

MINA' TRENTA NA LIHESLATURAN GUAHAN
THIRTIETH GUAM LEGISLATURE
2010 (SECOND) Regular

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Bill No. 479-30 (COR)

Introduced by:

FRANK B. AGUON, JR.

AN ACT TO EXPAND THE BORROWING ABILITY OF THE
GUAM MEMORIAL HOSPITAL AUTHORITY BY
INCLUDING THE AUTHORIZATION TO ALSO ENTER
INTO REVOLVING LOAN FUNDS, AND DIRECT LOANS,
BY AMENDING SUBSECTION (o) OF §80104, CHAPTER 80,
DIVISION 4, TITLE 10, GUAM CODE ANNOTATED.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. **Legislative Findings.** *I Liheslaturan Guahan* finds that the
3 authorization for the Guam Memorial Hospital Authority (GMHA) to only
4 enter into a line of credit, as provided pursuant to Subsection (o) of §80104,
5 Chapter 80, Division 4, Title 10, Guam Code Annotated, is too restrictive.
6 And, so as to further broaden the scope of borrowing options available, *I*
7 *Liheslaturan Guahan* finds it appropriate to additionally authorize GMHA
8 the borrowing alternatives of entering into the establishment of a revolving
9 loan fund, and/or a direct loan.

10 Further, *I Liheslaturan Guahan* finds it appropriate to provide for a
11 waiver wherein the government of Guam waives immunity from any suit

1 or action in contract upon the loan and guaranty. This provision is
2 necessary to encourage the participation of lending institutions by ensuring
3 they can pursue the recovery of funds loaned.

4 **Section 2.** Subsection (o) of §80104, Chapter 80, Division 4, Title 10,
5 Guam Code Annotated, is hereby amended to read:

6 “(o) Arrange a line of credit, a revolving loan fund, and/or a direct
7 loan, the total cumulative amount not to exceed Fifteen [Three] Million
8 Dollars (\$15,000,000), [(\$3,000,000)] with banks or other lending institutions
9 licensed on Guam. All terms of the line of credit, a revolving loan fund,
10 and/or a direct loan agreement shall be negotiated by the Authority in the
11 best interests of the people of Guam. The terms of the line of credit, a
12 revolving loan fund, and/or a direct loan agreement shall include the
13 following:

14 (1) The line of credit shall be used by the Authority when a
15 cash shortage which hampers the operation of the hospital is
16 imminent, provided that the line of credit shall not be used to finance
17 capital improvements or non-health care professionals.

18 (2) No charge shall be levied by a lender for opening the line of
19 credit.

20 (3) The interest rate shall be subjected to negotiation between
21 the Authority and the lender. Such interest rate shall be computed on

1 a monthly average and based on the actual amount extended to the
2 Authority.

3 (4) Interest earned by the lender shall be exempt from taxation
4 by the government of Guam.

5 (5) The Authority may pledge only its revenues as a security
6 for repayment of the loan.

7 (6) Any money borrowed shall be repaid [~~within three (3)~~] in
8 accordance with the terms established in the agreement, but not to
9 exceed an amortization period of more than fifteen (15) years. In no
10 case shall any amount borrowed be refinanced permitting repayment
11 more than fifteen (15) [~~three (3)~~] years after the loan is made.

12 (7) Notwithstanding the provision of Chapter 6 of Title 5 of the
13 Guam Code Annotated, the government of Guam hereby waives
14 immunity from any suit or action in contract upon the loan and
15 guaranty but does not waive sovereign immunity as to the personal
16 liability of elected or appointed officials and employees of the
17 government Guam."

18 **Section 3. Effective Date.** This Act shall become effective upon
19 enactment.