

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
63-35 (COR)	Therese M. Terlaje	AN ACT TO ADD A NEW (d) to § 77125, CHAPTER 77, TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO APPROVING AND AUTHORIZING THE GUAM NATIONAL TENNIS FEDERATION TO ASSIGN ITS LEASE TO ITS SUCCESSOR ENTITY AND FOR THE GUAM NATIONAL TENNIS FEDERATION, INC. TO ENTER INTO A LEASEHOLD MORTGAGE PURSUANT TO § 77125 (b) (2) OF CHAPTER 77, TITLE 21, GCA.	3/12/19 3:58 p.m.	3/22/19	Committee on Health, Tourism, Military Affairs and Senior Citizens	4/18/19 9:00 a.m.	4/24/19 1:34 p.m.	Request 3/22/19 Fiscal Note: 3/22/19	4/8/19- Exhibits to Bill No. 63-35 (COR)



Senator
THERESE M. TERLAJE

I Mina'trentai Singko na Libeslaturan Guåhan

35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

April 22, 2019

The Honorable Tina Rose Muña Barnes

Speaker

I Mina'trentai Singko na Liheslaturan Guåhan

163 Chalan Santo Papa

Hagåtña, Guam 96910

PRL

VIA: The Honorable Régine Biscoe Lee

Chairperson, Committee on Rules

RE: Committee Report on Bill No. 63-35 (COR), As Introduced

2019 APR 24 PM 1:34

Håfa Adai Speaker Barnes:

Transmitted herewith is the Committee Report on **Bill No. 63-35 (COR), As Introduced**— “An act to add a new (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, relative to approving and authorizing the Guam National Tennis Federation to assign its lease to its successor entity and for the Guam National Tennis Federation, Inc. to enter into a leasehold mortgage pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA.”

Committee votes are as follows:

- 4 TO DO PASS
- Ø TO NOT PASS
- 3 TO REPORT OUT ONLY
- Ø TO ABSTAIN
- Ø TO PLACE IN INACTIVE FILE

RECEIVED
 APR 22 2019
 COMMITTEE ON RULES
 [Signature]
 2:09pm.

Sincerely,

[Signature]
Therese M. Terlaje



Senator

THERESE M. TERLAJE

I Mina'trentai Singko na Libeslaturan Guåban

35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

COMMITTEE REPORT

Bill No. 63-35 (COR), As Introduced

by Senator Therese M. Terlaje

“An act to add a new (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, relative to approving and authorizing the Guam National Tennis Federation to assign its lease to its successor entity and for the Guam National Tennis Federation, Inc. to enter into a leasehold mortgage pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA.”

Mailing Address: Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910

Office Address: Ada Plaza Center, Suite 207, 173 Aspinall Avenue, Hagåtña, Guam 96910

Tel: (671) 472-3586 | Fax: (671) 969-3590 | Email: senatorterlajeguam@gmail.com

www.senatorterlaje.com



Senator

THERESE M. TERLAJE

I Mina'trentai Singko na Libeslaturan Guåhan


35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

April 22, 2019

MEMORANDUM

To: **All Members**
Committee on Health, Tourism, Historic Preservation, Land and Justice

From: **Senator Therese M. Terlaje** 
Committee Chairperson

Subject: **Committee Report on Bill No. 63-35 (COR), As Introduced**

Transmitted herewith for your consideration is the Committee Report on Bill No. 63-35 (COR), As Introduced – “An act to add a new (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, relative to approving and authorizing the Guam National Tennis Federation to assign its lease to its successor entity and for the Guam National Tennis Federation, Inc. to enter into a leasehold mortgage pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA.”

This report includes the following:

- Copy of COR Referral of Bill No. 63-35 (COR)
- Notices of Public Hearing & Other Correspondence
- Copy of the Public Hearing Agenda
- Public Hearing Sign-in Sheet
- Submitted Testimonies & Supporting Documents
- Copy of Bill No. 63-35 (COR), As Introduced
- Copy of Fiscal Note / Waiver from Bureau of Budget and Management Research
- Committee Vote Sheet

Please take the appropriate action on the attached vote sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact me.

Si Yu'os ma'åse'!

Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telena Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), Ph.D.,
Member

Senator Sabina Flores Perez
Member

Senator Clynton E. Ridgell
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

March 22, 2019

Senator Joe S. San Agustin,
Member

Senator Jose T. Terlaje,
Member

Senator Therese M. Terlaje,
Member

Senator James C. Moylan,
Member

Senator Mary Camacho Torres,
Member and
Chair, Subcommittee on Protocol

MEMO

To: **Rennae Meno**
Clerk of the Legislature
Attorney Julian Aguon
Legislative Legal Counsel

From: **Senator Régine Biscoe Lee**
Chairperson, Committee on Rules

Re: **Referral of Bill No. 63-35 (COR)**

Buenas yan Háfa adai.

As per my authority as Chairperson of the Committee on Rules and subject to §6.01(d), Rule VI of our Standing Rules, I am forwarding the referral of **Bill No. 63-35 (COR)**.

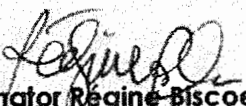
Please ensure that the subject bill is referred to the **Committee on Health, Tourism, Historic Preservation, Land and Justice**, chaired by Senator Therese M. Terlaje.

I also request that the same be forwarded to the prime sponsor of the subject bill.

If you have any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.

Respectfully,


Senator Régine Biscoe Lee
Chairperson, Committee on Rules

I Mina'trentai Singko Na Liheslaturan Guåhan
 BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REPEALED	COM. REFERRED	PUBLIC HEARING DATE	WAYS COMMITTEE REPORTALED	REG. AGENTS	NOTES
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FIRST NOTICE of Public Hearing – Thursday, April 18, 2019 beginning at 9:00 a.m.

1 message

Senator Therese Terlaje <senatorterlajeguam@gmail.com>

Thu, Apr 11, 2019 at 9:52 AM

To: Speaker's Office <speaker@guamlegislature.org>, Vice Speaker Telen Cruz Nelson <senatorcnelson@guamlegislature.org>, Office of Senator Shelton Guam Legislature <officeofsenatorshelton@guamlegislature.org>, "Office of Senator Kelly Marsh (Taitano), PhD." <office.senatorkelly@guamlegislature.org>, Senator Regine Biscoe Lee <senatorbiscoelee@guamlegislature.org>, "Senator Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, Senator Therese Terlaje <senatorterlajeguam@gmail.com>, Senator Clynt Ridgell <sen.cridgell@teleguam.net>, Senator Jose Pedro Terlaje <senatorpedo@senatorjpterlaje.com>, Senator Sabina Perez <office@senatorperez.org>, Senator Wil Castro <wilcastro671@gmail.com>, Senator Louise Borja Muna <senatorlouise@gmail.com>, Senator Telo Taitague <senatortelot@gmail.com>, Senator James Moylan <senatormoylan@guamlegislature.org>, "Senator Mary C. Torres" <senatormary@guamlegislature.org>

Cc: phnotice@guamlegislature.org

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April 11, 2019

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Therese M. Terlaje
Chairperson, Committee on Health, Tourism, Historic Preservation, Land and Justice

Subject: **FIRST NOTICE of Public Hearing – Thursday, April 18, 2019 beginning at 9:00 a.m.**

Håfa Adai!

Please be advised that the Committee on Health, Tourism, Historic Preservation, Land and Justice will convene a public hearing on **Thursday, April 18, 2019 beginning at 9:00 a.m.** in *I Liheslaturan Guåhan's* Public Hearing Room (Guam Congress Building, Hagåtña).

On the agenda are the following items:

- **Bill 63-35 (COR)**- Therese M. Terlaje- An Act to Add a New (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, Relative to Approving and Authorizing the Guam National Tennis Federation to Assign its Lease to its Successor Entity and for the Guam National Tennis Federation, Inc. to Enter into a Leasehold Mortgage Pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA.
- **Confirmation Hearing** to serve as **Members of the Board of Trustees, Guam Memorial Hospital Authority for the following executive appointees:**
 - Michael J. Um, MD
 - Theresa C. Obispo
 - Evangeline F. R. Allen
 - Sarah M. Thomas-Nededog

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We look forward to your attendance and participation. *Si Yu'os Ma'åse!*

--

Office of Senator Therese M. Terlaje

Committee on Health, Tourism, Historic Preservation, Land and Justice

I Mina'trentai Singko na Liheslaturan Guåhan

35th Guam Legislature

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First notice PH 4.18.19_GNTF Bill & GMHA BOT CH_TMT.pdf

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Senator

THERESE M. TERLAJE

I Mina'trentai Singko na Libeslaturan Guåhan


35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

April 11, 2019

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Therese M. Terlaje 
Chairperson, Committee on Health, Tourism, Historic Preservation, Land and Justice

Subject: **FIRST NOTICE of Public Hearing** – Thursday, April 18, 2019 beginning at 9:00 a.m.
Håfa Adai!

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We look forward to your attendance and participation. *Si Yu'os Ma'åse!*

Mailing Address: Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910

Office Address: Ada Plaza Center, Suite 207, 173 Aspinall Avenue, Hagåtña, Guam 96910

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www.senatorterlaje.com

GUAM DAILY POST • THURSDAY, APRIL 11, 2019

Wreckage confirmed to be from crashed Japanese F-35 fighter

TOKYO (Reuters) - Search and rescue teams found wreckage belonging to a Japanese Lockheed Martin F-35 stealth fighter that disappeared on Tuesday over the Pacific Ocean close to northern Japan, a military spokesman said on Wednesday. "We recovered the wreckage and

Self Defense Force as needed. The Pentagon said it was monitoring the situation.

A U.S. military short take off and landing F-35B crashed near the Marine Corps Air Station Beaufort in South Carolina in September prompting a temporary grounding of the aircraft, its stance, he said.

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Committee On Health,
Tourism, Historic Preservation,
Land and Justice



SENATOR THERESE M. TERLAJE

I Mina'trentai Singko na Liheslaturan Guåhan
35th Guam Legislature

PUBLIC HEARING • 9:00 AM • Thursday, April 18, 2019
Guam Legislature Public Hearing Room, Guam Congress Building, Hagåtña

AGENDA:

- **Bill 63-35 (COR)**- Therese M. Terlaje- An Act to Add a New (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, Relative to Approving and Authorizing the Guam National Tennis Federation to Assign its Lease to its Successor Entity and for the Guam National Tennis Federation, Inc. to Enter into a Leasehold Mortgage Pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA.
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If you require any special accommodations or for further information, please contact the Office of Senator Therese M. Terlaje at 472-3586. Testimonies may be submitted to our office at Ada Plaza Center, Suite 207, 173 Aspinall Avenue, Hagåtña, Guam 96910; to the Guam Congress Building, or via email at senatorterlaje@guam.com. The hearing will broadcast on local television, GTA Channel 21, Docomo Channel 117/60.4 and stream online via I Liheslaturan Guåhan's live feed at http://www.guamlegislature.com/live_feed.htm. This ad is paid for with government funds.



Senator Therese Terlaje <senatorterlajeguam@gmail.com>

SECOND NOTICE of Public Hearing – Thursday, April 18, 2019 beginning at 9:00 a.m.

1 message

Senator Therese Terlaje <senatorterlajeguam@gmail.com>

Mon, Apr 15, 2019 at 8:11 PM

To: Speaker's Office <speaker@guamlegislature.org>, Vice Speaker Telena Cruz Nelson <senatorrcnelson@guamlegislature.org>, Office of Senator Shelton Guam Legislature <officeofsenatorshelton@guamlegislature.org>, "Office of Senator Kelly Marsh (Taitano), PhD." <office.senatorkelly@guamlegislature.org>, Senator Regine Biscoe Lee <senatorbiscoelee@guamlegislature.org>, "Senator Joe S. San Agustin" <senatorjoessanagustin@gmail.com>, Senator Therese Terlaje <senatorterlajeguam@gmail.com>, Senator Clynt Ridgell <sen.cridgell@teleguam.net>, Senator Jose Pedro Terlaje <senatorpedo@senatorjpterlaje.com>, Senator Sabina Perez <office@senatorperez.org>, Senator Wil Castro <wilcastro671@gmail.com>, Senator Louise Borja Muna <senatorlouise@gmail.com>, Senator Telo Taitague <senatortelot@gmail.com>, Senator James Moylan <senatormoylan@guamlegislature.org>, "Senator Mary C. Torres" <senatormary@guamlegislature.org>

Cc: phnotice@guamlegislature.org

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April 15, 2019

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Therese M. Terlaje, Chairperson
Committee on Health, Tourism, Historic Preservation, Land and Justice

Subject: **SECOND NOTICE of Public Hearing – Thursday, April 18, 2019 beginning at 9:00 a.m.**

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We look forward to your attendance and participation. *Si Yu'os Ma'åse!*

--

Office of Senator Therese M. Terlaje

Committee on Health, Tourism, Historic Preservation, Land and Justice

I Mina'trentai Singko na Liheslaturan Guåhan

35th Guam Legislature

Office Location: Ada Plaza Center, Suite 207, 173 Aspinall Avenue, Hagåtña, Guam 96910

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 **Second notice PH 4.18.19_GNTF Bill & GMHA Conf H.pdf**
216K



Senator

THERESE M. TERLAJE

I Mina'trentai Singko na Libeslaturan Guåhan


35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

April 15, 2019

MEMORANDUM

To: All Senators, Stakeholders and Media

From: Senator Therese M. Terlaje 
Chairperson, Committee on Health, Tourism, Historic Preservation, Land and Justice

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We look forward to your attendance and participation. *Si Yu'os Ma'åse!*

Mailing Address: Guam Congress Building, 163 Chalan Santo Papa, Hagåtña, Guam 96910

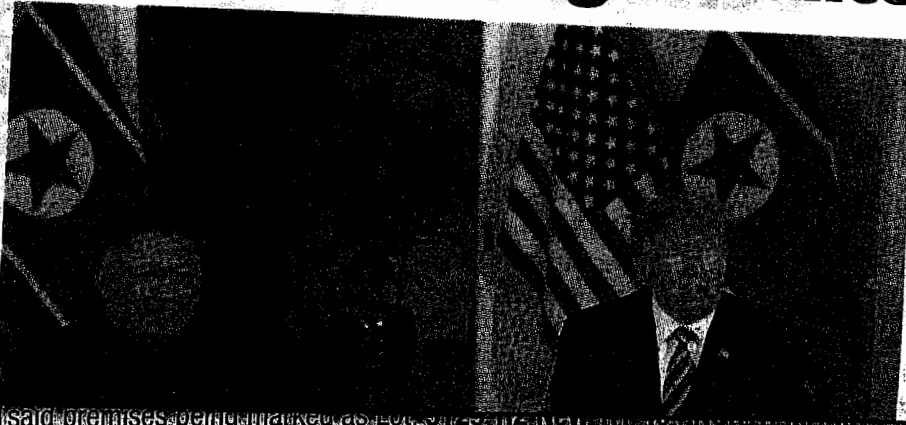
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GUAM DAILY POST • MONDAY, APRIL 15, 2019

summit if US changes stance



said premises being marked as...
CORPS Tamuning/Tumon/Harmon

**Committee On Health,
Tourism, Historic Preservation,
Land and Justice**



SENATOR THERESE M. TERLAJE

I Mina'trental Singko na Liheslaturan Guahan
35th Guam Legislature

PUBLIC HEARING • 9:00 AM • Thursday, April 18, 2019

Guam Legislature Public Hearing Room, Guam Congress Building, Hagåtña

AGENDA:

- **BILL 63-35 (COR)**- Therese M. Terlaje- An Act to Add a New (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, Relative to Approving and Authorizing the Guam National Tennis Federation to Assign its Lease to its Successor Entity and for the Guam National Tennis Federation, Inc. to Enter into a Leasehold Mortgage Pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA.
- Confirmation Hearing to serve as **Members of the Board of Trustees, Guam Memorial Hospital Authority: Michael J. Um, MD, Theresa C. Obispo, Evangeline F. R. Allen, Sarah M. Thomas-Nededog**

If you require any special accommodations or for further information, please contact the Office of Senator Therese M. Terlaje at 472-3586. Testimonies may be submitted to our office at Ada Plaza Center, Suite 207, 173 Aspinall Avenue, Hagåtña, Guam 96910, to the Guam Congress Building, or via email at senatorterlaje@guam.gov. The hearing will broadcast on local television, GTA Channel 21, Docomo Channel 117/60.4 and stream online via Liheslaturan Guahan's live feed at http://www.guamlegislature.com/live_feed.htm. This ad is paid for with government funds.

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Updated as of 3.11.19



THERESE M. TERLAJE

I Mina'trentai Singko na Liheslaturan Guåhan

35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

Thursday, April 18, 2019

9:00 AM

AGENDA

- Bill No. 63-35 (COR) – Therese M. Terlaje – “AN ACT TO ADD A NEW (d) to § 77125, CHAPTER 77, TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO APPROVING AND AUTHORIZING THE GUAM NATIONAL TENNIS FEDERATION TO ASSIGN ITS LEASE TO ITS SUCCESSOR ENTITY AND FOR THE GUAM NATIONAL TENNIS FEDERATION, INC. TO ENTER INTO A LEASEHOLD MORTGAGE PURSUANT TO § 77125 (b) (2) OF CHAPTER 77, TITLE 21, GCA. “

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 - Michael J. Um, MD.
 - Theresa C. Obispo
 - Evangeline F. R. Allen
 - Sarah M. Thomas-Nededog

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We look forward to your attendance and participation.

Si Yu'os Ma'åse

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Office of Senator Therese M. Terlaje

Committee on Health, Tourism, Historic Preservation, Land and Justice

Date: **Thursday, April 18, 2019**

Time: **9:00 AM**

Bill No. 63-35 (COR) - Therese M. Terlaje - "AN ACT TO ADD A NEW (d) to § 77125, CHAPTER 77, TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO APPROVING AND AUTHORIZING THE GUAM NATIONAL TENNIS FEDERATION TO ASSIGN ITS LEASE TO ITS SUCCESSOR ENTITY AND FOR THE GUAM NATIONAL TENNIS FEDERATION, INC. TO ENTER INTO A LEASEHOLD MORTGAGE PURSUANT TO § 77125 (b) (2) OF CHAPTER 77, TITLE 21, GCA."

	NAME	ADDRESS	CONTACT NO.	E-MAIL	Type of Testimony		Support	
					WRITTEN	ORAL	Yes	No
1	Torgun Smith	PO Box 2312 Hagoatna 96932	687-5483	torgun@gntf.org		✓	✓	
2	Benita Manglona	Gm H	988-1010	benita.manglona@gmha.org			✓	
3	William Posada	GMYA	687-8166	william.perez-posada@gmha.org			✓	
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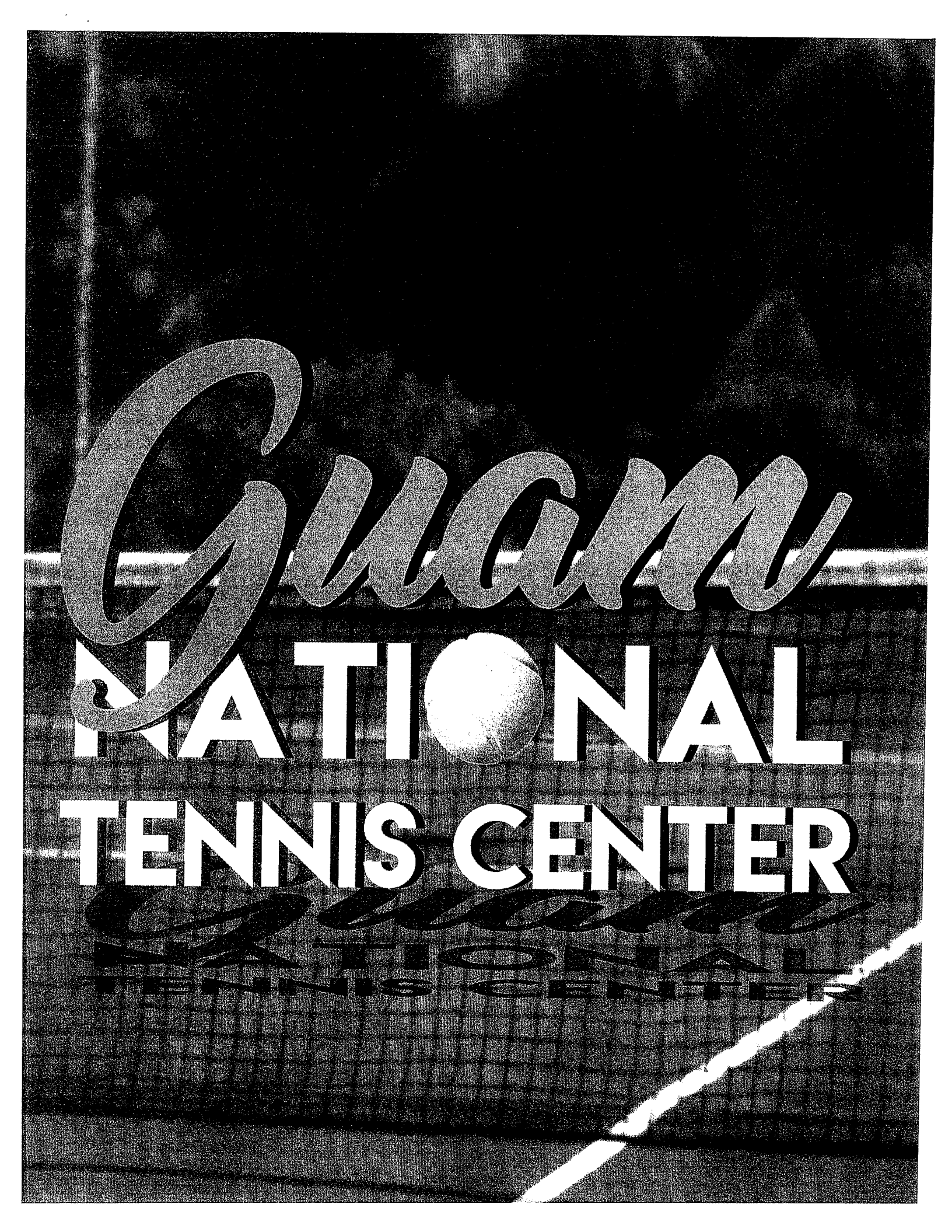
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	NAME	ADDRESS	CONTACT NO.	E-MAIL	Type of Testimony		Support	
					WRITTEN	ORAL	Yes	No
1	DUNCAN MADDY	STE 200, Hagadna 189 Murray Blvd	477-7418	MUSLAN@COMM.GUAM.GOV		X		
2								
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The image features a black and white, high-contrast photograph of a tennis court. The court's surface is visible, with white lines for the service line and the center line. A tennis ball is positioned in the middle of the court, directly in front of the text. The background is dark and grainy, suggesting an outdoor setting at night or in low light. The text 'GUAM NATIONAL TENNIS CENTER' is prominently displayed in the center of the image. 'GUAM' is written in a large, stylized, cursive font with a 3D effect. 'NATIONAL' and 'TENNIS CENTER' are written in a bold, sans-serif font, also with a 3D effect. The entire text is reflected on the court surface below it.

GUAM
NATIONAL
TENNIS CENTER

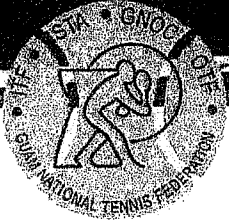
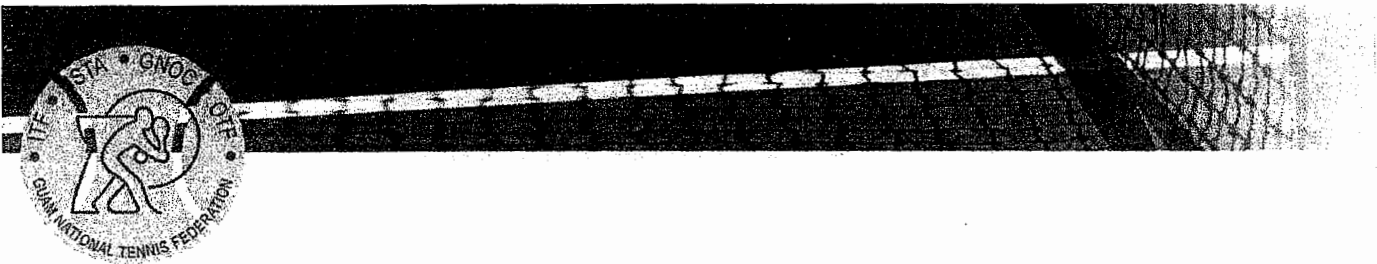


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SECTION I | EXECUTIVE SUMMARY

Organization: Guam National Tennis Federation established 1972

Mission

Guam National Tennis Federation (GNTF) intends to build a self-sustaining National Tennis Center to develop the sport of tennis and grow the sport among our local community. Primarily the facility will provide a pathway for youth to develop as tennis players.

The National Tennis Center

GNTF will build a National Tennis Center on land leased at the Harmon Sports Complex.

Key Personnel

Project will be led by GNTF board of directors, Torgun Smith President. Committee includes Ken Hsieh, Engineer; Albert Tsustui, Architect; Kim Ewart, Architect; Tom Camacho, Government Liaison; Todd Smith, businessman; Marc Adler, consultant; Benson Au-Yeng, businessman; and Duncan McCully, Attorney. Facility manager will be recruited when the project is in completion stage. For continuity of leadership, a separate foundation and board of directors will be formed to oversee management of the facility. This board will be comprised of stakeholders in the project.

The Market

The tennis industry has several market segments we intend to target: individual players, tennis leagues/groups, tourist groups, after school programs, camps, tournaments and events, and pro shop. These segments can be broken down by age, juniors, and adults.

Products and Services

In order to reach the market segments GNTF's National Tennis Center will provide a wide variety of tennis services to all age groups to include: junior development, junior academy, after school program, junior team tennis, private instruction, adult development, adult team tennis, challenge ladders, ball machine rental, tournaments and events, wheelchair tennis, social activities, pro shop, court reservations, annual memberships, GNTF base of operations, and venue for international professional coaches and players.



SECTION II | NARRATIVE

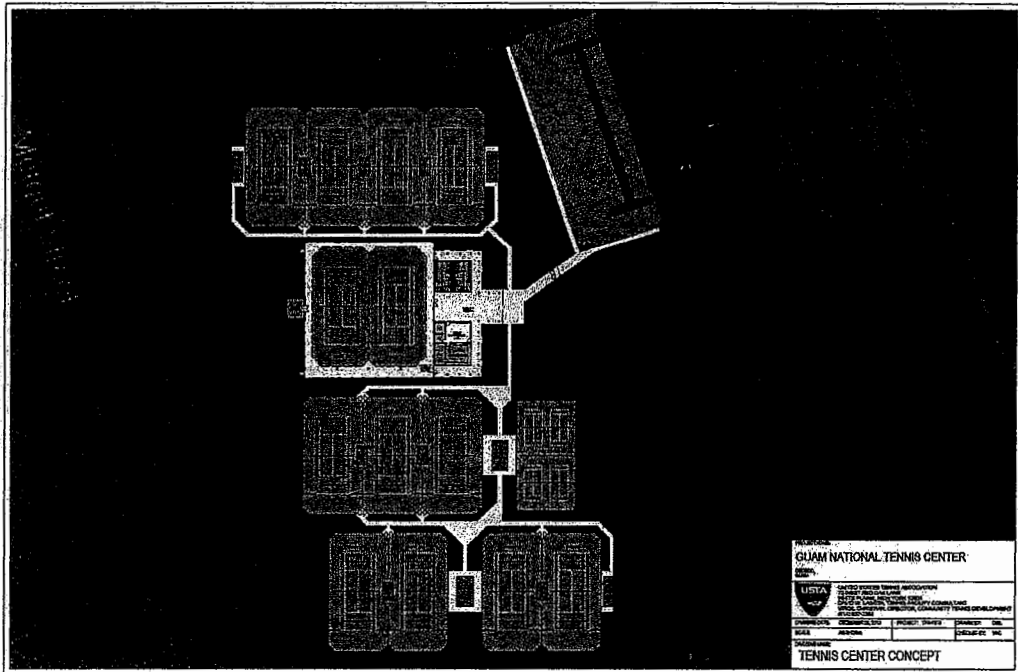
INTRODUCTION and PROJECT OVERVIEW

Guam National Tennis Center (GNTC)

GNTF has a 25 year lease for 5 acres of property at the Guam Sports complex in Harmon, Guam. GNTF will build a world class facility that GNTF can run and maintain to grow the sport of tennis. Our proposed GNTC facility will offer an additional facility for players to play tennis. This facility is not meant to replace the competition. This facility is meant to increase facilities on Guam which would meet the increasing demand for tennis on island. GNTF will have a base of operations and an opportunity to maintain the highest standard for social community tennis all the way up to the international professional level.

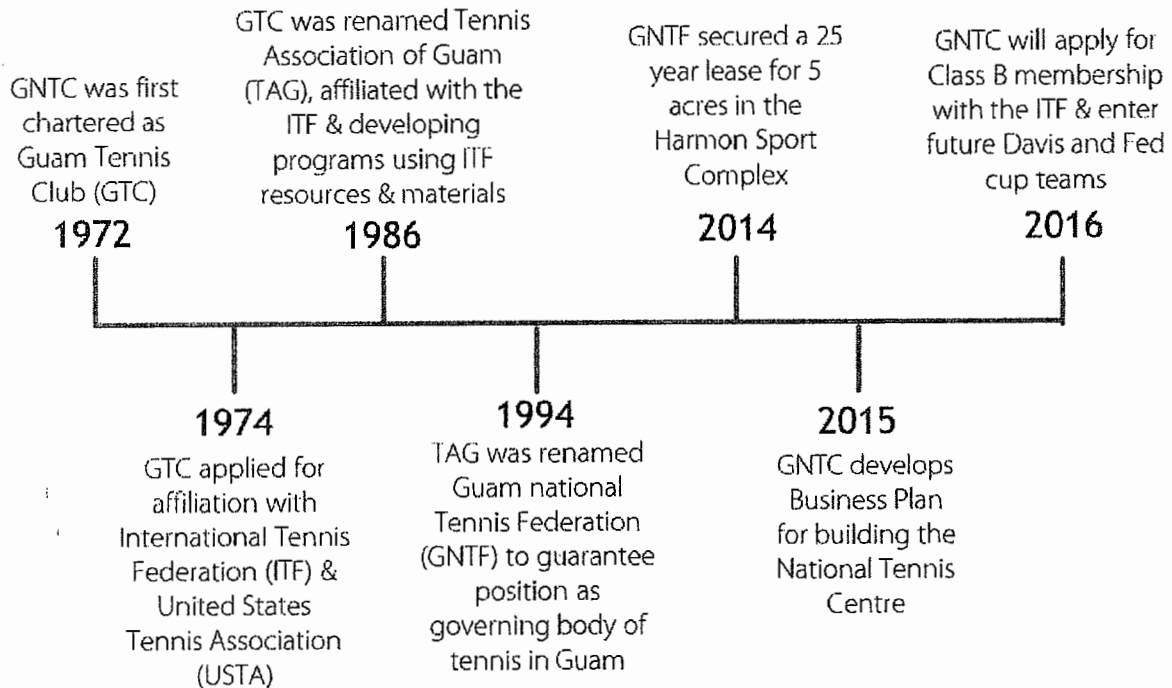
USTA has designed a rendering of a facility with up to 12 courts to include a dedicated youth court. *Phase 1:* Six tennis courts with lights, parking lot, restrooms/locker room, and office/storage building. Two or three courts are planned to be covered. One court will be dedicated for mini tennis programs for juniors as young as under 10 years old. Phase 1 construction will begin in 2017.

- GNTF is the governing body of tennis on Guam.
- GNTF is a member of the International Tennis Federation (ITF) the Oceania Tennis Federation (OTF) the United States Tennis Association (USTA) and the Guam National Olympic Committee (GNOC)
- GNTF has hosted an ITF Pro Circuit event, the King's Guam Futures tournament, for six years since 2010. The plan is to continue to host the event annually
- GNTF has hosted an ITF Junior Circuit event in 2014 - 2016. The plan is to continue to host the event annually.
- More information on the GNTF can be found on our website www.gntf.org
- All tennis courts on Guam are owned by third parties such as hotels, Department of Parks and Recreation or private individuals.





History of GNTF



Competition

Two frequently highest used facilities are Hilton Tennis Club and Rick Ninete Tennis Center (RNTC). Hilton is a private club that is membership based; and RNTC is a public court free to all to use. Hilton has five courts. Two of these courts are over 40 years old, and the other three are over 30 years old. Hilton's club has long been the standard



in tennis for Guam tournaments and social play. In recent years Hilton's facility, has lacked the upkeep required to maintain an international standard. Court # 3 is not usable for competition, it has been closed indefinitely. RNTC has four courts. In 2015 the courts were resurfaced and new fencing added. Tiyon courts have been closed for safety concerns due to lack of maintenance.



Marketing Strategy

All current local tennis players will be encouraged to play at the new facility and become members of GNTF which will include the annual tennis court package. We will also encourage all kids from public and private schools to participate in the after school programs at the facility. Japan Tennis Association will assist GNTF with marketing a tennis package for JTA clubs and organizations as a tennis tourism destination.

Funding requirement

Phase 1 is projected to cost \$1,240,000. Grant funding goal of \$500,000 has been set. Private donations and targeted crowd funding are expected to raise another 500,000. Revenue through affordable memberships, hourly rentals, and through further grants and donations are estimated at \$240,000 is expected to be obtained. Planned revenues include facilities normal operating revenues, project grant funding, a 10 year commitment of private donations and 3 years of government assistance to cover operation expenses and debt service.

Phase 2 will be constructed as funding becomes available and demand requires.

Financial projections

Revenue projections for the first year are modest and expected to grow annually for 3 years. Project grant funding will be secured for tennis and community projects, and operations. Debt service will be covered by private corporate donations and court naming rights sponsorship.

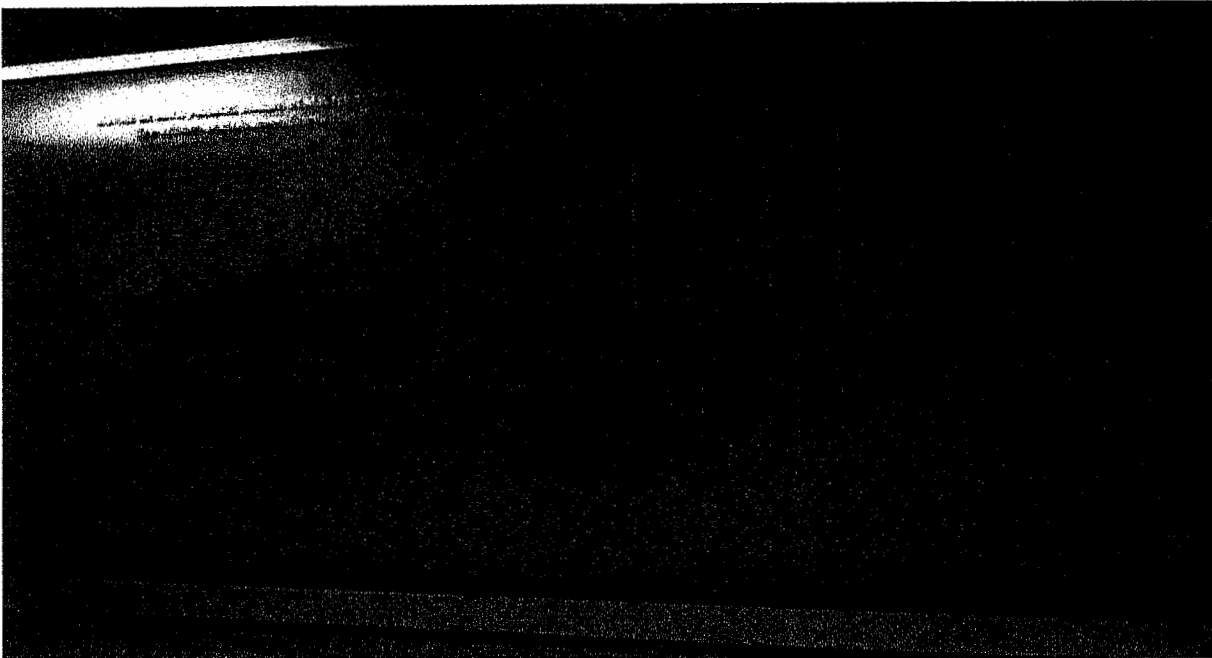
Corporate Sponsors

Naming rights for the courts will be the main benefit for the corporate sponsors. Each committed sponsor will have a court named after their company. As key stakeholders each sponsor will have a representative on the managing board of directors.



Private Donors

Private donors will be given recognition such as a plaque or brick on the clubhouse "Donor Wall". Example below:



In addition to lifetime recognition on the "Donor Wall" we will offer at a minimum the following:

- \$1,000 – One Year Membership
- \$5,000 – Ten Year Membership
- \$10,000 – Twenty Year Membership
- \$20,000+ - Lifetime Membership

Private donors will be solicited locally with one on one approach sharing the business plan and the community benefits. International donors will also be contacted via the network of GNTF contacts.

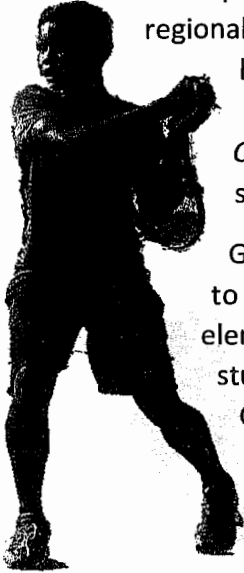
Key issues

This is a new facility from the ground up. A facility manager with tennis club operation knowledge will be a challenge to hire. As of 2016, the GNTF board now has 4 year terms. For continuity, a separate long term board needs to be established for lending and investor confidence.



PROJECT OBJECTIVES

Tennis Development



Development of the sport of tennis is a main goal and focus of the GNTF. ITF's regional development officers have stressed the importance of the federation having their own facility and coaches. It is very widely known the key to a successful development program is *"the 3 C's"* - *Court, Coaching, and Competition*. All courts on Guam are owned and controlled by third parties such as hotels, Department of Parks and Recreation or private individuals.

GNTF does not have a place to call home. GNTF will build a world class facility to support a development program for beginning kids as young as ages 4-6, to elementary school kids in GNTF's schools program, to middle and high school students aspiring to go to play tennis in US colleges, and perhaps represent Guam in the annual international competition of Davis Cup & Fed Cup by BNP Paribas. Ultimately it is a possibility the pathway can lead to careers as professional tennis players. Quadrennial competitions such as the Micronesian Games, Pacific Games, and even the Olympic Games will be pathway development goals. ITF, USTA and Tennis Australia all have an emphasis on introducing tennis to kids under 10 years old. In 2012, ITF rewrote the rules for U10 tennis. The tennis industry responded with smaller nets, softer lower bouncing tennis balls and smaller rackets. Minimum of two courts will have blended lines on the court to maximize the U10 programs. The master plan will also include dedicated full time under 10 courts.

PROJECT IMPACT (BENEFITS)

As it relates to the community at large

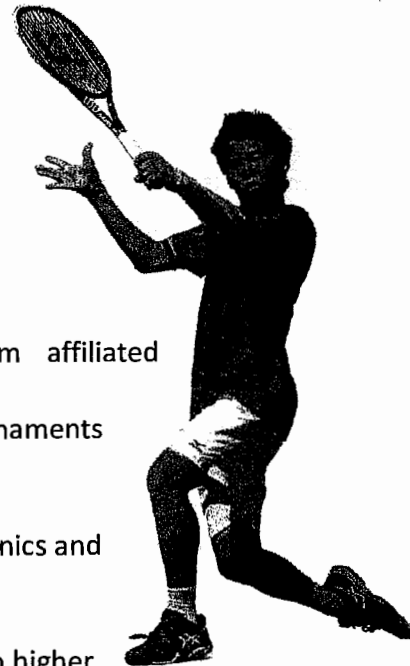
- Serve island residents
- Serve low to moderate income segments of the community
- Free clinics from time to time
- GNTF school visits will encourage all kids to participate in tennis programs
- Low to moderate income kids will have scholarship opportunities
- Enhances quality of life for residents by providing quality sporting facility
- Enhances quality of life for residents by providing quality sporting entertainment
- Inspires residents to take up or continue playing tennis
- Provides contribution to a healthy lifestyle and improved physical fitness
- Provides an opportunity for local players to participate in social and community events
- Provides an introduction to tennis fundamentals for new and veteran players
- Fosters increased tennis community camaraderie



- Provides a wheelchair accessible activity
- Offers a pastime where neighbors can meet, play and enjoy social activities
- Addresses our aging population interest in ways to maintain good health
- Counteracts the consequences of inactivity like obesity, diabetes, and heart disease
- Promotes public pride and goodwill
- Establishes Guam as a community interested in the health and well-being of its youth and citizens

As it relates to GNTF

- Provides a base of operations for GNTF
- Increases the awareness of tennis to increase participation in the sport
- Venue to encourage Guam's youth to take up the sport;
- Venue for development programs pathway from age 4-6 up to adult and national team members
- Venue for international professionals training year round
- Provides competition opportunities for players from affiliated federations
- Provides high-level facility for local and international tournaments
- Venue for local and international development programs
- Revenue source for GNTF to expand the sport
- Venue for professionals to visit Guam to provide tennis clinics and instruction
- Venues for events will develop local officials
- Local Guam officials will have opportunity to be invited to higher level tennis events as linesmen, further developing the sport in Guam. A Guam linesman has worked at the highest level of our sport, the Grand Slam, Australian Open



As it relates to a Tourist destination

- Provides a venue for visiting clubs and tennis camps to enjoy tennis on Guam as a group
- Helps establish Guam's reputation as a viable world-class sporting event destination
- Showcases Guam's culture, hospitality and visitor attractions to off-island players, officials, spectators and tennis dignitaries
- Helps establish Guam as a tennis destination to millions of Asian tennis players and millions of others around the world
- Position Guam as the "tennis package" destination
- Economic engine to deliver tennis playing consumers with upscale demographics



New Opportunities for Youth

- Tennis is a sport for all ages and a lifetime
- Encourages healthy youth activities
- Promotes academic success. Better attendance and attachment to school-improved performance leads to greater graduation from high school results
- Tennis provides an outlet to curtail youth violence and after school crime

Market Segments

- Individual players - all tennis players young and old
- Leagues - all tennis players young and old
- Tournaments and events
- Camps and instructional programs - all sports complex users
- Group tourist destination - clubs from international destinations

Products and Services

- *Junior (Youth) Development Instruction* - A child's first tennis experience is very important and classes provide fun and entertaining atmosphere. A quality venue will enhance the child's first experience.
- *Junior Academy* - Academy is for players who have more interest in the sport and will play 3-5 times a week trying to improve their skills to more advanced levels.
- *After School Program* - Provides a subsidized community venue for working parents to put their children in a positive atmosphere that offer opportunity to develop a sports skill and positive personality.
- *Adult Development Instruction* - People are likely to continue to play tennis with a positive experience in improving with a coach's instruction rather than trying to pick up the game on their own.
- *Adult Team Coaching* - Team coaching can build team concept and friendship among teammates while improving skills and strategies.
- *Private Instruction* - Tennis players of all ages and ability levels always want to pick up tips and instructions to help them improve their level.
- *Junior Team Tennis* - Junior teams offer opportunity to have competition among a team environment



- *Wheelchair Clinics* - GNTF would like to encourage wheelchair tennis by offering clinics for anyone in wheelchair who would like to take up tennis.
- *Challenge Ladders* - Ladders give players an opportunity to have competitive matches with people outside their normal playing partners. Ladders allow more flexible schedules than tournament formats. Players may choose to have many or fewer matches but have opportunity for competitive matches on their schedule.
- *Pro Shop* - Supply players with tennis balls, grips, racket stringing services and the like.
- *Ball Machine Rental* - Many players wish to work on strokes by themselves with a tennis ball machine due to difficulty finding partners or coaches that can fit their schedules.
- *Tournament Events* - From local to international professional tournaments, this venue will provide enough courts for matches to be played and practice courts as well.
- *Social Events* - Building a sense of community is important to the facility's success. Socials are an opportunity to enjoy the game in a fun and relaxed atmosphere. New player can have opportunity to attend socials to encourage their participation in tennis in general.
- *Court Reservation and Rental* - Courts may be reserved for a fee by the public. \$10.00 per court day time and \$15.00 under the lights.
- *Annual Membership* - GNTF will have membership levels to include an annual membership that will have unlimited access to the GNTF facility.

PROJECT SUSTAINABILITY

Organization History



The Guam National Tennis Federation roots go back to 1972 when it was first chartered as the Guam Tennis Club. The first Constitution was written for the GTC with about 10 charter members and led by Mr. Joe Paulino, its first president. By 1974, GTC applied for affiliation with the International Lawn Tennis Association and the United States Tennis Association.

By 1986, GTC was renamed Tennis Association of Guam, affiliated with the International Tennis Federation under the leadership of then president Helga Hosie. With the assistance of ITF, TAG tennis programs have developed using ITF

resources and materials.



By 1994, TAG was renamed Guam National Tennis Federation under the guidance of President Rick Ninete. This move guaranteed GNTF as the governing body of tennis in Guam. Since then, GNTF has secured membership with the Guam National Olympic Committee, ITF, USTA and Oceania Tennis Federation.

GNTF administers the National and Junior National team training programs, provides free clinics open to the general public, runs or sanctions all local tennis tournaments and the USTA Adult Leagues. In association with the ITF, OTF, USTA Schools, Tennis Australia & the Australian Open Pacific Pathway, GNTF administers an introduction to tennis program at several Guam elementary schools every year.

As the national association for Guam and a member of GNOG, GNTF is responsible for nominating and managing players to represent the island at the East Asian Games, the Pacific Games, the Mini Pacific Games, the Micronesian Games, and the North Pacific Junior Qualifier tournaments.

GNTF has been elevated from an ITF Class C member to a Class B member which is a big step for Guam tennis. GNTF had applied for Class B in 2016 and in 2017 GNTF will be a Class B member. Class B membership will allow Guam the opportunity to enter Davis Cup and Fed Cup teams into the annual worldwide competition.

GNTF is the only local organization authorized to apply directly to the ITF to host professional tennis events such as the Guam Futures Tennis Tournament. The GNTF and its members maintain a close relationship with the Japan Tennis Association for professional tennis events. Guam is considered an emerging professional tennis destination with the success of events such as the Guam Futures tennis tournament.

Bill Camacho (deceased) - former GNTF president had a mission to build a national tennis center as a base for Guam tennis. Bill had lobbied the 31st Guam Legislature to lease the GNTF 5 acres of land to build this facility. PL 31-67 granted this right. In October 2014 GNTF secured a 25 year lease for 5 acres in the Harmon sport complex

Following the Guam Football Association's successful model, we plan to grow our sport through development and charge each member a fee for membership which will include use of the tennis facility. Tennis does not have deep pockets like FIFA so our support will have to come from mostly our local community. A 10 year commitment from corporate community leaders will be asked to meet the debt service required for such a big project.



QUALIFICATION & EXPERIENCE

Torgun Smith, CPA –

Smith has been a tennis player on Guam for over 38 years. He is President of the Guam National Tennis Federation, and Secretary General Oceania Tennis Federation, the regional governing body of tennis. Smith serves on the International Tennis Federation's Davis Cup & Fed Cup Task force chaired by ITF President David Haggerty. He has been a board member, treasurer and president of GNTF as well as national team player and coach, off and on since the 1980's. He is owner/partner of Tennis Academy of Guam and a certified tennis professional with the Professional Tennis Registry. Smith is a partner and Executive Vice President of Morrico Equipment LLC and is a Certified Public Accountant.

Kent C. Hsieh, P.E. –

Hsieh started playing tennis approximately 4 years ago. As a Registered Professional Civil Engineer on Guam, Hsieh has over 30 years of experience in engineering, program, and construction management. He is currently providing program and business management services to Dimension Systems. Hsieh is also owner/partner of DSI Technology in the Philippines, a sole distributor of an advance business telephone system.

Albert Tsutsui, AIA–

Tsutsui, as Principal in charge for Albert H. Tsutsui, AIA Inc has been responsible for architectural, planning, design, and construction management of various facilities for commercial, government of Guam and US Military projects in Japan, Guam, Saipan and the Pacific region since 1973. Tsutsui is very familiar with the tropical and environmental conditions of Guam and has extensive experience with sporting facilities of buildings, houses, schools, sports facilities.

Duncan McCully –

McCully was born in Santa Monica, California, and has lived on Guam since 1978. He is an attorney admitted to the practice of law in the state of Oregon, Guam and the Commonwealth of the Northern Mariana Islands. His practice is limited to commercial, real property, corporate, banking and debtor-creditor matters. He is a member of the Guam Bar and was the Chairman of the Guam Bar Ethics Committee for 10 years. He has played tennis off and on for most of his life. He is presently the secretary of the Guam National Tennis Federation.



Jeff Bristol –

Bristol is currently Vice President of the Guam National Tennis Federation. Sports have always been a big part of his life. However, golf and tennis remain at the top of the list as he is an avid golfer and tennis player. In fact, it was his passion for golf and tennis and his entrepreneurial mindset that lead to his ventures into the sporting goods business. Bristol is President of Goody's Sporting Goods, Island Discount Golf & Tennis and Vice President of A.B. Sports, an authorized Nike retailer. He has been involved with sporting goods retail on Guam for 20 years and has over 30 years of experience in the sports industry.

Kimberly Ewart, NCARB –

Ewart has played tennis and participated in league play for over 30 years. She has served on tennis boards and committees in the United States, New Zealand, and Singapore and is currently a Guam National Tennis Federation board member. Ewart is an award winning Registered Professional Architect with over 20 years of experience, strong leadership abilities and demonstrated expertise in comprehensive architectural services, strategic planning, program management, master planning, and construction administration.

Benson Au-Yeung –

Au-Yeung has been a tennis player on Guam for over 30 years. He participated and served as the tournament director for the Chinese Tennis Club on Guam since 1986. Au-Yeung has supported, sponsored, and played in various tennis tournaments and leagues on Guam and Saipan over these years. He is currently President of the Chinese Chamber of Commerce on Guam; a member of GHRA, GCA, and UCAG; and was Winner of the 2008 SBA Minority Champion for Guam. He is self-employed as the President of Benz Sign Supplies (wholesaler of graphics supplies), Paradise Awning (construction of sunshades), and Cube Inc. (billboard advertising).

Tom Camacho -

Camacho is the brother of the late GNTF President Bill Camacho. He assisted Bill along the way playing an instrumental part in securing the public law to grant the GNTF the land for the lease of the project.



SECTION III | FINANCIAL PROJECTIONS

Construction Costs: Phase One	Total
Two tennis courts with covering and lighting for premium members (8 lights per court)	\$150,000
Cover for 2 courts	\$300,000
One Exhibition Court for tournaments	\$75,000
Three tennis courts with Lighting (8 lights per court), for available access at no cost for area residents from 9 am - 4 pm	\$220,000
One Court, under 12 size to include four junior-sized courts	\$75,000
Main facility with locker rooms, showers and bathrooms (for men and women) and conference rooms	\$295,000
Parking lot for 60 vehicles	\$60,000
Alleys access to tennis courts	\$50,000
Equipment: Ice Machine, ball machine, water blaster rackets, balls, ball pick up	\$15,000
Total	\$1,240,000

Project Budget - 15 year plan attached

Revenue Summary:		Year 1	Year 2	Year 3	Year 4-10	Year 11-15
Court naming rights	2 companies 10 years @ \$15,000 per year 4 companies 10 years \$10,000 year	\$70K	\$70K	\$70K	\$70K	\$30K
GNTF Membership	Adult and Junior tennis center membership fees	\$34K	\$47K	\$62.5K	\$72.5K	\$72.5K
Non member court fees	Day \$10/hour per court, Night \$15.00/hr estimate \$500 month (1st year)	\$6K	\$4.8K	\$3.6K	\$3.6K	\$3.6K
Other fees	Group -court rental/jr. camps/senior camps/leagues- tournaments/After school program/pro shop rental/tennis coach revenue share	\$25K	\$30K	\$35K	\$37K	\$37K
Grants and/or 3 years GRT offset	Reserves for ambitious 3 year start up (125K => 50,000, 40,000, 35,000) OR Grant money for operations	\$50K	\$40K	\$35K	\$10K	
	Total Annual revenue	\$185K	\$191.8K	\$206.1K	\$193.1K	\$143.1K



Expense Summary for ongoing support Phase Two and Beyond

	Minimum	Estimate conservative
Staff & Management	\$ 52,000.00	\$ 70,000.00
Debt service on est. \$400K	\$ 32,000.00	\$ 40,000.00
Sinking fund (resurface courts 3-4 years)	\$ 22,500.00	\$ 25,000.00
R & M, Lights, Squeegees, Ice machine, wind screens, Pressure washing	\$ 18,560.00	\$ 10,000.00
Utilities, building and court lights	\$ 16,000.00	\$ 18,000.00
	\$ 141,060.00	\$ 163,000.00

Recommendations

- Construct a Phase 1 of the master plan 6 lighted tennis court (2-3 covered budget allowing), clubhouse locker rooms and parking lot.
- Provide a clubhouse and pro shop with adequate meeting room space to bring in incremental revenues
- Operate with amenities of a private facility but affordable to permanent residents
- GNTF maintain and /or control to insure that the development objectives of the Federation are realized

Scope Timeline- project requirements, milestones, deliverables and end products

- Secure site – Lease signed October 2014
- Feasibility - Done
- Business plan - Done
- MOU for shared parking lot – March 2017
- Secure funding/Sponsorships – 1st and 2nd Quarter 2017
- Constructions Phase 1 – 2nd & 3rd Quarter 2017
- Appoint Management - 60 days prior to completion
- Marketing Campaign - 60 days prior to completion

RECORDATION REQUESTED BY:

Bank of Guam
P.O. Box BW
Hagatna, GU 96932

WHEN RECORDED MAIL TO:

Bank of Guam
P.O. Box BW
Hagatna, GU 96932

SEND TAX NOTICES TO:

Bank of Guam
P.O. Box BW
Hagatna, GU 96932

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

MORTGAGE

THIS MORTGAGE dated January 30, 2019, is made and executed between Guam National Tennis Federation, Inc., whose address is P.O. Box 2312, Hagatna, GU 96932 (referred to below as "Grantor") and Bank of Guam, whose address is P.O. Box BW, Hagatna, GU 96932 (referred to below as "Lender").

GRANT OF MORTGAGE. For valuable consideration, Grantor mortgages and conveys to Lender all of Grantor's right, title, and interest in, and under the Lease described below of the following described real property, together with all existing or subsequently erected or affixed buildings, improvements and fixtures, all easements, rights of way, and appurtenances; all water, water rights, watercourses and ditch rights (including stock in utilities with ditch or irrigation rights); and all other rights, royalties, and profits relating to the real property, including without limitation any rights Grantor later acquires in the fee simple title to the land, subject to the Lease, and all minerals, oil, gas, geothermal and similar matters, (the "Real Property") located in the Territory of Guam:

PARCEL 1 (a portion of Lot No. 10142-NEW-R4), Municipality of Dededo, Guam, containing an area of 132,516.6 +/- square feet (12,311.2 +/- square meters)

PARCEL 2 (a portion of Lot 10142-NEW-3, Doc. No. 788675) contains an area of 85,241 +/- square feet (7,919.2 +/- square meters). The total portion to be leased hereunder contains an area of 217,800 +/- square meters (5 acres)

The Real Property or its address is commonly known as

PARCEL 1 (a portion of Lot No. 10142-NEW-R4)

PARCEL 2 (a portion of Lot 10142-NEW-3, Doc. No. 788675), Dededo, GU.

Grantor presently assigns to Lender all of Grantor's right, title, and interest in and to all present and future leases of the Property and all Rents from the Property. In addition, Grantor grants to Lender a Uniform Commercial Code security interest in the Personal Property and Rents.

THIS MORTGAGE, INCLUDING THE ASSIGNMENT OF RENTS AND THE SECURITY INTEREST IN THE RENTS AND PERSONAL PROPERTY, IS GIVEN TO SECURE (A) PAYMENT OF THE INDEBTEDNESS AND (B) PERFORMANCE OF ANY AND ALL OBLIGATIONS UNDER THE NOTE, THE RELATED DOCUMENTS, AND THIS MORTGAGE. THIS MORTGAGE IS GIVEN AND ACCEPTED ON THE FOLLOWING TERMS:

PAYMENT AND PERFORMANCE. Except as otherwise provided in this Mortgage, Grantor shall pay to Lender all amounts secured by this Mortgage as they become due and shall strictly perform all of Grantor's obligations under this Mortgage.

POSSESSION AND MAINTENANCE OF THE PROPERTY. Grantor agrees that Grantor's possession and use of the Property shall be governed by the following provisions:

Possession and Use. Until the occurrence of an Event of Default, Grantor may (1) remain in possession and control of the Property; (2) use, operate or manage the Property; and (3) collect the Rents from the Property.

Duty to Maintain. Grantor shall maintain the Property in tenable condition and promptly perform all repairs, replacements, and maintenance necessary to preserve its value.

Compliance With Environmental Laws. Grantor represents and warrants to Lender that: (1) During the period of Grantor's leasehold interest in the Property, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance by any person on, under, about or from the Property; (2) Grantor has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by Lender in writing, (a) any breach or violation of any Environmental Laws; (b) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Substance on, under, about or from the Property by any prior owners or occupants of the Property; or (c) any actual or threatened litigation or claims of any kind by any person relating to such matters; and (3) Except as previously disclosed to and acknowledged by Lender in writing, (a) neither Grantor nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release any Hazardous Substance on, under, about or from the Property; and (b) any such activity shall be conducted in compliance with all applicable federal, state, and local laws, regulations and ordinances, including without limitation all Environmental Laws. Grantor authorizes Lender and its agents to enter upon the Property to make such inspections and tests, at Grantor's expense, as Lender may deem appropriate to determine compliance of the Property with this section of the Mortgage. Any inspections or tests made by Lender shall be for Lender's purposes only and shall not be construed to create any responsibility or liability on the part of Lender to Grantor or to any other person. The representations and warranties contained herein are based on Grantor's due diligence in investigating the Property for Hazardous Substances. Grantor hereby (1) releases and waives any future claims against Lender for indemnity or contribution in the event Grantor becomes liable for cleanup or other costs under any such laws; and (2) agrees to indemnify, defend, and hold harmless Lender against any and all claims, liabilities, damages, penalties, and expenses which Lender may directly or indirectly sustain or suffer resulting from a breach of this section of the Mortgage or as a consequence of any use, generation, manufacture, storage, disposal,

EXHIBIT ONE

release or threatened release occurring prior to Grantor's ownership or interest in the Property, whether or not the same was or should have been known to Grantor. The provisions of this section of the Mortgage, including the obligation to indemnify and defend, shall survive the payment of the indebtedness and the satisfaction and reconveyance of the lien of this Mortgage and shall not be affected by Lender's acquisition of any interest in the Property, whether by foreclosure or otherwise.

Nuisance, Waste. Grantor shall not cause, conduct or permit any nuisance nor commit, permit, or suffer any stripping of or waste on or to the Property or any portion of the Property. Without limiting the generality of the foregoing, Grantor will not remove, or grant to any other party the right to remove, any timber, minerals (including oil and gas), coal, clay, scoria, soil, gravel or rock products without Lender's prior written consent.

Removal of Improvements. Grantor shall not demolish or remove any improvements from the Real Property without Lender's prior written consent. As a condition to the removal of any improvements, Lender may require Grantor to make arrangements satisfactory to Lender to replace such improvements with improvements of at least equal value.

Lender's Right to Enter. Lender and Lender's agents and representatives may enter upon the Real Property at all reasonable times to attend to Lender's interests and to inspect the Real Property for purposes of Grantor's compliance with the terms and conditions of this Mortgage.

Compliance with Governmental Requirements. Grantor shall promptly comply with all laws, ordinances, and regulations, now or hereafter in effect, of all governmental authorities applicable to the use or occupancy of the Property, including without limitation, the Americans With Disabilities Act. Grantor may contest in good faith any such law, ordinance, or regulation and withhold compliance during any proceeding, including appropriate appeals, so long as Grantor has notified Lender in writing prior to doing so and so long as, in Lender's sole opinion, Lender's interests in the Property are not jeopardized. Lender may require Grantor to post adequate security or a surety bond, reasonably satisfactory to Lender, to protect Lender's interest.

Duty to Protect. Grantor agrees neither to abandon or leave unattended the Property. Grantor shall do all other acts, in addition to those acts set forth above in this section, which from the character and use of the Property are reasonably necessary to protect and preserve the Property.

Compliance with Lease. Grantor will pay all rents and will strictly observe and perform on a timely basis all other terms, covenants, and conditions of the Lease. Grantor will indemnify, defend, and hold Lender harmless against all losses, liabilities, actions, suits, proceedings, costs, including reasonable attorneys' fees, claims, demands, and damages whatsoever which may be incurred by reason of Grantor's failure to pay rents or strictly observe or perform under the Lease.

Other Agreements Relating to the Lease. Grantor further agrees (1) not to surrender, terminate, or cancel the Lease, and (2) not to modify, change, supplement, alter, or amend the Lease, either orally or in writing, without Lender's prior written consent. Any attempt by Grantor to do any of the foregoing without Lender's prior written consent will be void and of no force and effect. At Lender's option, Grantor will deposit with Lender as further security all original documents relating to the Lease and the leasehold interest in the Property. Unless Grantor is in breach or default of any of the terms contained in this Mortgage, Lender will have no right to cancel, modify, change, supplement, alter or amend the leasehold interest. No estate in the Property, whether fee title to the leasehold premises, the leasehold estate, or any subleasehold estate, will merge without Lender's express written consent; rather these estates will remain separate and distinct, even if there is a union of these estates in the landlord, Grantor, or a third party who purchases or otherwise acquires the estates. Grantor further agrees that if Grantor acquires all or a portion of the fee simple title, or any other leasehold or subleasehold title to the Property, that title will, at Lender's option, immediately become subject to the terms of this Mortgage, and Grantor will execute, deliver and record all documents necessary or appropriate to assure that such title is secured by this Mortgage.

Notices Relating to the Lease. Grantor will promptly notify Lender in writing:

- (1) if Grantor is in default in the performance or observance of any of the terms, covenants, or conditions which Grantor is to perform or observe under the Lease;
- (2) if any event occurs which would constitute a default under the Lease;
- (3) if any notice of default is given to Grantor by the landlord under the Lease;
- (4) if, pursuant to the Lease, any proceeds received for the Property are deposited with someone other than Lender, whether received from any insurance on the Property or from the taking of any or all of the Property by eminent domain; and
- (5) if any arbitration or appraisal proceedings are requested or instituted pursuant to the Lease.

Grantor agrees to provide Lender promptly with a copy of all written materials relating to any of the above and to provide Lender with such other information as Lender may reasonably request. Grantor agrees that promptly after the execution and delivery of this Mortgage, Grantor will notify the landlord under the Lease in writing of the execution and delivery of this Mortgage and of the name and address of Lender and will deliver a copy of this Mortgage to the landlord.

Option to Cure Lease Default. Upon Lender's receipt of any written notice of Grantor's default under the Lease, Lender may, at Lender's option, cure such default, even though Grantor, or any party on behalf of Grantor, questions or denies the existence of such default or the nature of the default. Grantor expressly grants to Lender the absolute and immediate right to enter upon the Property to such extent and as often as Lender in its sole discretion deems necessary or desirable in order to prevent or cure any such default by Grantor.

CONSTRUCTION LOAN. If some or all of the proceeds of the loan creating the indebtedness are to be used to construct or complete construction of any improvements on the Property, the improvements shall be completed no later than the maturity date of the Note (or such earlier date as Lender may reasonably establish) and Grantor shall pay in full all costs and expenses in connection with the work. Lender will disburse loan proceeds under such terms and conditions as Lender may deem reasonably necessary to insure that the interest created by this Mortgage shall have priority over all possible liens, including those of material suppliers and workmen. Lender may require, among other things, that disbursement requests be supported by receipted bills, expense affidavits, waivers of liens, construction progress reports, and such other documentation as Lender may reasonably request.

TAXES AND LIENS. The following provisions relating to the taxes and liens on the Property are part of this Mortgage:

Payment. Grantor shall pay when due (and in all events prior to delinquency) all taxes, payroll taxes, special taxes, assessments, water charges and sewer service charges levied against or on account of the Property, and shall pay when due all claims for work done on or for services rendered or material furnished to the Property. Grantor shall maintain the Property free of any liens having priority over or equal to the interest of Lender under this Mortgage, except for those liens specifically agreed to in writing by Lender, and except for the lien of taxes

and assessments not due as further specified in the Right to Contest paragraph.

Right to Contest. Grantor may withhold payment of any tax, assessment, or claim in connection with a good faith dispute over the obligation to pay, so long as Lender's Interest in the Property is not jeopardized. If a lien arises or is filed as a result of nonpayment, Grantor shall within fifteen (15) days after the lien arises or, if a lien is filed, within fifteen (15) days after Grantor has notice of the filing, secure the discharge of the lien, or if requested by Lender, deposit with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender in an amount sufficient to discharge the lien plus any costs and reasonable attorneys' fees, or other charges that could accrue as a result of a foreclosure or sale under the lien. In any contest, Grantor shall defend itself and Lender and shall satisfy any adverse judgment before enforcement against the Property. Grantor shall name Lender as an additional obligee under any surety bond furnished in the contest proceedings.

Evidence of Payment. Grantor shall upon demand furnish to Lender satisfactory evidence of payment of the taxes or assessments and shall authorize the appropriate governmental official to deliver to Lender at any time a written statement of the taxes and assessments against the Property.

Notice of Construction. Grantor shall notify Lender at least fifteen (15) days before any work is commenced, any services are furnished, or any materials are supplied to the Property, if any mechanic's lien, materialmen's lien, or other lien could be asserted on account of the work, services, or materials. Grantor will upon request of Lender furnish to Lender advance assurances satisfactory to Lender that Grantor can and will pay the cost of such improvements.

PROPERTY DAMAGE INSURANCE. The following provisions relating to insuring the Property are a part of this Mortgage:

Maintenance of Insurance. Grantor shall procure and maintain policies of fire insurance with standard extended coverage endorsements on a replacement basis for the full insurable value covering all Improvements on the Real Property in an amount sufficient to avoid application of any coinsurance clause, and with a standard mortgagee clause in favor of Lender. Grantor shall also procure and maintain comprehensive general liability insurance in such coverage amounts as Lender may request with Lender being named as additional insureds in such liability insurance policies. Additionally, Grantor shall maintain such other insurance, including but not limited to hazard, business interruption and boiler insurance as Lender may require. Policies shall be written by such insurance companies and in such form as may be reasonably acceptable to Lender. Grantor shall deliver to Lender certificates of coverage from each insurer containing a stipulation that coverage will not be cancelled or diminished without a minimum of thirty (30) days' prior written notice to Lender and not containing any disclaimer of the insurer's liability for failure to give such notice. Each insurance policy also shall include an endorsement providing that coverage in favor of Lender will not be impaired in any way by any act, omission or default of Grantor or any other person. Should the Real Property be located in an area designated by the Administrator of the Federal Emergency Management Agency as a special flood hazard area, Grantor agrees to obtain and maintain Federal Flood Insurance, if available, for the full unpaid principal balance of the loan and any prior liens on the property securing the loan, up to the maximum policy limits set under the National Flood Insurance Program, or as otherwise required by Lender, and to maintain such insurance for the term of the loan.

Application of Proceeds. Grantor shall promptly notify Lender of any loss or damage to the Property. Lender may make proof of loss if Grantor fails to do so within fifteen (15) days of the casualty. Whether or not Lender's security is impaired, Lender may, at Lender's election, receive and retain the proceeds of any insurance and apply the proceeds to the reduction of the indebtedness, payment of any lien affecting the Property, or the restoration and repair of the Property. If Lender elects to apply the proceeds to restoration and repair, Grantor shall repair or replace the damaged or destroyed improvements in a manner satisfactory to Lender. Lender shall, upon satisfactory proof of such expenditure, pay or reimburse Grantor from the proceeds for the reasonable cost of repair or restoration if Grantor is not in default under this Mortgage. Any proceeds which have not been disbursed within 180 days after their receipt and which Lender has not committed to the repair or restoration of the Property shall be used first to pay any amount owing to Lender under this Mortgage, then to pay accrued interest, and the remainder, if any, shall be applied to the principal balance of the indebtedness. If Lender holds any proceeds after payment in full of the indebtedness, such proceeds shall be paid to Grantor as Grantor's interests may appear.

Grantor's Report on Insurance. Upon request of Lender, however not more than once a year, Grantor shall furnish to Lender a report on each existing policy of insurance showing: (1) the name of the insurer; (2) the risks insured; (3) the amount of the policy; (4) the property insured, the then current replacement value of such property, and the manner of determining that value; and (5) the expiration date of the policy. Grantor shall, upon request of Lender, have an independent appraiser satisfactory to Lender determine the cash value replacement cost of the Property.

LENDER'S EXPENDITURES. If any action or proceeding is commenced that would materially affect Lender's interest in the Property or if Grantor fails to comply with any provision of this Mortgage or any Related Documents, including but not limited to Grantor's failure to discharge or pay when due any amounts Grantor is required to discharge or pay under this Mortgage or any Related Documents, Lender on Grantor's behalf may (but shall not be obligated to) take any action that Lender deems appropriate, including but not limited to discharging or paying all taxes, liens, security interests, encumbrances and other claims, at any time levied or placed on the Property and paying all costs for insuring, maintaining and preserving the Property. All such expenditures incurred or paid by Lender for such purposes will then bear interest at the rate charged under the Note from the date incurred or paid by Lender to the date of repayment by Grantor. All such expenses will become a part of the indebtedness and, at Lender's option, will (A) be payable on demand; (B) be added to the balance of the Note and be apportioned among and be payable with any installment payments to become due during either (1) the term of any applicable insurance policy; or (2) the remaining term of the Note; or (C) be treated as a balloon payment which will be due and payable at the Note's maturity. The Mortgage also will secure payment of these amounts. Such right shall be in addition to all other rights and remedies to which Lender may be entitled upon Default.

WARRANTY; DEFENSE OF TITLE. The following provisions relating to ownership of the Property are a part of this Mortgage:

Title. Grantor warrants that: (a) Grantor holds good and marketable title of record to the leasehold interest in the Property pursuant to the Lease, free and clear of all liens and encumbrances other than those set forth in the Real Property description or in any title insurance policy, title report, or final title opinion issued in favor of, and accepted by, Lender in connection with this Mortgage, and (b) Grantor has the full right, power, and authority to execute and deliver this Mortgage to Lender.

Defense of Title. Subject to the exception in the paragraph above, Grantor warrants and will forever defend the title to the Property against the lawful claims of all persons. In the event any action or proceeding is commenced that questions Grantor's title or the interest of Lender under this Mortgage, Grantor shall defend the action at Grantor's expense. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of Lender's own choice, and Grantor will deliver, or cause to be delivered, to Lender such instruments as Lender may request from time to time to permit such participation.

**MORTGAGE
(Continued)**

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Compliance With Laws. Grantor warrants that the Property and Grantor's use of the Property complies with all existing applicable laws, ordinances, and regulations of governmental authorities.

Survival of Representations and Warranties. All representations, warranties, and agreements made by Grantor in this Mortgage shall survive the execution and delivery of this Mortgage, shall be continuing in nature, and shall remain in full force and effect until such time as Grantor's Indebtedness shall be paid in full.

CONDEMNATION. The following provisions relating to condemnation proceedings are a part of this Mortgage:

Proceedings. If any proceeding in condemnation is filed, Grantor shall promptly notify Lender in writing, and Grantor shall promptly take such steps as may be necessary to defend the action and obtain the award. Grantor may be the nominal party in such proceeding, but Lender shall be entitled to participate in the proceeding and to be represented in the proceeding by counsel of its own choice, and Grantor will deliver or cause to be delivered to Lender such instruments and documentation as may be requested by Lender from time to time to permit such participation.

Application of Net Proceeds. If all or any part of the Property is condemned by eminent domain proceedings or by any proceeding or purchase in lieu of condemnation, Lender may at its election require that all or any portion of the net proceeds of the award be applied to the Indebtedness or the repair or restoration of the Property. The net proceeds of the award shall mean the award after payment of all reasonable costs, expenses, and attorneys' fees incurred by Lender in connection with the condemnation.

IMPOSITION OF TAXES, FEES AND CHARGES BY GOVERNMENTAL AUTHORITIES. The following provisions relating to governmental taxes, fees and charges are a part of this Mortgage:

Current Taxes, Fees and Charges. Upon request by Lender, Grantor shall execute such documents in addition to this Mortgage and take whatever other action is requested by Lender to perfect and continue Lender's lien on the Real Property. Grantor shall reimburse Lender for all taxes, as described below, together with all expenses incurred in recording, perfecting or continuing this Mortgage, including without limitation all taxes, fees, documentary stamps, and other charges for recording or registering this Mortgage.

Taxes. The following shall constitute taxes to which this section applies: (1) a specific tax upon this type of Mortgage or upon all or any part of the Indebtedness secured by this Mortgage; (2) a specific tax on Grantor which Grantor is authorized or required to deduct from payments on the Indebtedness secured by this type of Mortgage; (3) a tax on this type of Mortgage chargeable against the Lender or the holder of the Note; and (4) a specific tax on all or any portion of the Indebtedness or on payments of principal and interest made by Grantor.

Subsequent Taxes. If any tax to which this section applies is enacted subsequent to the date of this Mortgage, this event shall have the same effect as an Event of Default, and Lender may exercise any or all of its available remedies for an Event of Default as provided below unless Grantor either (1) pays the tax before it becomes delinquent, or (2) contests the tax as provided above in the Taxes and Liens section and deposits with Lender cash or a sufficient corporate surety bond or other security satisfactory to Lender.

SECURITY AGREEMENT; FINANCING STATEMENTS. The following provisions relating to this Mortgage as a security agreement are a part of this Mortgage:

Security Agreement. This instrument shall constitute a Security Agreement to the extent any of the Property constitutes fixtures, and Lender shall have all of the rights of a secured party under the Uniform Commercial Code as amended from time to time.

Security Interest. Upon request by Lender, Grantor shall take whatever action is requested by Lender to perfect and continue Lender's security interest in the Rents and Personal Property. In addition to recording this Mortgage in the real property records, Lender may, at any time and without further authorization from Grantor, file executed counterparts, copies or reproductions of this Mortgage as a financing statement. Grantor shall reimburse Lender for all expenses incurred in perfecting or continuing this security interest. Upon default, Grantor shall not remove, sever or detach the Personal Property from the Property. Upon default, Grantor shall assemble any Personal Property not affixed to the Property in a manner and at a place reasonably convenient to Grantor and Lender and make it available to Lender within three (3) days after receipt of written demand from Lender to the extent permitted by applicable law.

Addresses. The mailing addresses of Grantor (debtor) and Lender (secured party) from which information concerning the security interest granted by this Mortgage may be obtained (each as required by the Uniform Commercial Code) are as stated on the first page of this Mortgage.

FURTHER ASSURANCES; ATTORNEY-IN-FACT. The following provisions relating to further assurances and attorney-in-fact are a part of this Mortgage:

Further Assurances. At any time, and from time to time, upon request of Lender, Grantor will make, execute and deliver, or will cause to be made, executed or delivered, to Lender or to Lender's designee, and when requested by Lender, cause to be filed, recorded, refiled, or rerecorded, as the case may be, at such times and in such offices and places as Lender may deem appropriate, any and all such mortgages, deeds of trust, security deeds, security agreements, financing statements, continuation statements, instruments of further assurance, certificates, and other documents as may, in the sole opinion of Lender, be necessary or desirable in order to effectuate, complete, perfect, continue, or preserve (1) Grantor's obligations under the Note, this Mortgage, and the Related Documents, and (2) the liens and security interests created by this Mortgage as first and prior liens on the Property, whether now owned or hereafter acquired by Grantor. Unless prohibited by law or Lender agrees to the contrary in writing, Grantor shall reimburse Lender for all costs and expenses incurred in connection with the matters referred to in this paragraph.

Attorney-in-Fact. If Grantor fails to do any of the things referred to in the preceding paragraph, Lender may do so for and in the name of Grantor and at Grantor's expense. For such purposes, Grantor hereby irrevocably appoints Lender as Grantor's attorney-in-fact for the purpose of making, executing, delivering, filing, recording, and doing all other things as may be necessary or desirable, in Lender's sole opinion, to accomplish the matters referred to in the preceding paragraph.

FULL PERFORMANCE. If Grantor pays all the Indebtedness when due, and otherwise performs all the obligations imposed upon Grantor under this Mortgage, Lender shall execute and deliver to Grantor a suitable satisfaction of this Mortgage and suitable statements of termination of any financing statement on file evidencing Lender's security interest in the Rents and the Personal Property. Grantor will pay, if permitted by applicable law, any reasonable termination fee as determined by Lender from time to time.

EVENTS OF DEFAULT. Each of the following, at Lender's option, shall constitute an Event of Default under this Mortgage:

Payment Default. Grantor fails to make any payment when due under the Indebtedness.

Default on Other Payments. Failure of Grantor within the time required by this Mortgage to make any payment for taxes or insurance, or any other payment necessary to prevent filing of or to effect discharge of any lien.

Other Defaults. Grantor fails to comply with or to perform any other term, obligation, covenant or condition contained in this Mortgage or in any of the Related Documents or to comply with or to perform any term, obligation, covenant or condition contained in any other agreement between Lender and Grantor.

False Statements. Any warranty, representation or statement made or furnished to Lender by Grantor or on Grantor's behalf under this Mortgage or the Related Documents is false or misleading in any material respect, either now or at the time made or furnished or becomes false or misleading at any time thereafter.

Defective Collateralization. This Mortgage or any of the Related Documents ceases to be in full force and effect (including failure of any collateral document to create a valid and perfected security interest or lien) at any time and for any reason.

Insolvency. The dissolution or termination of Grantor's existence as a going business, the insolvency of Grantor, the appointment of a receiver for any part of Grantor's property, any assignment for the benefit of creditors, any type of creditor workout, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Grantor.

Creditor or Forfeiture Proceedings. Commencement of foreclosure or forfeiture proceedings, whether by judicial proceeding, self-help, repossession or any other method, by any creditor of Grantor or by any governmental agency against any property securing the indebtedness. This includes a garnishment of any of Grantor's accounts, including deposit accounts, with Lender. However, this Event of Default shall not apply if there is a good faith dispute by Grantor as to the validity or reasonableness of the claim which is the basis of the creditor or forfeiture proceeding and if Grantor gives Lender written notice of the creditor or forfeiture proceeding and deposits with Lender monies or a surety bond for the creditor or forfeiture proceeding, in an amount determined by Lender, in its sole discretion, as being an adequate reserve or bond for the dispute.

Lease Default. Grantor defaults under the terms of the Lease, or any other event (whether or not Grantor's fault) results in the termination or cancellation of Grantor's leasehold rights.

Breach of Other Agreement. Any breach by Grantor under the terms of any other agreement between Grantor and Lender that is not remedied within any grace period provided therein, including without limitation any agreement concerning any indebtedness or other obligation of Grantor to Lender, whether existing now or later.

Events Affecting Guarantor. Any of the preceding events occurs with respect to any guarantor, endorser, surety, or accommodation party of any of the indebtedness or any guarantor, endorser, surety, or accommodation party dies or becomes incompetent, or revokes or disputes the validity of, or liability under, any Guaranty of the indebtedness.

Adverse Change. A material adverse change occurs in Grantor's financial condition, or Lender believes the prospect of payment or performance of the indebtedness is impaired.

Insecurity. Lender in good faith believes itself insecure.

Right to Cure. If any default, other than a default in payment, is curable and if Grantor has not been given a notice of a breach of the same provision of this Mortgage within the preceding twelve (12) months, it may be cured if Grantor, after Lender sends written notice to Grantor demanding cure of such default: (1) cures the default within eleven (11) days; or (2) if the cure requires more than eleven (11) days, immediately initiates steps which Lender deems in Lender's sole discretion to be sufficient to cure the default and thereafter continues and completes all reasonable and necessary steps sufficient to produce compliance as soon as reasonably practical.

RIGHTS AND REMEDIES ON DEFAULT. Upon the occurrence of an Event of Default and at any time thereafter, Lender, at Lender's option, may exercise any one or more of the following rights and remedies, in addition to any other rights or remedies provided by law:

Accelerate Indebtedness. Lender shall have the right at its option without notice to Grantor to declare the entire indebtedness immediately due and payable, including any prepayment penalty that Grantor would be required to pay.

UCC Remedies. With respect to all or any part of the Personal Property, Lender shall have all the rights and remedies of a secured party under the Uniform Commercial Code.

Collect Rents. Lender shall have the right, without notice to Grantor, to take possession of the Property and collect the Rents, including amounts past due and unpaid, and apply the net proceeds, over and above Lender's costs, against the indebtedness. In furtherance of this right, Lender may require any tenant or other user of the Property to make payments of rent or use fees directly to Lender. If the Rents are collected by Lender, then Grantor irrevocably designates Lender as Grantor's attorney-in-fact to endorse instruments received in payment thereof in the name of Grantor and to negotiate the same and collect the proceeds. Payments by tenants or other users to Lender in response to Lender's demand shall satisfy the obligations for which the payments are made, whether or not any proper grounds for the demand existed. Lender may exercise its rights under this subparagraph either in person, by agent, or through a receiver.

Appoint Receiver. Lender shall have the right to have a receiver appointed to take possession of all or any part of the Property, with the power to protect and preserve the Property, to operate the Property preceding foreclosure or sale, and to collect the Rents from the Property and apply the proceeds, over and above the cost of the receivership, against the indebtedness. The receiver may serve without bond if permitted by law. Lender's right to the appointment of a receiver shall exist whether or not the apparent value of the Property exceeds the indebtedness by a substantial amount. Employment by Lender shall not disqualify a person from serving as a receiver.

Judicial Foreclosure. Lender may obtain a judicial decree foreclosing Grantor's interest in all or any part of the Property.

Nonjudicial Sale. If permitted by applicable law, Lender may foreclose Grantor's interest in all or in any part of the Personal Property or the Real Property by non-judicial sale.

Deficiency Judgment. If permitted by applicable law, Lender may obtain a judgment for any deficiency remaining in the indebtedness due to Lender after application of all amounts received from the exercise of the rights provided in this section.

Tenancy at Sufferance. If Grantor remains in possession of the Property after the Property is sold as provided above or Lender otherwise becomes entitled to possession of the Property upon default of Grantor, Grantor shall become a tenant at sufferance of Lender or the purchaser of the Property and shall, at Lender's option, either (1) pay a reasonable rental for the use of the Property, or (2) vacate the Property immediately upon the demand of Lender.

Other Remedies. Lender shall have all other rights and remedies provided in this Mortgage or the Note or available at law or in equity.

**MORTGAGE
(Continued)**

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Sale of the Property. To the extent permitted by applicable law, Grantor hereby waives any and all right to have the Property marshalled. In exercising its rights and remedies, Lender shall be free to sell all or any part of the Property together or separately, in one sale or by separate sales. Lender shall be entitled to bid at any public sale on all or any portion of the Property.

Notice of Sale. Lender shall give Grantor reasonable notice of the time and place of any public sale of the Personal Property or of the time after which any private sale or other intended disposition of the Personal Property is to be made. Reasonable notice shall mean notice given at least ten (10) days before the time of the sale or disposition. Any sale of the Personal Property may be made in conjunction with any sale of the Real Property.

Election of Remedies. Election by Lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of Grantor under this Mortgage, after Grantor's failure to perform, shall not affect Lender's right to declare a default and exercise its remedies. Nothing under this Mortgage or otherwise shall be construed so as to limit or restrict the rights and remedies available to Lender following an Event of Default, or in any way to limit or restrict the rights and ability of Lender to proceed directly against Grantor and/or against any other co-maker, guarantor, surety or endorser and/or to proceed against any other collateral directly or indirectly securing the Indebtedness.

Attorneys' Fees; Expenses. If Lender institutes any suit or action to enforce any of the terms of this Mortgage, Lender shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees at trial and upon any appeal. Whether or not any court action is involved, and to the extent not prohibited by law, all reasonable expenses Lender incurs that in Lender's opinion are necessary at any time for the protection of its interest or the enforcement of its rights shall become a part of the Indebtedness payable on demand and shall bear interest at the Note rate from the date of the expenditure until repaid. Expenses covered by this paragraph include, without limitation, however subject to any limits under applicable law, Lender's reasonable attorneys' fees and Lender's legal expenses, whether or not there is a lawsuit, including reasonable attorneys' fees and expenses for bankruptcy proceedings (including efforts to modify or vacate any automatic stay or injunction), appeals, and any anticipated post-judgment collection services, the cost of searching records, obtaining title reports (including foreclosure reports), surveyors' reports, and appraisal fees and title insurance, to the extent permitted by applicable law. Grantor also will pay any court costs, in addition to all other sums provided by law.

NOTICES. Any notice required to be given under this Mortgage, including without limitation any notice of default and any notice of sale shall be given in writing, and shall be effective when actually delivered, when actually received by telefacsimile (unless otherwise required by law), when deposited with a nationally recognized overnight courier, or, if mailed, when deposited in the United States mail, as first class, certified or registered mail postage prepaid, directed to the addresses shown near the beginning of this Mortgage. All copies of notices of foreclosure from the holder of any lien which has priority over this Mortgage shall be sent to Lender's address, as shown near the beginning of this Mortgage. Any party may change its address for notices under this Mortgage by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Grantor agrees to keep Lender informed at all times of Grantor's current address. Unless otherwise provided or required by law, if there is more than one Grantor, any notice given by Lender to any Grantor is deemed to be notice given to all Grantors.

LATE FEES & PENALTIES. If default be made in the payment when due or any part or installment of principal and interest, then whole sum of principal and interest shall become immediately due and payable at the option of the holder of this note, without notice. Notwithstanding any other provision of this note, if default be made in the payment when due or any part of installment of principal and interest, the undersigned agrees to pay a delinquency charge for each installment in default 10 days or more in an amount equal to 5% of each installment and any amount payable at the same time. In the event the holder of this note elects, upon default being made hereunder, that the whole sum of principal and interest become immediately due and payable, the undersigned agrees to pay interest on the whole sum of principal and interest accrued to the date of such election to the rate of 2% over the existing rate at the time of default from the date of such election to the date of payment.

RENT ROLLS. Upon request by Lender from time to time Grantor shall furnish such records, in a form acceptable to Lender, evidencing the source and rental amount of any and all Rents derived from any Property securing the Loan.

MISCELLANEOUS PROVISIONS. The following miscellaneous provisions are a part of this Mortgage:

Amendments. This Mortgage, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Mortgage. No alteration of or amendment to this Mortgage shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

Annual Reports. If the Property is used for purposes other than Grantor's residence, Grantor shall furnish to Lender, upon request, a certified statement of net operating income received from the Property during Grantor's previous fiscal year in such form and detail as Lender shall require. "Net operating income" shall mean all cash receipts from the Property less all cash expenditures made in connection with the operation of the Property.

Caption Headings. Caption headings in this Mortgage are for convenience purposes only and are not to be used to interpret or define the provisions of this Mortgage.

Governing Law. This Mortgage will be governed by federal law applicable to Lender and, to the extent not preempted by federal law, the laws of the Territory of Guam without regard to its conflicts of law provisions. This Mortgage has been accepted by Lender in the Territory of Guam.

Choice of Venue. If there is a lawsuit, Grantor agrees upon Lender's request to submit to the jurisdiction of the courts of the Territory of Guam.

No Waiver by Lender. Lender shall not be deemed to have waived any rights under this Mortgage unless such waiver is given in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Mortgage shall not prejudice or constitute a waiver of Lender's right otherwise to demand strict compliance with that provision or any other provision of this Mortgage. No prior waiver by Lender, nor any course of dealing between Lender and Grantor, shall constitute a waiver of any of Lender's rights or of any of Grantor's obligations as to any future transactions. Whenever the consent of Lender is required under this Mortgage, the granting of such consent by Lender in any instance shall not constitute continuing consent to subsequent instances where such consent is required and in all cases such consent may be granted or withheld in the sole discretion of Lender.

Severability. If a court of competent jurisdiction finds any provision of this Mortgage to be illegal, invalid, or unenforceable as to any circumstance, that finding shall not make the offending provision illegal, invalid, or unenforceable as to any other circumstance. If feasible, the offending provision shall be considered modified so that it becomes legal, valid and enforceable. If the offending provision cannot be so

modified, it shall be considered deleted from this Mortgage. Unless otherwise required by law, the illegality, invalidity, or unenforceability of any provision of this Mortgage shall not affect the legality, validity or enforceability of any other provision of this Mortgage.

Merger. There shall be no merger of the interest or estate created by this Mortgage with any other interest or estate in the Property at any time held by or for the benefit of Lender in any capacity, without the written consent of Lender.

Successors and Assigns. Subject to any limitations stated in this Mortgage on transfer of Grantor's interest, this Mortgage shall be binding upon and inure to the benefit of the parties, their successors and assigns. If ownership of the Property becomes vested in a person other than Grantor, Lender, without notice to Grantor, may deal with Grantor's successors with reference to this Mortgage and the indebtedness by way of forbearance or extension without releasing Grantor from the obligations of this Mortgage or liability under the indebtedness.

Time is of the Essence. Time is of the essence in the performance of this Mortgage.

Waiver of Homestead Exemption. Grantor hereby releases and waives all rights and benefits of the homestead exemption laws of the Territory of Guam as to all indebtedness secured by this Mortgage.

DEFINITIONS. The following capitalized words and terms shall have the following meanings when used in this Mortgage. Unless specifically stated to the contrary, all references to dollar amounts shall mean amounts in lawful money of the United States of America. Words and terms used in the singular shall include the plural, and the plural shall include the singular, as the context may require. Words and terms not otherwise defined in this Mortgage shall have the meanings attributed to such terms in the Uniform Commercial Code:

Borrower. The word "Borrower" means Guam National Tennis Federation, Inc. and includes all co-signers and co-makers signing the Note and all their successors and assigns.

Default. The word "Default" means the Default set forth in this Mortgage in the section titled "Default".

Environmental Laws. The words "Environmental Laws" mean any and all state, federal and local statutes, regulations and ordinances relating to the protection of human health or the environment, including without limitation the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended, 42 U.S.C. Section 9601, et seq. ("CERCLA"), the Superfund Amendments and Reauthorization Act of 1986, Pub. L. No. 99-499 ("SARA"), the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., or other applicable state or federal laws, rules, or regulations adopted pursuant thereto.

Event of Default. The words "Event of Default" mean any of the events of default set forth in this Mortgage in the events of default section of this Mortgage.

Grantor. The word "Grantor" means Guam National Tennis Federation, Inc..

Guaranty. The word "Guaranty" means the guaranty from guarantor, endorser, surety, or accommodation party to Lender, including without limitation a guaranty of all or part of the Note.

Hazardous Substances. The words "Hazardous Substances" mean materials that, because of their quantity, concentration or physical, chemical or infectious characteristics, may cause or pose a present or potential hazard to human health or the environment when improperly used, treated, stored, disposed of, generated, manufactured, transported or otherwise handled. The words "Hazardous Substances" are used in their very broadest sense and include without limitation any and all hazardous or toxic substances, materials or waste as defined by or listed under the Environmental Laws. The term "Hazardous Substances" also includes, without limitation, petroleum and petroleum by-products or any fraction thereof and asbestos.

Improvements. The word "Improvements" means all existing and future improvements, buildings, structures, mobile homes affixed on the Real Property, facilities, additions, replacements and other construction on the Real Property.

Indebtedness. The word "Indebtedness" means all principal, interest, and other amounts, costs and expenses payable under the Note or Related Documents, together with all renewals of, extensions of, modifications of, consolidations of, and substitutions for the Note or Related Documents and any amounts expended or advanced by Lender to discharge Grantor's obligations or expenses incurred by Lender to enforce Grantor's obligations under this Mortgage, together with interest on such amounts as provided in this Mortgage.

Lease. The word "Lease" means the lease of the Property dated October 1, 2014, between Department of Parks and Recreation, Landlord and Grantor.

Lender. The word "Lender" means Bank of Guam, its successors and assigns.

Mortgage. The word "Mortgage" means this Mortgage between Grantor and Lender.

Note. The word "Note" means the promissory note dated January 30, 2019, in the original principal amount of \$700,000.00 from Grantor to Lender, together with all renewals of, extensions of, modifications of, refinancings of, consolidations of, and substitutions for the promissory note or agreement. **NOTICE TO GRANTOR: THE NOTE CONTAINS A VARIABLE INTEREST RATE.**

Personal Property. The words "Personal Property" mean all equipment, fixtures, and other articles of personal property now or hereafter owned by Grantor, and now or hereafter attached or affixed to the Real Property; together with all accessions, parts, and additions to, all replacements of, and all substitutions for, any of such property; and together with all proceeds (including without limitation all insurance proceeds and refunds of premiums) from any sale or other disposition of the Property.

Property. The word "Property" means collectively the Real Property and the Personal Property.

Real Property. The words "Real Property" mean the real property, interests and rights, as further described in this Mortgage.

Related Documents. The words "Related Documents" mean all promissory notes, credit agreements, loan agreements, environmental agreements, guaranties, security agreements, mortgages, deeds of trust, security deeds, collateral mortgages, and all other instruments, agreements and documents, whether now or hereafter existing, executed in connection with the indebtedness.

Rents. The word "Rents" means all present and future rents, revenues, income, issues, royalties, profits, and other benefits derived from the Property.

GRANTOR ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS MORTGAGE, AND GRANTOR AGREES TO ITS TERMS.

GRANTOR:

GUAM NATIONAL TENNIS FEDERATION, INC.

By: _____
Authorized Signer for Guam National Tennis
Federation, Inc.

By: _____
Authorized Signer for Guam National Tennis
Federation, Inc.

CORPORATE ACKNOWLEDGMENT

_____)
_____) SS
_____)

On this _____ day of _____, 20_____, before me, the undersigned Notary Public, personally appeared _____ of Guam National Tennis Federation, Inc. and _____ of Guam National Tennis Federation, Inc., and known to me to be authorized agents of the corporation that executed the Mortgage and acknowledged the Mortgage to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Mortgage and in fact executed the Mortgage on behalf of the corporation.

By _____ Residing at _____
Notary Public in and for the _____ My commission expires _____
(jurisdiction)

RECORDATION REQUESTED BY:

Bank of Guam
P.O. Box BW
Hagatna, GU 96932

WHEN RECORDED MAIL TO:

Bank of Guam
P.O. Box BW
Hagatna, GU 96932

SEND TAX NOTICES TO:

Bank of Guam
P.O. Box BW
Hagatna, GU 96932

SPACE ABOVE THIS LINE IS FOR RECORDER'S USE ONLY

LANDLORD'S ESTOPPEL CERTIFICATE

THIS LANDLORD'S ESTOPPEL CERTIFICATE dated January 30, 2019, is made and executed among Guam National Tennis Federation, Inc.; P.O. Box 2312; Hagatna, GU 96932 ("Grantor"); Bank of Guam, P.O. Box BW, Hagatna, GU 96932 ("Lender"); and Department of Parks and Recreation, Post Office Box 2950, Agana, GU 96932 ("Landlord").

Grantor and Lender have entered into, or are about to enter into, a financial transaction whereby Lender has acquired or will acquire a security interest or other lien on Grantor's leasehold interest in the Property described below.

To induce Lender to extend one or more loans or other financial accommodations to Grantor against such security interest in the Property and for other valuable consideration, with knowledge that Lender is relying thereon, Landlord and Grantor hereby agree with Lender as follows:

THE LEASE. Landlord has leased the Property to Grantor pursuant to a lease (the "Lease") dated October 1, 2014

REAL PROPERTY DESCRIPTION. The Lease covers the following described real property, together with all improvements thereon (the "Real Property") located in the Territory of Guam:

PARCEL 1 (a portion of Lot No. 10142-NEW-R4), Municipality of Dededo, Guam, containing an area of 132,516.6 +/- square feet (12,311.2 +/- square meters)

PARCEL 2 (a portion of Lot 10142-NEW-3, Doc. No. 788675) contains an area of 85,241 +/- square feet (7,919.2 +/- square meters). The total portion to be leased hereunder contains an area of 217,800 +/- square meters (5 acres)

The Real Property or its address is commonly known as

PARCEL 1 (a portion of Lot No. 10142-NEW-R4)

PARCEL 2 (a portion of Lot 10142-NEW-3, Doc. No. 788675), Dededo, GU.

ESTOPPEL. Landlord and Grantor hereby jointly and severally represent and warrant to Lender that:

Lease In Effect. The Lease (i) has been duly executed and accepted by Landlord and Grantor, (ii) is in full force and effect, and (iii) has not been modified or changed, either in writing or orally, except as reflected in the copy of the Lease provided to Lender.

No Default. As of the date of this Certificate, (i) all conditions and obligations to be performed by either Landlord or Grantor under the Lease, to the date hereof, have been satisfied; (ii) there exists no breach, default, or event or condition which, the giving of notice or the passage of time, or both, would constitute such a breach or default under the Lease; and (iii) there are no existing claims, defenses or offsets against obligations of either Landlord or Grantor under the Lease, including any against rents due or to become due under the terms of the Lease.

Entire Agreement. The Lease constitutes the entire agreement between Landlord and Grantor with respect to the Lease of the Property.

No Prepaid Rent. No deposits or prepayments of rent have been made in connection with the Lease, except as may be described above in the summary description of the Lease.

AGREEMENTS. Landlord and Grantor hereby jointly and severally agree with Lender that, during all such times as Lender is the beneficiary of the security interest in the Property described above:

Modification, Termination and Cancellation. Landlord and Grantor will not consent to any modification, termination or cancellation of the Lease unless Lender first consents thereto in writing.

Notice of Default. Landlord will notify Lender in writing concurrently with any notice given to Grantor of any breach or default on the part of Grantor under the Lease, and Landlord agrees that Lender shall have the right (but not the obligation) to cure any breach or default specified in such notice within the time periods set forth below and Landlord will not declare a default of the Lease, if Lender cures such default within thirty (30) days from and after expiration of the time period provided in the Lease for the cure thereof by Grantor; provided, however, that if such default cannot with diligence be cured by Lender within such thirty (30) day period, the commencement of action by Lender within such thirty (30) day period to remedy the same shall be deemed sufficient so long as Lender pursues such cure with diligence.

MISCELLANEOUS PROVISIONS. This Certificate shall extend to and bind the respective heirs, personal representatives, successors and assigns of the parties to this Certificate. This Certificate shall be governed by and construed in accordance with the laws of the Territory of Guam. If Landlord is other than an individual, any agent or other person executing this Certificate on behalf of Landlord represents and warrants to Lender that he or she has full power and authority to execute this Certificate on Landlord's behalf. Lender shall not be deemed to have waived any rights under this Certificate unless such waiver is in writing and signed by Lender. No delay or omission on the part of Lender in exercising any right shall operate as a waiver of such right or any other right. A waiver by Lender of a provision of this Certificate shall not constitute a waiver

LANDLORD'S ESTOPPEL CERTIFICATE
(Continued)

Loan No: DRAFT DRAFT DRAFT

of or prejudice Lender's right otherwise to demand strict compliance with that provision or any other provision.

GRANTOR AND LANDLORD EACH ACKNOWLEDGE HAVING READ ALL THE PROVISIONS OF THIS LANDLORD'S ESTOPPEL CERTIFICATE, AND EACH AGREES TO ITS TERMS. THIS CERTIFICATE IS DATED JANUARY 30, 2019.

GRANTOR:

GUAM NATIONAL TENNIS FEDERATION, INC.

By: _____ Date _____
Authorized Signer for Guam National Tennis Federation, Inc.

By: _____ Date _____
Authorized Signer for Guam National Tennis Federation, Inc.

LANDLORD:

DEPARTMENT OF PARKS AND RECREATION

By: _____ Date _____
Signature for Department of Parks and Recreation

LENDER:

BANK OF GUAM

X _____ Date _____
Authorized Officer

CORPORATE ACKNOWLEDGMENT

_____)
_____) SS
_____)

On this _____ day of _____, 20 _____, before me, the undersigned Notary Public, personally appeared _____ of Guam National Tennis Federation, Inc. and _____ of Guam National Tennis Federation, Inc., and known to me to be authorized agents of the corporation that executed the Landlord's Estoppel Certificate and acknowledged the Certificate to be the free and voluntary act and deed of the corporation, by authority of its Bylaws or by resolution of its board of directors, for the uses and purposes therein mentioned, and on oath stated that they are authorized to execute this Certificate and in fact executed the Certificate on behalf of the corporation.

By _____ Residing at _____
Notary Public in and for the _____ My commission expires _____
(jurisdiction)

LANDLORD'S ESTOPPEL CERTIFICATE
(Continued)

Loan No: DRAFT DRAFT DRAFT

GOVERNMENT ACKNOWLEDGMENT

_____)
_____) SS
_____)

On this _____ day of _____, 20 _____, before me, the undersigned Notary Public, personally appeared _____

and known to me to be (an) authorized agent(s) of the governmental entity that executed the Landlord's Estoppel Certificate and acknowledged the Certificate to be the free and voluntary act and deed of the governmental entity, by authority of its enabling laws or by resolution of its governing body, for the uses and purposes therein mentioned, and on oath stated that he or she/they is/are authorized to execute this Certificate and in fact executed the Certificate on behalf of the governmental entity.

By _____ Residing at _____
Notary Public in and for the _____ My commission expires _____
(jurisdiction)

LENDER ACKNOWLEDGMENT

_____)
_____) SS
_____)

On this _____ day of _____, 20 _____, before me, the undersigned Notary Public, personally appeared _____ and known to me to be the _____, authorized agent for Bank of Guam that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of Bank of Guam, duly authorized by Bank of Guam through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and in fact executed this said instrument on behalf of Bank of Guam.

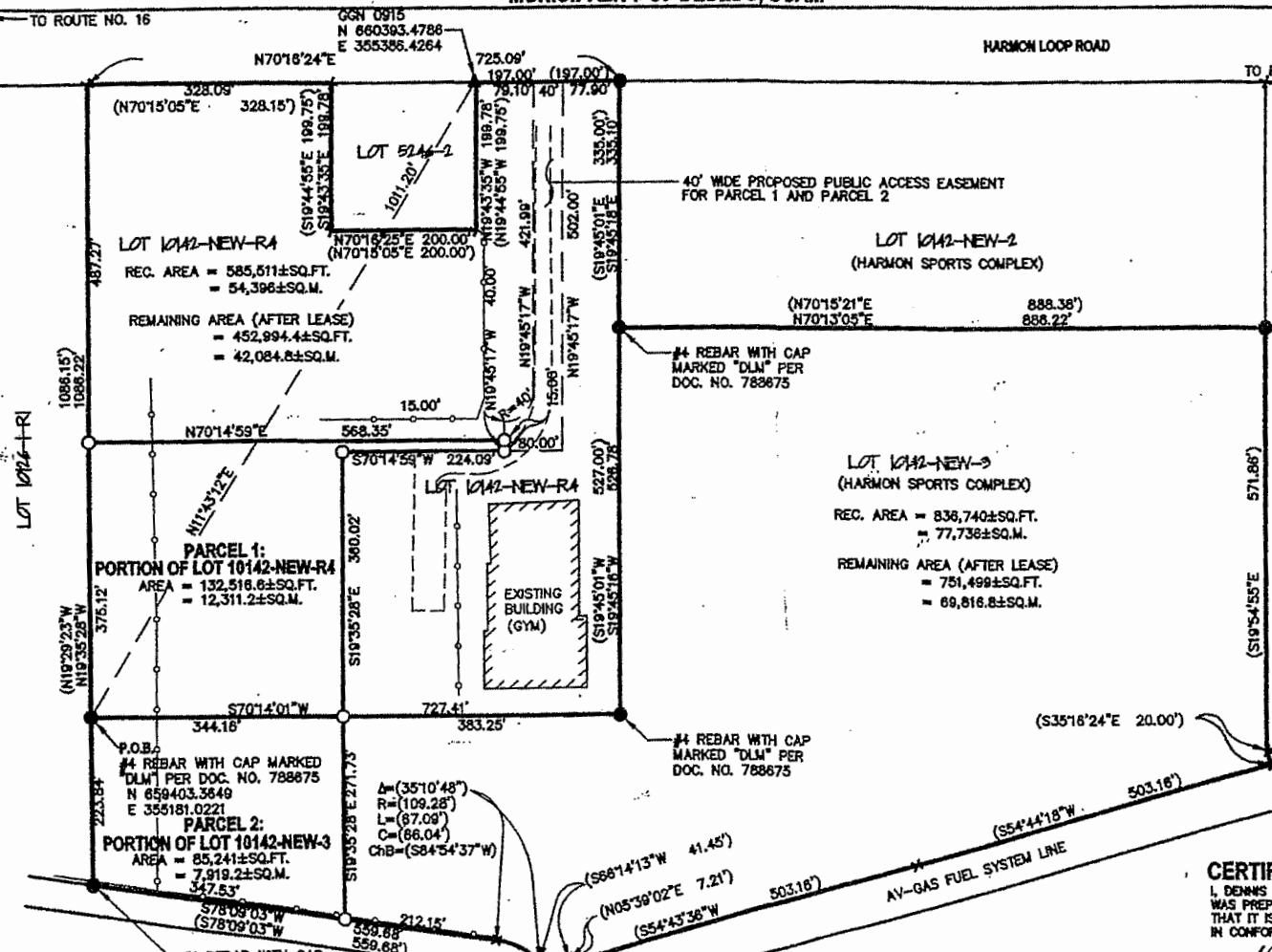
Bank of Guam that executed the within and foregoing instrument and acknowledged said instrument to be the free and voluntary act and deed of Bank of Guam, duly authorized by Bank of Guam through its board of directors or otherwise, for the uses and purposes therein mentioned, and on oath stated that he or she is authorized to execute this said instrument and in fact executed this said instrument on behalf of Bank of Guam.

By _____ Residing at _____
Notary Public in and for the _____ My commission expires _____
(jurisdiction)

EXHIBIT "A"
GUAM NATIONAL TENNIS FEDERATION / DEPT. OF PARKS & RECREATION LEASE PARCELS
PARCEL 1 (PORTION OF LOT 10142-NEW-R4) & PARCEL 2 (LOT 10142-NEW-3)
MUNICIPALITY OF DEDEDO, GUAM



SCALE: 1"=150'



- LEGEND**
- ▲ FOUND 1993 GGN MONUMENT AS NOTED
 - FOUND #4 REBAR, NO IDENTIFICATION, OR AS NOTED
 - SET #4 REBAR WITH CAP MARKED "PLS75"
 - SUBJECT PROPERTY LIMITS
 - PROPERTY LINE
 - RIGHT OF WAY
 - () RECORD DATA PER REFERENCE 1
 - CHAIN LINK FENCE

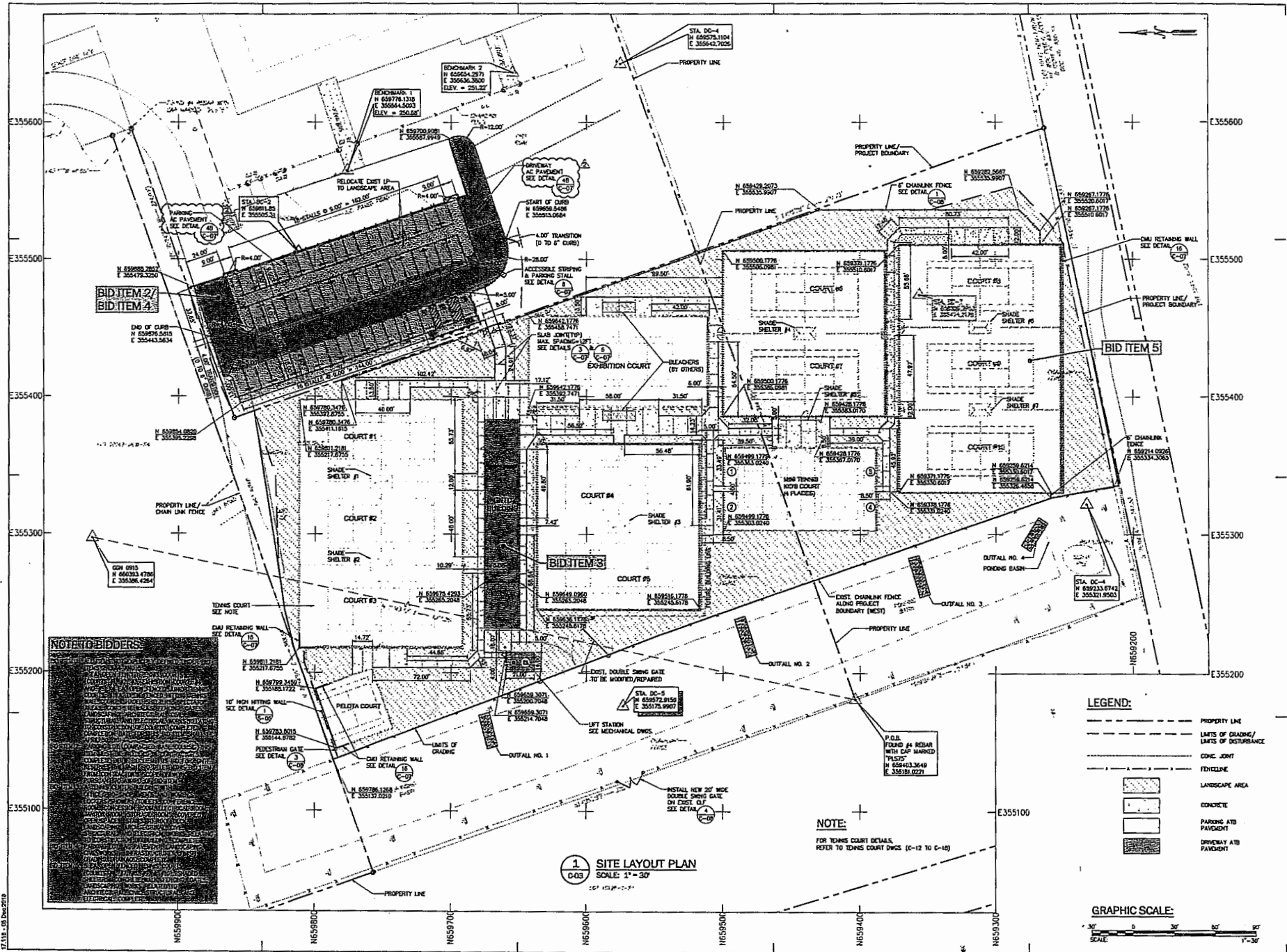
- NOTES**
1. HORIZONTAL CONTROL WAS BASED ON FOUND PROPERTY CORNERS AND 1993 GUAM GEODETIC NETWORK.
 2. ALL DISTANCES ARE IN FEET & DECIMALS THEREOF.
 3. FIELD WORK WAS DONE ON 1/2/2014.

- REFERENCES**
1. DOC. NO. 788675, L.M. NO. 065-FY2008, RE-SUBDIVISION OF LOT 10142-NEW-R1, BY P.L.S. NO. 68.



CERTIFICATE OF SURVEYOR
 I, DENNIS S. BALAGTAS, HEREBY CERTIFY THAT THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECT SUPERVISION AND THAT IT IS BASED ON A FIELD SURVEY MADE ON 01/02/2014, IN CONFORMANCE WITH ALL APPLICABLE LAWS AND REGULATIONS.
Dennis S. Balagtas 02/06/2014
 DENNIS S. BALAGTAS DATE
 PROFESSIONAL LAND SURVEYOR # 75

GUAM SURVEYOR, L.L.C.
 DENNIS S. BALAGTAS, P.L.S. #75
 LAND SURVEYING SERVICES, <http://www.guamsurveyor.com>
 671-837-2042 (w) 671-637-2041 (f) surveyor@guamsurveyor.com



**BID ITEM 2/
BID ITEM 4**

BID ITEM 5

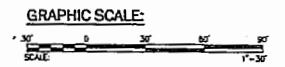
BID ITEM 3

NOTICE TO BIDDERS

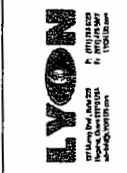
THIS DRAWING IS THE PROPERTY OF THE ARCHITECT AND IS TO BE USED ONLY FOR THE PROJECT AND SITE SPECIFICALLY IDENTIFIED HEREIN. IT IS NOT TO BE REPRODUCED, COPIED, REPRODUCED, OR TRANSMITTED IN ANY FORM OR BY ANY MEANS, ELECTRONIC OR MECHANICAL, INCLUDING PHOTOCOPYING, RECORDING, OR BY ANY INFORMATION STORAGE AND RETRIEVAL SYSTEM, WITHOUT THE WRITTEN PERMISSION OF THE ARCHITECT. THE ARCHITECT'S OFFICE SHALL BE NOTIFIED IMMEDIATELY IN WRITING OF ANY SUCH VIOLATION. THE ARCHITECT'S OFFICE SHALL BE NOTIFIED IMMEDIATELY IN WRITING OF ANY SUCH VIOLATION. THE ARCHITECT'S OFFICE SHALL BE NOTIFIED IMMEDIATELY IN WRITING OF ANY SUCH VIOLATION.

1 SITE LAYOUT PLAN
SCALE: 1" = 30'

- LEGEND:**
- PROPERTY LINE
 - - - - - LIMITS OF CRACKING / LIMITS OF DISTURBANCE
 - CONIC JOINT
 - FENCE LINE
 - ▨ LANDSCAPE AREA
 - ▨ CONCRETE
 - ▨ PARKING ATB PAVEMENT
 - ▨ DRIVEWAY ATB PAVEMENT



NOTE:
FOR TENNIS COURT DETAILS, REFER TO TENNIS COURT DWGS (C-12 TO C-18)



**GUAM NATIONAL
TENNIS CENTER**



PROJECT NO. _____
ADDENDUM NO. _____
DRAWING TITLE:
SITE LAYOUT PLAN
DESIGNED BY: LS
DRAWN BY: JT
CHECKED BY: AP
SUPERVISED BY: KH
SEEST NUMBER: _____
C-03

(i) The Director shall make an annual report to *I Maga'lahi* (the Governor) and provide a courtesy copy to the Governor's PEACE Council and *I Liheslatura* (the Legislature) on June 30th of each year, which shall include the information, number of applications, number and amounts of grants actually made, information on number of participants referred to prevention and early intervention programs and activities, and other data concerning the management of the Fund.

(j) Any person who willfully misuses a grant received under this Section shall be guilty of a petty misdemeanor and subject to a fine not to exceed Five Hundred Dollars (\$500).

SOURCE: GC § 26020 enacted by P.L. 14-33:7. Subsection (b) added by P.L. 14-76:4. Amended by P.L. 31-132:7 (Nov. 17, 2011).

NOTE: The Section naming Jose V. Atoigue Memorial Park, also enacted as GC § 26020, was placed in 1 GCA as § 802 by the Compiler.

2013 NOTE: Pursuant to P.L. 32-024:2 (May 6, 2013) which renamed the Department of Mental Health and Substance Abuse (DMHSA) to the Guam Behavioral Health and Wellness Center, all references to DMHSA were altered to the Guam Behavioral Health and Wellness Center.

§ 77125. Authorization to Lease Land under the Administration of the Department of Parks and Recreation to the Guam National Tennis Federation.

(a) *I Maga'lahaen Guåhan* is authorized to lease a portion, no less than 20,235± square meters of land area, of Lot No. 10142-New, municipality of Dededo, consisting of 242,694.07± square meters to the Guam National Tennis Federation.

(b) Terms of the Lease. *I Maga'lahaen Guåhan* shall execute all instruments necessary to carry out the provisions of Subsections (1) through (5) of this Section.

(1) The Department of Parks and Recreation shall identify the portion of Lot No. 10142-New (Lot), Dededo, no less than 20,235 square meters, to be leased;

(2) The Government shall lease the Lot to the Guam National Tennis Federation for the sum of One Dollar (\$1.00) per annum for twenty-five (25) years, with an option to renew for another twenty-five (25) years. The GNTF may subject the property and its improvements

to a leasehold mortgage, subject to the approval of *I Liheslatura* (the Legislature);

(3) The use of the leasehold shall be limited to those activities consistent with the mission and purpose of the lessee, as detailed in GNTF's governing documents, and for the activities authorized herein;

(4) The leasehold is not assignable nor may it be sublet without *I Liheslaturan Guåhan*'s approval; and

(5) Any change in the tax status of the lessee shall require an immediate renegotiation of the lease. If such change shall be to a for-profit entity, the annual rate of the lease shall be no less than ten percent (10%) of the actual market value of the property.

(c) Approval of Lease. Notwithstanding any other laws to the contrary, the lease by the government of Guam to the GNTF of the Lot and improvements thereon, shall be executed by *I Magalahi* and the duly authorized representative of the GNTF and shall require the concurrence of *I Liheslaturan Guåhan*.

SOURCE: Added by P.L. 31-067:2 (May 24, 2011).

§ 77126. Lifeguard Volunteer Corps; Authorization.

The Department shall be authorized to establish a Lifeguard Volunteer Corps program for the purpose of supplementing its water safety programs and activities relative to lifeguard services. The Commission shall establish rules and regulations necessary and applicable to the program pursuant to Article 3 of Chapter 9, Title 5, Guam Code Annotated – Rule Making Procedures. The Department shall establish the necessary forms which volunteers shall complete, which at a minimum shall include the following: (1) Lifeguard Volunteer Corps application form; (2) confidentiality form; and (3) candidate interview form. The Department shall consult with the Department of Administration in the development of applicable forms and recruitment procedures.

(a) Definitions. Volunteer means any duly qualified person, as provided pursuant to this Section, who performs a service for the Department of Parks and Recreation without promise or expectation of services rendered as a member of the Lifeguard Volunteer Corps.

(b) Recruitment. Volunteers shall be recruited by the Director of the Department of Parks and Recreation on a continuous and ongoing



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35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

COMMITTEE REPORT DIGEST

I. OVERVIEW

Bill No. 63-35 (COR) was introduced on March 12, 2019 by Therese M. Terlaje, and was subsequently referred to the Committee on Health, Tourism, Historic Preservation, Land and Justice on March 22, 2019.

The Committee on Health, Tourism, Historic Preservation, Land and Justice convened a public hearing on Thursday, April 18, 2019 at 9:00 AM in *I Liheslatura's* Public Hearing Room.

Public Notice Requirements

Notices were disseminated via e-mail to all senators and all main media broadcasting outlets on April 11, 2019 and again on April 15, 2019. The notice was also published in the Guam Daily Post on April 11 and April 15, 2019.

Senators Present

Senator Therese M. Terlaje, Chairperson
Senator Sabina Flores Perez, Vice-Chairperson
Speaker Tina Rose Muña Barnes
Senator Wil Castro

Appearing Before the Committee:

Torgun Smith, President, Guam National Tennis Federation
Attorney Duncan McCully

II. SUMMARY OF TESTIMONY & DISCUSSION

The public hearing was Called-to-Order at 9:03 AM.

Senator Therese M. Terlaje, Chairperson of the Committee on Health, Tourism, Historic Preservation, Land and Justice called the public hearing to order at 9:03 AM. The Chairperson



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presented the agenda items that would be heard during the hearing. Bill 63-35 (COR) introduced by Senator Therese M. Terlaje- An Act to add a new (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, relative to approving and authorizing the Guam National Tennis Federation to assign its lease to its successor entity and for the Guam National Tennis Federation, Inc. to enter into a leasehold mortgage pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA was the first item on the agenda.

Chairperson Therese M. Terlaje:

I'd like to thank the public for attending this morning and we will start with Bill No. 63-35 (COR), I'm the author of this bill. So I'm going to very briefly introduce it.

This bill is to authorize a lease by in between well; I'll take it back.

Public Law 31-67, a prior public law authorized the lease between the government of Guam and the National Tennis Federation.

The law authorizes that the Guam National Tennis Federation may subject property and its improvements to a leasehold mortgage subject to the approval of the Guam Legislature.

The same section of the law provides that the Guam National Tennis Federation leasehold may only be assigned with the Guam Legislature's approval.

The Guam National Tennis Federation has worked to obtain corporate sponsorship financing and development plans for a new Tennis Center.

They have negotiated for the construction of six tennis courts, four child courts and a small building as phase one of the project.

It has also secured \$500,000 in donations and commitments for a similar amount to be paid by several sponsors over the next ten years. And bank financing in the amount of seven hundred thousand dollars for the remaining construction, which will require a leasehold mortgage on the property leased from the Department of Parks and Rec.

And this is up there at the Sports Complex in Dededo.

It is therefore the intent of the Bill 63-35 to approve and authorize the Guam National Tennis Federation to assign its lease, to it's successor entity the Guam National Tennis Federation, Inc.

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Office Address: Ada Plaza Center, Suite 207, 173 Aspinall Avenue, Hagåtña, Guam 96910

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and to approve and authorize GNTF, Inc., to enter into a leasehold mortgage to secure bank financing to cover cost of construction.

This was originally anticipated in the original legislation and this would be then the legislative approval of that leasehold.

So we will now accept testimony on the Bill and we kindly would begin with, we have present Torgun Smith, President, I believe of the Guam National Tennis Federation and we have Attorney Duncan McCully.

Which of you would like to go first?

Mr. Smith?

Torgun Smith:

Well first I started by spilling the water they just handed me.

Chairperson Therese M. Terlaje:

That means you go first.

Torgun Smith:

Thank you Senator for introducing this Bill, supporting this community project we have.

I'm Torgun Smith and I'm the President of the Guam National Tennis Federation and I've been playing tennis. I've been a tennis player on Guam since the early '70s and I've represented Guam as a player and a coach in multiple SPG's and Pacific Games, Micro Games and now we have a opportunity to be playing in the Davis Cup. And I'm the captain of the Davis Cup team.

So I've been heavily involved in tennis all my life since I can remember. I'm also tournament director of International Tournaments we hold on Guam.

So this project has been a project that I've been working on for about ten years almost with Senator Muna Barnes passing the Bill to give us the property back in 2010 and then in 2014 we

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finally got the property surveyed and the lease executed and in 2017 it was time to either raise money or give up the project.

And we were able to raise about committed 1.4 million dollars but about \$600,000 of that is commitments for \$100,000 naming rights, sponsorship of courts. Court naming rights but \$10,000 dollars a year for ten years.

So if we got all this money up front we wouldn't need to have any bank financing but the fact of the matter is a \$100,000 dollars is a lot for a company to put up for a little organization like GMTF.

So we have these commitments, we have them, it's a signed contractual form and the Bank of Guam has agreed to give us a committed a mortgage to us but it's the commitment is subject to release hold mortgage.

So that's why we're asking you to support allowing the leasehold mortgage.

I guess as that back would be the changing of the Guam National Tennis Federation to the Guam National Tennis Federation, Inc., and that we did also in 2017 to just improve our governance.

And redo our 501c3 applications and sort of clean up that 1976 Charter and the I think Duncan will talk more on that but the Federation, it was formed more like an association and since we're going be having 1.5 million dollar business, that we're going be running.

We wanted to firm up the governance and have a better incorporate the Federation. So I've given and I think that's included as part of the Bill, our lease and our business plan.

Which I have a copy of here and in the business plan we have executive summary and a narrative, our mission statement, project objectives.

Which is mainly development of tennis; the project impact to the community, to the Federation, to tourism, to youth opportunities for sport, market segments and products and services.

We'll be able to provide, it will be a open to the public. It won't be free to the public but we have to be able to maintain it and pay the bill.

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So there will be some charges but we're in our agreements with our corporate sponsors.

We have a closeted assistant will be run as a break-even proposition. So it's not going to be run as a country club or some kind of elitist kind of place. It's going to be very affordable to the public.

And the membership for 18 and under is going to be \$50 a year for example. So it's going to be we want to get more people playing not create some kind of a country club.

So also in the business plan there's the project sustainability and talks about the history of the GNTF and how it started as the Guam Tennis Club and it evolved to the Tennis Association of Guam and now the Guam National Tennis Federation, where that we were under the Guam National Olympic Committee as the governing body of the sport.

Unfortunately we don't have the financial support from our International Federation; that soccer does. No sport does soccer's the only really rich sport.

A lot of people ask us why don't you get money from the International Federation do you like soccer does, nobody has soccer's money.

So that's why we had to get donations from corporate and in grants; where we could and that's where we are. And so also in the business plan we have a financial plan that's evolved quite a bit, this was written in 2017, we've evolved it to more of our current situation.

And we provided those financial projections ad pro formats to the Bank of Guam and they've given us a commitment letter based on our financial sustainability.

Chairperson Therese M. Terlaje:

Thank you Mr. Smith.

Mr. McCully?

Attorney Duncan McCully:

My name is Duncan McCully, I've been an Attorney for a long time and I've been the Secretary of the Guam National Tennis Federation for 3 years. And when I first came in I've received a real unorganized set of documents; bylaw note and their constitution.



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And I realized this isn't a corporation, I'd assume that it was and it was just an association. It had been recognized by revenue and taxation as such but there's really no statutory structure for associations but there are for non-profit corporations.

And so I've recommended that we change our fundamental organization to be a no-profit corporation rather than this unincorporated association.

To be honest there's some liability issued with associations there was one time a lawsuit brought against an association because there's been an accident at an event; and the plaintiffs claimed that all members of the association were liable, personally liable for the injuries of this terrible accident.

So that isn't something that we want and so that's why corporations exist is to provide limited liability for their members to allow them to contribute together and work together for common purpose.

And so we did that, we created a corporation. It was recognized by revenue and taxation, we went through the 501c process and got certified as non-profit.

Yes, the same name has and so we just transferred all the members, who the same, all the officers are the same. This bylaw we they were brought up to date but they're basically the same as the association.

And so all the members have the same rights and it is virtually the same as the association but technically it's different entity and when we go to Bank of Guam and hopefully you'll approve this leasehold mortgage.

They're going to say hey you know you're an association and this is a corporation. What's going the lease s to this association and now your corporation? So we need to go through the formality of having parks and rec approve an assignment from the old association to the new corporation.

Parks and Rec, the directors agreed in principle but subject to your approval. So it's really couldn't be a more technical matter but necessary.



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So as far as this sports center, it's going to be a really great thing. And I didn't believe it when I first started I thought it's going on but now Torgun through his hard work and the contributions of some generous business people, family members.

It's really going to happen and we do have enough money to start construction but we don't have enough money to complete construction without this loan.

Bank of Guam has agreed and we've got cash flow from sponsors who are going to give us \$10,000 dollars a year over the next ten years and really that money plus the membership fees and other income will be used to service the loan.

So this is going to be a very popular place. First it's going to be a great addition to sports center, which got a big open area next to it. Now you're going to have six tennis courts, a building, some child courts and also we're going to improve parking. Lots of parking will be better up there.

So it's going to work for everybody. It's going to encourage tennis. GNTF works hard developing youth tennis. These small tennis courts use big balls and a smaller net, bigger racket; so small children. Six or seven can learn to play tennis. Enjoy.

Hope you'll approve both this Bill and give is the authority to complete our assignment and approve the leasehold mortgage. So if you have any questions.

Thank you.

Chairperson Therese M. Terlaje:

Thank you very much and I want to thank you for your efforts to formalize the association as a business or a non-profit and I want to commend you for your service to Guam and tennis and playing and representing us. And also in coaching and growing now the sport and the more opportunities we can.

I'm sure that was the intent of the original legislation to transfer to allow you to use this property but it's growing this sport and giving our youth for more opportunity.

I thank you for all both of you for your and the entire association for the efforts in this regard.

So without further ado, I'm going to open up to Speaker Muna Barnes.



Senator

THERESE M. TERLAJE

I Mina'trentai Singko na Liheslaturan Guåhan

35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

Speaker Tina Muna Barnes:

Si Yu'os ma'ase' Madame Chair.

Manana si yu'os to all of you. Thank you Torgun and Attorney McCully for supporting, stepping up to support this Bill.

Torgun I want to say thank you to too because when we started this way back over ten years ago it was with the support of one of the other members that passed away, Bill Camacho, and you picked up the ball and never stopped.

And as I look over the history and the inception of when the National Tennis Association was incorporated and how many decades that you've been here on Guam and literally just trying to grow the sport and taking it to the level.

It took many decades for the Guam Soccer Association to grow to where it is today. The baseball, I have the Baseball Association now you folks and I just want to share that when you build it, they will come.

You guys shared a vision with us in the 31st Guam Legislature to literally teach the children to promote sports tourism but also bring international competition back here.

And I've seen that you have been doing that over the years. And I had to make mention of Bill Camacho because it was the vision that you guys shared many years ago when we were athletes playing in the South Pacific Games or Pacific Games now.

That truly we want to share and bring it down to our children.

So thank you. I support the Bill. I know that you said Parks and Rec were engages in the status update. Will they have to be the also the signers with the Bank of Guam loan? Or will it just be the association based on the MOU that you guys have with the government?

Attorney Duncan McCully:

Parks and Rec should not need to sign the lease. It's possible they might ask Parks and Rec to sign what is called a stop certificate that pretty much just means there's a default that Parks

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Senator

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I Mina'trentai Singko na Liheslaturan Guåhan

35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

and Rec will notify Bank of Guam and Parks and rec will allow Bank of Guam to cure the default.

Yeah actually on the lease to protect the lease and that in event of foreclosure Parks and rec will allow Bank of Guam or successor to take over the land and the sports center and to operate it.

They can in that event they could only operate the land. Use the land for tennis sports facility; that's in the lease.

So the idea is to provide Parks and Rec would have to agree to the contingencies that might occur for some reason GNTF cannot service the law.

Speaker Tina Muna Barnes:

Thank you. I just wanted to make sure that the Tennis Federation that there were with the introduction of this Bill that everything that we have in this Bill will suffice to move forward.

And I want to thank Madame Chair Senator Therese Terlaje for doing this because she too sees the vision and sees how our children can really benefit from the international arena even the world arena and even having professional tennis events here on Guam.

And this is it's facilities like this that will help us grow as one who supports sports tourism. I think that this is the step in the right direction. And I would have to say thank you for allowing it through.

I know five terms you know almost ten years seems long but you never gave up.

So thank you Madame Chair. Thank you for the efforts to support the legislation. Thank you.

Torgun Smith:

Thank you Senator for mentioning Bill Camacho this was his project.

Speaker Tina Muna Barnes:

Thank you.



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Chairperson Therese M. Terlaje:

Thank you maybe your corporate sponsors might agree to put his name up on one of those great.

All right. I'd like to also recognize the presence of Senator Jose "Pedo" Terlaje. Thank you Senator. And is there any other Senator who has a question, Senator Perez?

Senator Sabina Perez:

Just a comment mostly. I do appreciate you guys coming here today to provide information. I like the explanations as far as how you've changed from an association to and incorporation or a corporation.

And I like the fact I like all the information that you brought regarding it being a community centric development that could have a spill over effects in tourism, sports tourism.

I just have the documents in front of me regarding the mortgage so I'm just going to take a look at that. I guess whenever we go out for a mortgage my concern is about you know in the case that there's a default who pays for the mortgage in this case.

Attorney Duncan McCully:

If there is a default such that the GNTF stops paying. The GNTF will probably be out of existence at that point.

So they're Bank of Guam would have to foreclose on the leasehold mortgage meaning they put it up for sale. The lease but whoever buys it probably in that circumstance it would be with Bank of Guam. They'd end up with the lease there and the tennis center they'd have to operate it as a tennis center.

They'd have to find someone else to run the tennis center otherwise Parks and Rec would terminate the lease because the lease can only be used for this purpose.

And so if it's not used for that purpose then Parks and Rec would say the lease's is done and we're taking the land back. The land would go back to Parks and Rec and there would be the tennis center hopefully Parks and Rec would operate it as a tennis facility as they do the Agana courts, hopefully they operate it better than they do.

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Senator

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I hope that answers your question.

Torgun Smith:

I think also we didn't get rejected so maybe if we're falling on hard times, we can get GEDA to back it up but as of now we don't have any need for you know a government guarantee or any.

I guess just that the leasehold mortgage. I think is reasonable for the bank to ask for but I think that would may be the next step is to have GEDA step in and help or I'm not sure.

But we're not really planning on that plan b but it's a good questions but the other thing is that like Duncan pointed out if the government were to take it over. It would be a pretty good deal because the loan to value is less than 50% and so we're putting up more than 50% in cash.

And it's a twenty-year mortgage.

Attorney Duncan McCully:

I think some reason that if the GNTF stopped servicing the loan it would be result of sort of the internal collapse of the organization and I think that you'd find these corporate sponsors and the tennis community rally together to create another entity and put their money together to preserve these courts.

These courts are going to be the high of the highest standard, they're going to be the best courts on Guam.

So one thing didn't mention it's Torgun say the GNTF it's Torgun really has brought professional entry-level professional tennis to Guam but he can't keep doing it because it's been at the Hilton.

The Hilton is not maintaining their courts up to the standard required for professional tennis now if you don't play tennis you might think it's all the same but there's a big difference of the quality of the surfaces and the nets and everything

So these courts will be at that level allowing continuation of professional tennis tournaments.

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Senator Sabina Perez:

I mean you said that you have a 1.4 million potential commitment.

Torgun Smith:

That's our budget. And most of that we it's about half in half in cash but once we get started we've been talking about it for so long we raised all this money two years ago and so I stopped raising money.

But once we break around and start then I'm going to start raising money again because like Duncan said I don't believe it.

You know people we have a half a million dollars in the bank so some people believe it but they're starting to wonder when is it going to happen. So there's a lot of people who have who have approached me and said hey I want to help with that but I think they're not writing the check yet.

But I think when they when they when we start the construction which will be any day now where we're just at the last phase of the building permit with DPW and we hope to break ground as soon as next week.

And we're going to go forward with the cash we have and if for some reason this doesn't work out then we'll figure out another way to do it.

Senator Sabina Perez:

I think this is a good investment in our community so yeah I think it's important and especially we're known to pass laws and we don't follow through.

I think this is an important Bill because we do follow through it's an evidence that we can follow through with our previous laws.

So yes thank you for your testimony.

Chairperson Therese M. Terlaje:

Thank you again.



Senator

THERESE M. TERLAJE

I Mina'trentai Singko na Liheslaturan Guåhan

35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

I want to note for the record that it is significant that the bank has already promised to take care of this or to help you and that so your finances must be in order enough to get that assurance.

And that your plans are really ready to build; you're that far a long. It's not a dream anymore it's actually very concrete; this is just a technical adjustment that was needed Attorney McCully said earlier.

Are there any senators that have any questions or comments on this Bill?

Thank you again Mr. Smith and Mr. McCully. And thank you to the Guam National Tennis Federation, Inc. for all its efforts in this regard and congratulations.

Si Yu'os ma'ase'

Any member of the public who is interested may submit testimonies to my office directly regarding Bill 63-35 here at the Congress Building or at Suite 207, 173 Aspinall Avenue, Hagatna, Guam 96910 or senatorterlajeguam@gmail.com

Additional agenda items were heard. The public hearing was adjourned at 11:00 AM.

III. FINDINGS & RECOMMENDATIONS

The **Committee on Health, Tourism, Historic Preservation, Land and Justice** hereby reports on **Bill No. 63-35 (COR), As Introduced-** "An Act to add a new (d) to § 77125, Chapter 77, Title 21, Guam Code Annotated, relative to approving and authorizing the Guam National Tennis Federation to assign its lease to its successor entity and for the Guam National Tennis Federation, Inc. to enter into a leasehold mortgage pursuant to § 77125 (b) (2) of Chapter 77, Title 21, GCA" with the recommendation to do pass.

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I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2019 (FIRST) Regular Session

Bill No. *wb* -35 (COR)

Introduced by:

Therese M. Terlaje *TM*

AN ACT TO *ADD* A NEW (d) to § 77125, CHAPTER 77, TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO APPROVING AND AUTHORIZING THE GUAM NATIONAL TENNIS FEDERATION TO ASSIGN ITS LEASE TO ITS SUCCESSOR ENTITY AND FOR THE GUAM NATIONAL TENNIS FEDERATION, INC. TO ENTER INTO A LEASEHOLD MORTGAGE PURSUANT TO § 77125 (b) (2) OF CHAPTER 77, TITLE 21, GCA.

2019 MAR 12 PM 3:58 *TM*

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that Public Law 31-67, codified as 21 GCA § 77125, authorized a lease by and
4 between the Government of Guam and the Guam National Tennis Federation
5 (GNTF). *I Liheslaturan Guåhan* further finds that § 77125 (b) (2) of Chapter 77,
6 Title 21 GCA authorizes that GNTF “may subject property and its improvements
7 to a leasehold mortgage, subject to the approval of *I Liheslatura*.” Similarly, §
8 77125 (b) (4) provides that GNTF’s leasehold may only be assigned with *I*
9 *Liheslaturan Guåhan*’s approval.

10 *I Liheslaturan Guåhan* finds that the Guam National Tennis Federation, Inc.
11 was incorporated under the laws of Guam in February of 2017 and that the GNTF,
12 which was an Association organized under the laws of Guam and certified by the
13 Director of the Department of Revenue and Taxation on June 1, 1973, was duly

1 merged into the new corporation and is now known as the “Guam National Tennis
2 Federation, Inc.” (“GNTF Inc.”) and that the Association transferred to the
3 corporation all its money, accounts, equipment, property, members, officers and
4 directors. The GNTF wishes to complete the formality of assigning its leasehold
5 interest in the property to the GNTF Inc.

6 *I Liheslaturan Guåhan* further finds that GNTF Inc. has worked diligently to
7 obtain corporate sponsorship, financing, and development plans for a new tennis
8 center. The GNTF Inc. successfully negotiated for the construction of six (6) tennis
9 courts, four (4) child courts and a small building as Phase 1 of the project. The
10 GNTF Inc. also secured approximately \$500,000 in donations and commitments
11 for a similar amount to be paid by several sponsors in annual installments over the
12 next ten (10) years and bank financing in the amount of \$700,000 for the remaining
13 cost of construction, which will require a leasehold mortgage on the property
14 leased from the Department of Parks & Recreation. It is the intent of *I*
15 *Mina Trentai Singko Na Liheslaturan Guåhan* to approve and authorize the GNTF
16 Inc. to enter into a leasehold mortgage to secure the bank financing to cover the
17 remaining cost of construction and to approve the assignment of the lease by the
18 GNTF to the GNTF Inc.

19 **Section 2. A new (d) is hereby added to § 77125, Chapter 77 of Title 21,**
20 **Guam Code Annotated, to read:**

21 **“(d) Approval and Authorization to Enter into a Leasehold Mortgage and to**
22 **Assign the Lease.** *I Liheslaturan Guåhan* hereby approves and authorizes the
23 Guam National Tennis Federation to assign the lease authorized by 21 GCA
24 77125, to the Guam National Tennis Federation, Inc. and for the GNTF Inc. to
25 enter into a leasehold mortgage of up to \$700,000 in substantially similar form as
26 attached in Exhibit One and to enter into a “Landlord’s Estoppel Certificate” in
27 substantially similar form as attached as Exhibit Two for land adjacent to the

1 Harmon Sports Complex: Parcel 1, a portion of Lot No. 10142- NEW-R4,
2 Municipality of Dededo, Guam containing an area of 132,515.6 ±square feet
3 (12,311.2 ±square meters) and Parcel 2, a portion of Lot No. 10142-NEW-3,
4 Document No. 788675 containing an area of 85,241 ±square feet (7,919.2 ±square
5 meters). All other restrictions of P.L. 31-67 *shall* continue to apply, and any
6 amendments to the leasehold mortgage shall require new legislative approval.”

7 **Section 3. Severability.** If any provision of this Act or its application to any
8 person or circumstance is found to be invalid or contrary to law, such invalidity
9 *shall not* affect other provisions or applications of this Act that can be given effect
10 without the invalid provision or application, and to this end the provisions of this
11 Act are severable.

Senator Amanda L. Shelton,
Vice Chairperson

Speaker Tina Rose Muña Barnes,
Member

Vice Speaker Telená Cruz Nelson,
Member

Senator Kelly Marsh (Taitano), Ph.D.,
Member

Senator Sabina Flores Perez
Member

Senator Clynton E. Ridgell
Member



COMMITTEE ON RULES
SENATOR RÉGINE BISCOE LEE, CHAIR
I MINA 'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
35TH GUAM LEGISLATURE

March 22, 2019

Senator Joe S. San Agustin,
Member

Senator Jose T. Terceño,
Member

Senator Therese M. Terceño,
Member

Senator James C. Moyan,
Member

Senator Mary Camacho Torres,
Member and
Chair, Subcommittee on Protocol

MEMO

To: **Rennae Meno**
Clerk of the Legislature

From: **Senator Régine Biscoe Lee**
Chairperson, Committee on Rules

Re: **Fiscal Notes**

Buenas yan Håfa adai.

Attached, please find the fiscal notes for the following bills:

Bill No. 58-35 (COR)

Bill No. 63-35 (COR)

Please forward the same to Management Information Services (MIS) for posting on our website.

For any questions or concerns, please feel free to contact Mary Maravilla, Committee on Rules Director at 472-2461.

Thank you for your attention to this important matter.

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 63-35 (COR)**

AN ACT TO ADD A NEW (d) TO § 77125, CHAPTER 77, TITLE 21, GUAM COE ANNOTATED, RELATIVE TO APPROVING AND AUTHORIZING THE GUAM NATIONAL TENNIS FEDERATION TO ASSIGN ITS LEASE TO ITS SUCCESSOR ENTITY AND FOR THE GUAM NATIONAL TENNIS FEDERATION, INC. TO ENTER INTO A LEASEHOLD MORTGAGE PURSUANT TO § 77125 (b) (2) OF CHAPTER 77, TITLE 21, GCA.

Department/Agency Appropriation Information	
Dept./Agency Affected: Department of Parks and Recreation (DPR)	Dept./Agency Head: Richard Ybanez, Acting Director
Department's General Fund (GF) appropriation(s) to date:	\$0
Department's Other Fund appropriation(s) to date: Limited Gaming Fund - \$524,913; Public Recreation Services Fund - \$174,907; Tourist Attraction Fund - \$2,762,481	\$3,462,301
Total Department/Agency Appropriation(s) to date:	\$3,462,301

Fund Source Information of Proposed Appropriation			
	General Fund:	Special Fund (specify)	Total:
FY 2018 Unreserved Fund Balance		\$0	\$0
FY 2019 Adopted Revenues	\$0	\$0	\$0
FY 2019 Appro. (P.L. 34-116 thru 34-162)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2019 (if applicable)	FY 2020	FY 2021	FY 2022	FY 2023
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
Special Fund (specify)	\$0	\$0	\$0	\$0	\$0	\$0
Total 1/	\$0	\$0	\$0	\$0	\$0	\$0

1. Does the bill contain "revenue generating" provisions? / / Yes /X/ No
If Yes, see attachment
2. Is amount appropriated adequate to fund the intent of the appropriation? /X/ N/A / / Yes / / No
If no, what is the additional amount required? /X/ N/A
3. Does the Bill establish a new program/agency? / / Yes /X/ No
If yes, will the program duplicate existing programs/agencies? /X/ N/A / / Yes /X/ No
Is there a federal mandate to establish the program/agency? / / Yes /X/ No
4. Will the enactment of this Bill require new physical facilities? / / Yes /X/ No
5. Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason: / / Yes / / No
/X/ Requested agency comments not received by due date (DPR)

Analyst: <u>Raymond M. Meta</u> Raymond M. Meta, BMA I	Date: <u>3/21/19</u>	Director: <u>Lester L. Carlson, Jr.</u> Lester L. Carlson, Jr., Acting Director	Date: <u>MAR 22 2019</u>
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Notes:
1/: Bill No. 63-35 proposes to authorize the Guam National Tennis Federation (GNTF) to assign its lease with the Government of Guam, established in 21 GCA § 77125, to its successor entity, the Guam National Tennis Federation, Inc. (GNTF Inc.). The Bill also intends for GNTF Inc. to enter into a leasehold mortgage on property leased from DPR to secure bank financing to cover the remaining costs of several construction projects. Per the Bureau's fiscal note on Bill No. 116-31 (COR) which established § 77125 through the enactment of P.L. 31-67, there is a potential for additional revenues to the Government of Guam with reference to § 77125 (b)(5) should the tax status of the lessee change and the lease be renegotiated. If such change shall be to a for-profit entity, the annual rate of the lease shall be no less than ten percent (10%) of the actual market value of the property. However, with the Bill in its present form and absent additional information from DPR the fiscal impact cannot be determined at this time.



Senator
THERESE M. TERLAJE

I Mina'trentai Singko na Libeslaturan Guåhan

35th Guam Legislature

Committee on Health, Tourism, Historic Preservation, Land and Justice

COMMITTEE VOTE SHEET

Bill No. 63-35 (COR), As Introduced- "AN ACT TO ADD A NEW (d) to § 77125, CHAPTER 77, TITLE 21, GUAM CODE ANNOTATED, RELATIVE TO APPROVING AND AUTHORIZING THE GUAM NATIONAL TENNIS FEDERATION TO ASSIGN ITS LEASE TO ITS SUCCESSOR ENTITY AND FOR THE GUAM NATIONAL TENNIS FEDERATION, INC. TO ENTER INTO A LEASEHOLD MORTGAGE PURSUANT TO § 77125 (b) (2) OF CHAPTER 77, TITLE 21, GCA.

	SIGNATURE	TO DO PASS	TO NOT PASS	TO REPORT OUT ONLY	TO ABSTAIN	TO PLACE IN INACTIVE FILE
Senator Therese M. Terlaje Chairperson		✓ 4/22/19				
Senator Sabina Flores Perez Vice Chairperson				✓ 4/22/2019		
Senator Kelly G. Marsh (Taitano), Ph.D. Member				✓ 4/22/19		
Senator James C. Moylan Member		✓				
Senator Louise B. Muña Member		✓ 4/22/19				
Vice Speaker Telena C. Nelson Member						
Senator Joe S. San Agustin Member		✓				
Senator Amanda L. Shelton Member				✓		
Senator Mary Camacho Torres Member						

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