

I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN  
2013 (FIRST) Regular Session

Bill No. 155-32 (COR)

Introduced by:

R.J. RESPICIO  
T.C. ADA  
B.J. CRUZ  
T.R. MUÑA BARNES  
D.G. RODRIGUEZ  
A.A. YAMASHITA, Ph.D.  
V.A. ADA

2013 JUL 18 PM 2:17

AN ACT TO ACCEPT AND APPROVE THE TERMS AND CONDITIONS OF THE APPENDED AGREEMENT BETWEEN THE BANK OF GUAM AND *I LIHESLATURAN GUÅHAN*, WITH THE ASSISTANCE AND ADVICE OF THE GUAM ECONOMIC DEVELOPMENT AUTHORITY (GEDA), RELATIVE TO FINANCING THE RECONSTRUCTION OF THE HISTORIC GUAM LEGISLATURE BUILDING IN *HAGATÑA*, IN CONJUNCTION WITH THE GUAM PRESERVATION TRUST, TO INCLUDE MODERNIZING, REFURBISHING AND RESTORING THE EXISTING STRUCTURE, WHICH IS AN IMPORTANT COMPONENT OF THE REVITALIZATION OF *HAGATÑA*.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 SECTION 1. *Legislative Findings and Intent.* *I Liheslatura* finds  
3 that the authority to renovate and construct legislative facilities, and  
4 fund the renovation and construction of legislative facilities is contained  
5 in Title 2, Guam Code Annotated, §1126: *Liheng Para Sagan I Liheslaturan*  
6 *Guåhan*, which reads as follows:

7 “*I Liheslaturan Guåhan*” shall create, construct, lease or  
8 purchase a new building or buildings or refurbish, repair, or  
9 renovate the Old Legislative Hall and the Manuel F.L. Guerrero  
10 Building for its session hall, public meetings, activities and offices

1 of its members, their staffs and other legislative employees as  
2 appropriate or for other purposes. . . . The funding for the  
3 construction, purchase, lease or other means of acquisition shall be  
4 by legislative appropriation, funds currently in the budget for *I*  
5 *Liheslatura* and appropriated for lease of the buildings in *Hågatña*  
6 now occupied by *I Liheslatura*, grant from the Department of  
7 Administration, grant or loan from any agency or part of the  
8 federal or local government, a loan from a private financial  
9 institution, donations or contributions, an appropriate  
10 combination of said means or by any appropriate means. Leases,  
11 contracts and construction contracts with private entities  
12 authorized by this Section shall be entered into pursuant to the  
13 procurement laws applicable to *I Liheslatura*.”

14 **SECTION 2. Reconstruction of the historic Guam Legislature**  
15 **building.** Pursuant to the adoption of Resolution No. 628-31 (COR) by *I*  
16 *Mina'trentai Uno Na Liheslaturan Guåhan* on the 26th of November, 2012,  
17 and under the authority of Title 2, Guam Code Annotated, §1126, the  
18 Guam Economic Development Authority (GEDA), on behalf of *I*  
19 *Liheslatura*, sought and obtained the financing necessary for the  
20 reconstruction of the historic Guam Legislature building in *Hagåtña*, in  
21 the amount of Four Million Dollars (\$4,000,000).

1           **SECTION 3. Adequate office space for *I Liheslatura*.** It is the  
2 intent of *I Liheslaturan Guåhan* to adequately house certain offices within  
3 the revitalized Guam Legislature Building, including certain sections of  
4 the legislative central operations, as well as offices for the Speaker, Vice  
5 Speaker, Legislative Secretary, Majority Leader, and Committee on  
6 Rules Chairperson, as an integral part of the restoration process. In  
7 order to accomplish this goal, a second (2nd) floor and a wider footprint,  
8 comprising an area of approximately eight thousand two hundred  
9 (8,200) square feet, is proposed to be included in the construction of the  
10 north side wing (hereinafter referred to as the “north wing  
11 modification”), and the Guam Preservation Trust has agreed that the  
12 “north wing modification” can be constructed concurrently with the  
13 reconstruction of the original structure.

14           **SECTION 4. North wing modification.** The construction of the  
15 “north wing modification” may be financially supplemented through  
16 space rental savings realized by relocating *I Liheslatura’s* central  
17 operations and Senatorial offices from their existing location, to the  
18 renovated Guam Legislature Building. Such savings, combined with  
19 rental income from other properties managed by *I Liheslatura*, as well as  
20 other authorized funding sources, shall supplement the funding needed  
21 for the Guam Legislature Building and provide a permanent home  
22 adequate to meet its needs now and in the future.

1           **SECTION 5. Historic Guam Legislature Building is a component**  
2 **of a revitalized *Hågatña*.** Built by the United States Navy after World  
3 War II, the Guam Legislature Building was presented to the people of  
4 Guam by Rear Admiral Charles A. Pownall, Naval Governor of Guam,  
5 on July 21, 1948, four years after the liberation of Guam. Originally  
6 known as the “Guam Congress Building,” this historic structure was  
7 added to the list of the National Register of Historic Places on February  
8 1, 2007. Located across from the *Dulce Nombre de Maria Cathedral-Basilica*,  
9 the Guam Museum (now under construction), and the *Plaza de España*,  
10 the reconstruction of the Guam Legislature Building coinciding with  
11 planned and ongoing projects that will serve to revitalize Guam’s  
12 capitol city of *Hågatña*.

13           **SECTION 6. Financing Secured for historic Guam Legislature**  
14 **building.** In compliance with *I Liheslatura’s* request, GEDA has secured  
15 financing in the amount of up to Four Million Dollars (\$4,000,000),  
16 GEDA having been informed on April 23, 2013, that the Bank of Guam  
17 “has approved a credit facility in the amount of \$4,000,000.00 in favor of  
18 the Guam Legislature and the Government of Guam for the  
19 reconstruction and the rehabilitation of the Guam Legislature Building,”  
20 the Notice of Provision of Services having been signed by Bank of Guam  
21 Executive Vice President and Chief Operating Officer William D. Leon

1 Guerrero, and delivered to GEDA. A copy of the Notice of Provision of  
2 Services is appended to this document and identified as "Attachment 1."

3 **SECTION 7. Notice of Award.** The Notice of Award (RFP 13-002),  
4 dated May 29, 2013, issued by GEDA and signed by Acting GEDA  
5 Administrator Mana Silva Taijeron, indicates that the Bank of Guam was  
6 selected to provide the financing necessary for the reconstruction of the  
7 historic Guam Legislature building in *Hagåtña*. A copy of the Notice of  
8 Award is appended to this document and identified as "Attachment 2."

9 The Notice of Award includes the following notes:

- 10 a. The Bank of Guam has been selected to provide the  
11 financing for the project in the amount of up to Four Million  
12 Dollars (\$4,000,000.00);
- 13 b. Closing costs are waived;
- 14 c. (Payments shall be) Interest only for eighteen (18) months on  
15 drawdowns;
- 16 d. No collateral relative to the U.S. Postal Service parcel or the  
17 Guam Legislature Building will be necessary;
- 18 e. The Bank of Guam must receive a Pledge and Assignment of  
19 Capitol District Fund and a Pledge of Full Faith and Credit of the  
20 Government of Guam as collateral for the loan.

21 **SECTION 8. Pledge and Assignment of Capitol District Fund.** *I*  
22 *Liheslaturan Guåhan* and the people of Guam do hereby accept the terms

1 and conditions described in the Bank of Guam's Provision of Services  
2 letter RFP 13-002, and do hereby pledge and assign the Capitol District  
3 Fund, as established by 21 GCA §§ 79601 and 79602, to the Bank of  
4 Guam until the full repayment of the Bank of Guam loan by *I Liheslatura*,  
5 including principal and interest, at which time the assignment shall  
6 cease, and the Capitol District Fund shall revert to *I Liheslatura*.

7       **SECTION 9. Authorization to Borrow.** In accordance with the  
8 conditions set by the Bank of Guam, a pledge of the Full Faith and  
9 Credit of the Government of Guam shall be secured with the  
10 concurrence of *I Maga'Lahen Guåhan*. Such pledge and concurrence shall  
11 be in the form of *I Maga'Lahen's* signature affixed to this Act, thereby  
12 authorizing *I Liheslaturan Guåhan*, on behalf of the Government of  
13 Guam, to borrow the sum of \$4,000,000.00 from the Bank of Guam upon  
14 the terms and conditions and for the purposes substantially as provided  
15 herein.

16       **SECTION 10. Pledge of Full Faith and Credit of the Government**  
17 **of Guam.** The obligation for repayment of the loan from the Bank of  
18 Guam shall be a General Obligation of the Government of Guam, not  
19 limited in recourse to any Funds or amounts pledged as security for  
20 repayment of the loan and shall be secured by the full faith and credit of  
21 the Government of Guam, which is pledged for the repayment of the  
22 loan from the Bank of Guam.

1           **SECTION 11. Execution of Loan.** The loan may be entered into,  
2 the Pledge and Assignment of the Capitol District Fund and Note for  
3 repayment of the loan, and a Loan Agreement and other documents as  
4 may be necessary or appropriate to the making of the loan may be  
5 entered into by the Speaker of *I Liheslaturan Guåhan*, with the  
6 concurrence in writing of *I Maga'Lahen Guåhan*.

7           **SECTION 12. Waiver of Sovereign Immunity.** Notwithstanding  
8 any substantive or procedural provision of Chapter 6 of Title 5, Guam  
9 Code Annotated, the Government of Guam shall not be entitled to  
10 immunity from any suit or action in contract on any indebtedness  
11 authorized hereby. For the purposes of this provision only, immunity is  
12 waived as to the award of attorney fees in connection with any suit  
13 brought to enforce any right or obligation incurred under the loan  
14 authorized hereby or in connection with the enforcement of any  
15 Agreement, Note or Pledge that arises directly from the indebtedness  
16 authorized hereby.

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WILLIAM D. LEON GUERRERO  
Executive Vice President and  
Chief Operating Officer

**BANK OF GUAM**  
THE PEOPLE'S BANK

Headquarters • P.O. Box BW • Hagåtña, Guam 96932

Tel: (671) 472-5273  
Fax: (671) 477-8687



Member FDIC

Provision of Services

RFP 13-002

April 23, 2013

**Henry Taitano**  
**Administrator**  
**Guam Economic Development Authority**  
ITC Building, Suite 511  
590 South Marine Corps Drive  
Tamuning, Guam 96913

**Re: RFP 13-002 for the Guam Legislature**

Dear Mr. Taitano:

The Bank of Guam is pleased to inform you it has approved a credit facility in the amount of \$4,000,000.00 in favor of the Guam Legislature and the Government of Guam for the reconstruction and the rehabilitation of the Guam Legislature Building with the following terms and conditions:

**Borrower:** Guam Legislature and the Government of Guam

**Amount:** \$4,000,000.00

**Terms:** Eighteen (18) months of interest only payments during reconstruction and rehabilitation period. Once reconstruction and rehabilitation period is completed, the loan will be amortized over Two Hundred and Twenty Two (222) months, and will mature in Sixty (60) months.

**Maturity:** 5 year maturity with an 18.5 year amortization, with 3 options to renew for an additional 5 years

**Rate:** The interest rate for the 18 month reconstruction and rehabilitation period will be variable at One and one quarter (1.25%) percent over the Wall Street Journal Prime Rate, with a minimum rate of Four and one half (4.50%) percent. The rate during the reconstruction and rehabilitation period will adjust on the 1<sup>st</sup> day of the next month after a change in the Wall Street Journal Prime Rate.

The interest rate once the reconstruction and rehabilitation period is completed will be fixed at 1.25% over the Wall Street Journal Prime Rate, with a minimum rate of 4.50%. The rate will adjust on the anniversary date of the loan.

The Wall Street Journal Prime Rate is currently at 3.25%, therefore, if the loan closed today the rate would be 4.50%.



**Fee:** None

**Collateral:** Pledge and Assignment of the Capital District Fund and the Full Faith and Credit of the Government of Guam.

**Guarantor:** None.

In the granting of the above facility the following will be obtained and agreed:

**Agreement:** In accordance with our usual customary practices, the bank shall conduct periodic reviews of this credit facility and the financial condition of the Borrower for loan continuance. In the event of an adverse change in the Borrower's financial condition, default by the Borrower under any of its obligation that may affect this loan, or should the Bank deem itself insecure, the Bank reserves the right to terminate any further advances or accelerate the maturity date under this or any credit facility.

- Other Terms:**
1. A completed construction contract by a contractor acceptable to the Bank shall be submitted to and approved by the Bank.
  2. Disbursements during the reconstruction and rehabilitation period will be made in accordance with a formal budget approved prior to funding. Borrower shall submit periodic updates when budget changes occur. Changes will be subject to the Bank's approval.
  3. 100% completion and performance bond with the Bank and assignees named as loss payee.
  4. Legal Opinion from Attorney General and Bank's Legal Counsel that the loan and conditions do not violate any laws, regulations, and agreements.
  5. All loan documents to be prepared by the Bank's Attorney. The legal fees from the loan document preparation to be paid by the Borrower.
  6. All costs related to the closing of this loan are to be borne by the Borrower. This includes the UCC1 filing fees.
  7. Waiver of Sovereign Immunity.
  8. Interest on the loan to be Income Tax-exempt.
  9. Audited Financial Statements of the Government of Guam are to be submitted annually and no later than 120 days after the completion of the audit.

The above terms and conditions are not to be all-inclusive. This conditional commitment is conditional on the preparation, execution and delivery of legal documentation in form and substance satisfactory to the Bank and its Legal Counsel.

**TERMS AND CONDITIONS CONTAINED AND OUTLINED ABOVE SHALL BE VALID UNTIL July 30, 2013.**

We appreciate your business and look forward to continuing to serve your financing needs.

Sincerely,



**WILLIAM D. LEON GUERRERO**  
**Executive Vice President and Chief Operating Officer**



**Aturidád Inadilánton Ikunumihan Guahan**

May 29, 2013

Mr. Keven Camacho, VP / Chief Lending Officer  
Bank of Guam  
111 Chalan Santo Papa  
Hagatna, Guam 96910

RE: Notice of Award – RFP 13-002 Request for Proposal from Any Bank, Banks or Commercial Lending Institutions for the Proposed Financing for the Reconstruction and Rehabilitation of the 1948 Guam Legislature Building in the amount of Four Million Dollars (\$4,000,000.00)

Hafa Adai Mr. Camacho!

It is my pleasure to inform you that Bank of Guam has been selected to provide the financing for the above Request for Proposal which seeks financing from any bank, banks or commercial lending institutions for the proposed financing for the reconstruction and rehabilitation of the 1948 Guam Legislature Building in the amount of four million dollars (\$4,000,000.00).

A thorough review of your proposal was followed by a negotiation meeting with you and Ms. Lou Leon Guerrero held on Thursday May 23, 2013. Key elements of our negotiation included:

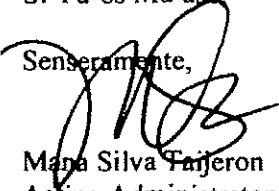
- Closing costs waived;
- Interest only for eighteen (18) months on drawdowns; and
- No collateral (U.S. Postal Service Parcel or the Guam Legislature Building)

On behalf of the Guam Legislature and GEDA, we hereby find the financing terms, as submitted in your proposal to be acceptable.

We thank you for your excellent proposal and look forward to working with you and your firm. Should you have any questions, please contact Antoinette T. Leon Guerrero, GEDA's Public Finance Officer at (671) 647-4332 or via email at [alg@investguam.com](mailto:alg@investguam.com).

Si Yu'os Ma'ase

Senseramente,

  
Mana Silva Tanjeron  
Acting Administrator

Attachment

Cc: Antoinette T. Leon Guerrero, GEDA's Public Finance Officer  
George Bamba, GEDA's Administrative Services Officer  
Vince Arriola, Guam Legislature Executive Director  
Agnes Cruz, Guam Legislature Chief Financial Officer

