition to prevent the extension, it is the intent of *I Liheslaturan Guåhan* to
7 amend the current law in order to extend the amount of time remaining
8 before the Series 2001A funds will lapse into the Series 2001B accounts,
9 thereby allowing additional time for the beneficiaries to spend the Series
10 2001A funds for their various purposes.

11 **(b) Section 221304(b) of Article 13 of Chapter 22 of Division 2 of**
12 **Title 5, Guam Code Annotated, is hereby *amended* to read as follows:**

13 “(b) The Health Security Trust Fund, subject to legislative
14 approval, may be invested or reinvested in bonds or in securities that
15 are approved for the Retirement Fund, or according to modern
16 investment practices of similar funds. The appropriations from the
17 Health Security Trust Fund shall be limited to fifty percent (50%) of the
18 initial deposit from the proceeds of the sale for the first four (4) years.
19 Thereafter, expenditures shall be limited to ninety percent (90%) of the
20 earnings of the Fund.”

21 **(c) Section 221305 of Article 13 of Chapter 22 of Division 2 of Title**
22 **5, Guam Code Annotated, is hereby *amended* to read as follows:**

23 “§221305. UOG Higher Education Endowment Funds. There is
24 hereby created, separate and apart from other funds of the government
25 of Guam, a fund known as the UOG Higher Education Endowment

1 Fund. The UOG Higher Education Endowment Fund shall not be
2 commingled with the General Fund and shall be kept in a separate bank
3 account and administered by the University of Guam. The UOG Higher
4 Education Endowment Fund may be invested or reinvested by the UOG
5 Board of Regents in bonds or in securities that are approved for the
6 Retirement Fund, or according to modern investment practices of
7 similar funds.

8 The appropriations from the UOG Higher Education Endowment Fund
9 shall be limited to fifty percent (50%) of the initial deposit from the proceeds
10 of the sale for the first four (4) years. Thereafter, expenditures shall be limited
11 to ninety percent (90%) of the earnings of the Fund. The proceeds from the
12 investments shall remain within the UOG Higher Education Endowment
13 Fund. All monies deposited into the UOG Higher Education Endowment
14 Fund shall be expended exclusively for enhancement of learning resources
15 and technology, including, but not limited to, the following:

- 16 (a) purchase of computer equipment, books, subscriptions,
17 periodical materials and other library supplies and
18 materials;
- 19 (b) training; and
- 20 (c) management of library materials and resources.

21 The University of Guam shall determine the allocation of this
22 appropriation in compliance with this Section."

23 (d) Section 221306 of Article 13 of Chapter 22 of Division 2 of Title
24 5, Guam Code Annotated, is hereby *amended* to read as follows:

1 (e) Section 6123(b) of Chapter 6 of Division 1 of Title 11, Guam
2 Code Annotated, is hereby *amended* to read as follows:

3 “(b) YTEPF, subject to legislative approval, may be invested
4 or reinvested in bonds or in securities that are approved for the
5 Retirement Fund or according to modern investment practices of
6 similar funds. The appropriations from the YTEPF received
7 pursuant to 5 GCA § 221203, shall be limited to fifty percent (50%)
8 of the initial deposit from the proceeds of the sale for the first four
9 (4) years. Thereafter, expenditures shall be limited to ninety
10 percent (90%) of the earnings of the Fund.”

11 **Section 7. Effective Date.** The provisions of this Act shall become
12 effective immediately upon enactment.

13 **Section 8. Severability.** *If* any provision of this Law or its application
14 to any person or circumstance is found to be invalid or contrary to law, such
15 invalidity shall *not* affect other provisions or applications of this Law which
16 can be given effect without the invalid provisions or application, and to this
17 end the provisions of this Law are severable.