

Passed FA No. 70
Date: 9/14 Time: _____

MINA'BENTE OCHO NA LIHESLATURAN GUÅHAN
FLOOR AMENDMENTS/CHANGES
Bill No. 266 (EC)

Edward J. B. Calvo *J. Won Pat*
Senator Proposing Amendment

(Below for Senator to Complete)

Please describe proposed amendment, including where change to occur:

1. Replace Attachment B (attached).

Date September 14, 2006.

Floor Amendment No. 25 of a total of _____ changes on above Bill.

Votes For Amendment: _____ Votes Against Amendment: _____

AMENDMENT PASSED: ✓

Amendment Failed: _____

Amendment Withdrawn: _____

APPROVED AS TO FORM PASSED

AUTHOR OF AMENDMENT

Concur (initial)

MS
Clerk of Legislature

Speaker

Ass't Amend. Clerk

Engrossment Staff

25
FA

Attachment B

GPSS CIPs and Other Capital Expenses

	Total
Bleachers and Benches	\$ 63,985
Bookshelves, Student Lockers, Cubbies and Cabinets	\$ 318,925
Cafeteria Equipment	\$ 599,319
Cafeteria Vans	\$ 150,000
CNP Local Wellness Equipment	\$ 153,120
Canopies for Schools	\$ 400
Carts	\$ 112,521
Chairs Various	\$ 25,813
Classroom Equipment and Band	\$ 80,801
Computers/Laptop/Hardware	\$ 918,375
Floor Buffer, Pressure Washer, Water Blaster, Blower, Fans	\$ 50,496
Home Economics Equipment	\$ 9,414
Library Painting/Shelving/Counter	\$ 150,202
PA System/Laminating Machine/Binding Machine	\$ 33,045
PE/Playground/Sport Equipment/Scoreboard	\$ 512,581
Printers	\$ 42,000
Projectors	\$ 127,413
Science Laboratory Equipment	\$ 88,199
Students' Chairs	\$ 189,196
Students' Desks	\$ 319,304
TABLES - VARIOUS	\$ 359,598
TEACHERS' CHAIRS	\$ 41,256
TEACHER'S DESKS	\$ 65,207
TOILETS & URINALS, SINK REPLACEMENT	\$ 226,100
TOOLS - SAW, DRILLS, VICE GRIP, CRIMPER, CUTTING TOOLS	\$ 53,751
TV/VCR/DVD/CD - CASSETTE PLAYER/CAMERA, DIGITAL	\$ 123,298
VARIOUS CAPITAL OUTLAY	\$ 277,200
Vehicles	\$ 372,000
WASHING MACHINE, CLOTHES DRYER, VACUUM, Refrigerator	\$ 33,110
WHITE BOARDS/BULLETIN BOARDS/CHALK BOARDS	\$ 85,598
Subtotal Capital Expense Items	\$ 5,582,227
Subtotal CIP Programs - (See page 2 attached)	\$ 27,417,773
TOTAL	\$ 33,000,000

PROJECT: Updated C.I.P. Programs (Sept. 13, 2005)
 Capital Improvement Project Program Summary Bond Refinancing

Summary of GPSS CIP Programs

School Name	Location	School District	Fr. Area	General CIP Priority	ADA Compliance	Recreational	Information, Security	Physical	Total Cost	
F. Q. Sanchez Elem	Haya	Sanja Rta	\$1,854	\$55,046.00	\$5,440.00	\$25,000.00	\$25,000.00	\$18,200.00	\$119,566.00	
H. S. Tunjan Elem	Haya	Sanja Rta	\$0,677	\$16,575.00	\$204,210.00	\$45,000.00	\$40,000.00	\$2,800.00	\$430,413.00	
I. P. Torres Alternave	Haya	Sanja Rta	\$19,680	\$74,784.00	\$7,180.00	\$25,000.00	\$40,000.00	\$5,400.00	\$374,434.00	
I. M. Torres Elem	Haya	Sanja Rta	\$4,160	\$19,990.00	\$199,990.00	\$55,000.00	\$5,000.00	\$11,200.00	\$442,798.00	
M. Salan Elem	Haya	Sanja Rta	\$4,217	\$18,820.00	\$149,150.00	\$5,000.00	\$76,350.00	\$23,200.00	\$377,725.00	
M. Salan Elem	Haya	Sanja Rta	\$4,469	\$130,987.00	\$98,000.00	\$38,000.00	\$85,000.00	\$1,200.00	\$388,883.00	
Takoto Elem	Haya	Takoto	\$6,158	\$119,300.00	\$146,156.00	\$50,000.00	\$9,800.00	\$6,800.00	\$441,805.00	
I. M. Torres Elem	Haya	Sanja Rta	\$38,462	\$19,656.00	\$63,415.00	\$475,500.00	\$85,000.00	\$18,800.00	\$858,436.00	
O. Sanchez Middle	Haya	Sanja Rta	\$7,804	\$319,656.00	\$163,415.00	\$242,470.00	\$345,000.00	\$18,800.00	\$1,098,721.00	
J. L. G. Rios Middle	Haya	Sanja Rta	\$41,287	\$106,891.00	\$7,850.00	\$200,000.00	\$90,000.00	\$21,800.00	\$596,871.00	
Southern High	Haya	Sanja Rta	\$10,891	\$749,390.00	\$2,000.00	\$250,000.00	\$155,000.00	\$300,660.00	\$1,537,050.00	
SUB-TOTAL			\$59,659	\$2,134,177.00	\$1,399,885.00	\$1,659,000.00	\$800,500.00	\$2,271,820.00	\$7,049,742.00	
L. B. Johnson Elem	Luchan	Luchan	\$9,430	\$149,834.00	\$118,330.00	\$22,000.00	\$80,000.00	\$30,740.00	\$16,800.00	\$417,704.00
L. B. Johnson Elem	Luchan	Luchan	\$24,891	\$114,586.00	\$85,370.00	\$5,000.00	\$40,000.00	\$21,800.00	\$15,800.00	\$264,286.00
T. B. Johnson Elem	Luchan	Luchan	\$19,430	\$149,834.00	\$118,330.00	\$22,000.00	\$80,000.00	\$30,740.00	\$16,800.00	\$417,704.00
SUB-TOTAL			\$39,691	\$1,710,330.00	\$973,800.00	\$691,000.00	\$600,000.00	\$3,167,700.00	\$4,448,360.00	
A. H. The Elementary	Kanan	Baranga	\$1,582	\$170,212.00	\$216,660.00	\$50,000.00	\$85,000.00	\$6,800.00	\$200,000.00	\$762,272.00
H. P. Cardullo Elem	Baranga	Kanan	\$0,275	\$93,045.00	\$151,845.00	\$44,000.00	\$85,000.00	\$21,800.00	\$31,800.00	\$427,520.00
C. L. Tavano Elem	Sanja Rta	Kanan	\$5,275	\$4,500.00	\$20,000.00	\$20,000.00	\$55,000.00	\$3,800.00	\$584,385.00	
I. Q. San Miguel Elem	Kanan	Kanan	\$1,278	\$156,857.00	\$125,000.00	\$5,000.00	\$95,000.00	\$22,500.00	\$125,000.00	\$545,901.00
M. U. Lujan Elem	Kanan	Kanan	\$8,820	\$185,516.00	\$180,735.00	\$35,000.00	\$55,000.00	\$40,450.00	\$49,200.00	\$545,901.00
Concepcion Page Elem	Kanan	Kanan	\$11,328	\$117,047.00	\$50,000.00	\$50,000.00	\$55,000.00	\$21,800.00	\$9,200.00	\$448,317.00
P. C. Lujan Elem	Baranga	Kanan	\$3,822	\$166,325.00	\$123,430.00	\$90,000.00	\$95,000.00	\$44,000.00	\$36,600.00	\$564,954.00
C. P. Price Elem	Manglito	Kanan	\$4,956	\$44,639.00	\$123,095.00	\$42,000.00	\$95,000.00	\$9,800.00	\$80,000.00	\$448,317.00
A. Johnson Middle	Kanan	Kanan	\$8,589	\$144,639.00	\$183,190.00	\$375,000.00	\$125,000.00	\$89,100.00	\$29,920.00	\$1,176,849.00
L. P. Lujan Middle	Baranga	Kanan	\$9,145	\$486,751.00	\$125,190.00	\$450,000.00	\$125,000.00	\$40,450.00	\$42,000.00	\$1,255,991.00
G. Washinton High	Manglito	Kanan	\$18,521	\$470,738.00	\$251,300.00	\$450,000.00	\$175,000.00	\$40,450.00	\$150,000.00	\$1,816,128.00
SUB-TOTAL			\$70,491	\$3,273,667.00	\$1,690,145.00	\$1,666,000.00	\$1,045,000.00	\$4,022,100.00	\$555,000.00	\$8,753,622.00
Machacona Elem	Lagu	Lagu	\$48,905	\$85,839.00	\$35,000.00	\$45,000.00	\$35,000.00	\$100,000.00	\$125,000.00	\$390,839.00
As Tunbo Elem	Decido	Lagu	\$1,903	\$97,232.00	\$75,000.00	\$75,000.00	\$55,000.00	\$100,000.00	\$50,000.00	\$327,232.00
Engayay Elem	Decido	Lagu	\$9,800	\$126,440.00	\$186,230.00	\$75,000.00	\$95,000.00	\$44,400.00	\$5,000.00	\$532,670.00
J. M. Guerrero Elem (Conversion)	Decido	Lagu	\$9,187	\$0	\$0	\$0	\$0	\$4,200.00	\$4,200.00	\$20,000.00
M. A. Uliba Elem	Decido	Lagu	\$6,636	\$215,217.00	\$40,000.00	\$40,000.00	\$95,000.00	\$11,200.00	\$610,817.00	
I. P. Lujan Elem	Lagu	Lagu	\$0,890	\$255,382.00	\$111,350.00	\$3,000.00	\$85,000.00	\$4,200.00	\$509,032.00	
D. L. Perez Elem	Lagu	Lagu	\$0,495	\$136,830.00	\$50,000.00	\$50,000.00	\$95,000.00	\$34,240.00	\$80,000.00	\$729,251.00
F. B. Leon Curro Middle	Lagu	Lagu	\$64,496	\$345,085.00	\$290,990.00	\$325,000.00	\$125,000.00	\$40,450.00	\$19,600.00	\$1,106,125.00
S. Sanchez High	Lagu	Lagu	\$131,112	\$657,728.00	\$328,225.00	\$650,000.00	\$140,000.00	\$23,430.00	\$407,000.00	\$2,176,383.00
SUB-TOTAL			\$237,245	\$9,125,180.00	\$5,241,575.00	\$5,170,000.00	\$3,170,500.00	\$1,560,300.00	\$1,085,000.00	\$26,638,773.00
Roof Repair & Installation										
Painting & Lighting										
Plumbing & Heating										
Electrical & Data										
Roof Repair, Lockers										
Form, Reinforcing of										
Struct. (for ground equip.										
etc.										
Electrical & Sewer										
upgrades, etc.										
GRAND TOTAL CIP BOND FY 2007									\$ 27,417,773.00	
									\$ 125,000.00	
									\$ 654,000.00	

Additional Funding Required	Repl. Of Temp. Bldgs.
\$ 39,000,000.00	\$ 39,000,000.00
\$ 250,000.00	\$ 442,798.00
\$ 100,000.00	\$ 388,883.00
\$ 5,882,227.00	\$ 441,805.00
\$ 200,000.00	\$ 448,317.00
\$ 585,436.00	\$ 564,954.00
\$ 1,098,721.00	\$ 448,317.00
\$ 596,871.00	\$ 448,317.00
\$ 600,000.00	\$ 448,317.00
\$ 1,450,000.00	\$ 448,317.00
\$ 417,704.00	\$ 448,317.00
\$ 150,000.00	\$ 448,317.00
\$ 534,182.00	\$ 448,317.00
\$ 556,160.00	\$ 448,317.00
\$ 1,105,231.00	\$ 448,317.00
\$ 400,000.00	\$ 448,317.00
\$ 559,000.00	\$ 448,317.00
\$ 400,000.00	\$ 448,317.00
\$ 1,600,000.00	\$ 448,317.00
\$ 4,100,000.00	\$ 448,317.00

\$ 39,000,000.00
 \$ 5,882,227.00
 \$ 27,417,773.00
 83%
 17%

1 committing Fifty Percent (50%) of any amount in excess of One Hundred
2 Million Dollars (\$100,000,000) received in revenue pursuant to Section 30 of
3 the Organic Act to redeem the bonds.

4 *I Liheslaturan Guåhan* therefore hereby authorizes the issuance of
5 general obligation bonds as provided herein, provides for said bonds to be
6 used to refinance all or a portion of said 1993 Series A Bonds and to finance
7 capital expense items and capital improvement projects of the Guam Public
8 School System and the University of Guam.

9 **Section 2.** A new Section 22435 is hereby added to Chapter 22 of
10 Title 5, Guam Code Annotated, to read as follows:

11 **“§22435. Authorization to Issue Bonds for Refinancing 1993**
12 **Series A Bonds, Capital Expense Items and Capital Improvement**
13 **Projects of School Facilities.**

14 **(a) Authorization of Issuance of Bonds.** *I Maga’lahen*
15 *Guåhan* is authorized to issue one or more series of bonds of the
16 government of Guam as provided in this Section, in an aggregate
17 principal amount necessary to provide proceeds sufficient to fund an
18 escrow for the refinancing of the General Fund obligations listed in
19 subsection (k)(i) and in an aggregate principal amount not to exceed
20 the amount necessary to provide Thirty Five Million Dollars
21 (\$35,000,000) for the payment of the General Fund expenses listed in
22 subsection (k)(ii), and in each case to fund necessary reserves and to
23 pay expenses incurred in connection with the issuance of such bonds

1 not already included in an existing appropriation for or the regular
2 budget of any government agency or instrumentality or public
3 corporation providing any service in connection with the issuance of
4 such bonds; provided, however, that said bonds may not be issued in
5 an amount that would cause a violation of the debt limitation
6 provisions of 48 USC 1423a (§11 of the Organic Act of Guam).

7 **(b) Terms and Conditions Determined by Certificate or**
8 **Indenture.** The terms and conditions of the bonds shall be as
9 determined by *I Maga'lahaen Guåhan* by the execution of a certificate or
10 indenture authorizing the issuance of the bonds upon or prior to the
11 issuance of the bonds; provided, however, that such terms and
12 conditions shall be consistent with this Section, and that the bonds
13 shall mature not later than the year 2028, and shall bear interest at
14 such rates and be sold for such price or prices as shall result in a yield
15 to the bondholders not exceeding six and ninety five hundredths
16 percent (6.95%) per annum.

17 **(c) Valid and Binding General Obligations.** The bonds
18 authorized by this Section shall constitute the valid and binding
19 general obligations of the government of Guam. The government of
20 Guam pledges its full faith and credit for the punctual payment of
21 both principal of and interest on the bonds. There shall be collected
22 annually in the same manner and at the same time as government
23 revenue for other purposes is collected, such sum as is required to

1 pay the principal of and interest on the bonds. All officers charged
2 by law with any duty in the collection of the revenues of the
3 government from which debt service on the bonds will be payable
4 shall do every lawful thing necessary to collect such sum. The
5 validity of any such bonds shall not be affected by the validity or
6 regularity of any proceedings for the payment of the General Fund
7 expenses paid or to be paid with the proceeds of the bonds.

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

12 (e) **Additional Bonds.** Nothing in this Section shall be
13 construed to prevent the government of Guam from issuing, after
14 appropriate enabling legislation, other obligations of the government
15 secured by the general obligation of the government on a parity with
16 or subordinate to the bonds authorized by this Section on such terms
17 as may be provided by the indenture or certificate pursuant to which
18 the bonds are issued. Nothing in this Section shall be construed to
19 prevent the government of Guam from issuing, after appropriate
20 enabling legislation, other obligations of the government secured by
21 Real Property Tax Revenues on a parity with or subordinate to the
22 bonds authorized by this Section on such terms as may be provided

1 by the indenture or certificate pursuant to which the bonds are
2 issued.

3 **(f) Waiver of Immunity; Submission to Jurisdiction.**

4 Notwithstanding any substantive or procedural provision of Chapter
5 6 of Title 5 Guam Code Annotated, the government of Guam waives
6 immunity from any suit or action in contract on the bonds, but does
7 not waive sovereign immunity as to the personal liability of elected
8 officials and employees of the government of Guam. The
9 government hereby submits to jurisdiction of the Federal District
10 Court for the District of Guam for purposes of any such suit or action
11 in contract on the bonds.

12 **(g) No Personal Liability.** No employee or elected official of

13 the government of Guam shall be individually or personally liable for
14 the payment of any amounts due on any bonds issued under this
15 Section, or for any other liability arising in connection with the
16 bonds; provided, however, that nothing in this Section shall relieve
17 any employee or elected official from the performance of any
18 ministerial duty required by law.

19 **(h) Form of Bonds; Covenants; Appointment of Fiduciaries.**

20 The technical form and language of the bonds, including provisions
21 for execution, exchange, transfer, registration, paying agency, lost or
22 mutilated bonds, negotiability, cancellation and other terms or
23 conditions not inconsistent with this Section, including covenants

1 relating to the collection of revenues, shall be as specified in the
2 certificate or indenture executed by *I Maga'lahaen Guåhan* authorizing
3 the issuance of the bonds. The certificate or indenture shall appoint
4 one or more trustees, co-trustees or other fiduciaries authorized to
5 receive and hold in trust the proceeds of the bonds, the revenues and
6 other moneys relating thereto, to protect the rights of bondholders
7 and to perform such other duties as may be specified in the
8 indenture. *I Maga'lahaen Guåhan* is also authorized to execute, on
9 behalf of the government of Guam, any appropriate agreements,
10 certificates or other instruments relating to the bonds and the sale of
11 bonds.

12 (i) **Authorization for Credit Enhancement.** *I Maga'lahaen*
13 *Guåhan* is authorized to enter into such contracts or agreements with
14 such banks, insurance companies or other financial institutions as he
15 determines are necessary or desirable to improve the security and
16 marketability of the bonds issued under this Section. Such contracts
17 or agreements may contain an obligation to reimburse, with interest,
18 any such bank, insurance company or other financial institution for
19 advances it makes to pay the principal of or interest on the bonds and
20 to indemnify any such bank, insurance company or other financial
21 institution for costs and expenses incurred in connection with any
22 such advance. Any such reimbursement obligation and any other
23 obligations of the government under such contracts or agreements

1 shall be general obligations of the government of Guam and any such
2 advance, if necessary, shall be treated for Organic Act purposes as
3 creating an obligation issued to refund the bonds.

4 (j) **Use of Proceeds from the Sale of the Bonds.** The
5 proceeds from the sale of the bonds shall be used and are hereby
6 appropriated to (i) refinance the General Fund obligations and fund
7 the capital projects described in subsection (k) of this Section,
8 (ii) establish necessary reserves, (iii) pay expenses relating to the
9 authorization, sale and issuance of the bonds, including, without
10 limitation, printing costs, costs of reproducing documents, credit
11 enhancement fees, underwriting, legal, financial advisory and
12 accounting fees and charges, fees paid to banks or other financial
13 institutions providing credit enhancement, costs of credit ratings and
14 other costs, charges and fees in connection with the issuance, sale and
15 delivery of the bonds, and (iv) fund capitalized interest on the bonds
16 issued for the purposes described in subsection (k)(i) of this Section
17 for a period ending not later than thirty (30) months from the receipt
18 of proceeds.

19 (k) **Use of Proceeds of Bonds.** The expenditures authorized
20 to be financed with the proceeds of the bonds are as follows:

21 (i) to fund an escrow to pay debt service on all or a
22 portion of the Government of Guam General Obligation Bonds,
23 1993 Series A at a maturity not later than the year 2028,

1 provided that the annual debt service for any of said 1993 Series
2 A bonds to remain outstanding, together with the annual debt
3 service on the bonds authorized pursuant to this Section, for a
4 given year shall not exceed the aggregate annual debt service
5 for said bonds for the previous year or the next succeeding year
6 by more than one percent (1.0%).

7 (ii) **Thirty Three Million dollars (\$33,000,000)** to fund
8 the capital expense items and capital improvement projects of
9 the Guam Public School System listed in **Attachment B**.

10 (iii) **Two Million dollars (\$2,000,000)** to fund the capital
11 expense items and capital improvement projects of the
12 University of Guam listed in **Attachment C**.

13 (l) **Permitted Investments.** The proceeds of the bonds, and
14 any revenues relating to such bonds, shall be invested only in the
15 types of investments permitted by the certificate or indenture
16 pursuant to which such bonds are issued.

17 (m) **Approval by Guam Economic Development and**
18 **Commerce Authority.** Title 12 Guam Code Annotated §50103(k)
19 provides that agencies and instrumentalities of the Government of
20 Guam shall issue bonds and other obligations only by means of and
21 through the agency of the Guam Economic Development and
22 Commerce Authority ("GEDCA"). No bonds authorized by this

1 Section shall be sold until the board of directors of GEDCA has
2 adopted a resolution approving the sale.

3 (n) **Approval of Voters Not Required.** Notwithstanding
4 Title 3 Guam Code Annotated §§17311 and 17312, the issuance of the
5 bonds authorized by this Section shall not be subject to the approval
6 of, or placed before, the voters of Guam.”

7 **Section 3.** Subsection (l) of Section 22425, Chapter 22 of Title 5
8 Guam Code Annotated, is hereby amended to read as follows:

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

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

1 bonds issued pursuant to this Section or pursuant to § 22435,
2 Chapter 22 of Title 5 Guam Code Annotated, for the purpose of
3 either (A) paying the principal of and interest on the bonds
4 designated as having been issued for the capital projects
5 enumerated in items (1), (2), (3), (4), (6) and (7) of subsection
6 (m) of this Section and for the payment of general fund
7 expenses, or paying the principal of and interest on the bonds
8 issued pursuant to § 22435, Chapter 22 of Title 5 Guam Code
9 Annotated, or (B) accumulating the amounts necessary to pay
10 the principal of or interest on such bonds, there shall be
11 transferred from the TEF Fund to the General Fund amounts
12 equal to, but not in excess of, the amounts remitted from the
13 General Fund for such purposes, and in the event that the
14 amount so transferred on any such date is insufficient to fully
15 reimburse the amount so remitted, the amount of the
16 insufficiency shall be transferred as soon thereafter as it
17 becomes available in the TEF Fund, together with interest from
18 such remittance date to such date of transfer at a rate equal to
19 the yield on the bonds.

20 (2) On the dates on which monies are transferred to the
21 General Fund pursuant to paragraph (1) of this Subsection (1)
22 of this Section, if such transfer is sufficient to fully reimburse
23 the General Fund, (with interest, if required), the balance

1 remaining in the TEF Fund shall remain in the TEF Fund and
2 shall *only* be appropriated by *I Liheslatura* for the purpose of
3 constructing, refurbishing, replacing and funding educational
4 facilities and to fund the operations of the Guam Community
5 College.

6 (3) The repayment obligation of the University of
7 Guam as described in § 22425 Chapter 22 of Title 5 Guam Code
8 Annotated, which establishes the University of Guam Bond
9 Fund, shall continue.

10 Such tax collections shall *not* be pledged to the payment of
11 amounts due on ~~the~~ such bonds, and this Subsection (l) may be
12 amended at any time by subsequent act of *I Liheslatura*. Nothing in
13 this Section or § 22435, Chapter 22 of Title 5 Guam Code Annotated
14 shall be construed to prevent the government of Guam from issuing,
15 after appropriate enabling legislation, for the benefit of the
16 government of Guam other general obligations or revenue
17 obligations of the government secured by such real ~~estate~~ property
18 tax revenues on a parity with the bonds authorized by this Section or
19 § 22435, Chapter 22 of Title 5 Guam Code Annotated."

20 **Section 4. Local Sales of Bonds.** *I Maga'lahaen Guåhan* shall
21 undertake his best efforts to cause a portion of any bonds issued pursuant
22 to Section 2 of Chapter IV of this Act (§22435, Title 5 Guam Code
23 Annotated), to be offered for sale to residents of Guam, if and to the extent

1 that such offer and any sales resulting from such offer do not increase the
2 costs to the government of Guam of issuing and repaying such bonds.

3 **Section 5. Approval of Bonds.** *I Liheslaturan Guåhan*, pursuant to
4 §50103(k), Title 12 Guam Code Annotated, hereby approves the issuance
5 and sale by the government of Guam of bonds for the purposes and in the
6 principal amounts not to exceed the purpose and limits set forth in Section
7 2 of Chapter IV of this Act; *provided* that the conditions to the issuance of
8 such bonds shall have been met, that such bonds have a final maturity date
9 not later than thirty (30) years after their date of issuance, that the bonds
10 bear interest at such rate and are sold for such price or prices as shall result
11 in a yield to the bondholders not exceeding seven and one-half percent
12 (7.5%) per annum, and that the bonds are issued and sold in the manner,
13 for the purposes and subject to the requirements and limitations provided
14 in §22435, Title 5 Guam Code Annotated. This approval supersedes the
15 approval contained in Public Law 27-19 and the terms and conditions of
16 Public Law 27-19 shall not apply.

17 **Section 6. Approval of Indenture.** The certificate pursuant to
18 which the bonds approved by Section 5 of Chapter IV of this Act shall be
19 issued in substantially the form appended to this Act as "**Attachment A**".
20 In accordance with Title 5 Guam Code Annotated §22435, the terms and
21 conditions of such bonds shall be as determined by *I Maga'lahaen Guåhan*,
22 and approved by *I Liheslaturan Guåhan*, by execution of the certificate,
23 subject to the requirements of said §22435 and Section 4 of Chapter IV of

1 this Act.

2 **Section 7. Early Redemption of Bonds.** The Indenture described
3 in Section 6 of Chapter IV of this Act shall contain a provision authorizing
4 the Early Redemption of the Bonds described in Section 2 of Chapter IV of
5 this Act. Fifty Percent (50%) of any amount in excess of One Hundred
6 Million Dollars (\$100,000,000) payable to the Government of Guam by the
7 Government of the United States pursuant to Section 30 of the Organic Act,
8 Title 48 U.S. Code §41421h, shall be used for the Early Redemption of the
9 Bonds described in this Act.

10 **Section 8. Bond Proceeds Not Subject to Transfer Authority.** The
11 proceeds of the bonds approved by Section 5 of Chapter IV of this Act shall
12 not be subject to any transfer authority of *I Maga'lahaen Guåhan*.

13 **Section 9. Financial Advisory Services Fee.** An amount equal to
14 Fifty Percent (50%) of the Financial Advisory Services Fee received by the
15 Guam Economic Development and Commerce Authority from the
16 refinancing of the Government of Guam General Obligation Bonds, 1993
17 Series A shall be reserved for appropriation by *I Liheslaturan Guåhan* for
18 community and economic impact assessment required for the relocation of
19 U.S. Armed Services personnel to Guam.

njr FA 26 Section 10. School Capital Facilities
Reserve Fund

**I MINA'BENTE OCHO NA LIHESLATURAN GUAHAN
FLOOR AMENDMENTS/CHANGES**

Bill No. 266(EC)

Senator Proposing Amendment: RJR

p. 38

Describe proposed amendment and/or change here:

Add a new Section ___ to Chapter II, Part VII - "Authorization to Issue Bonds for Refinancing 1993 Series A Bonds and Capital Expenses of School Facilities" as follows:

Section ____. School Capital Facilities Reserve Fund. All lapses resulting from savings made from the procurement of items as authorized in Attachment B of Chapter II, Part VII of this Act shall revert to a School Capital Facilities Reserve Fund. Any fees or charges required as a consequence of the issuance of revenue bonds as authorized in Section 2 of Chapter II, Part VII of this Act shall be paid from the proceeds of such bonds. The Superintendent of Education is authorized to expend these funds for capital expenses and capital improvement projects for the Guam Public School System after providing a ten (10) day notice to the Speaker of *I Liheslatura*. The Superintendent of Education shall provide a breakdown of such expenditures to the Public Auditor within 10 days of expending such funds. The Superintendent of Education shall publish such reports on the Guam Public School System's website.

(Below for Clerk of Legislature's use and processing)

Date: 9/14/06
Floor Amendment No. 260 of a total of _____ changes on above Bill.
Votes For Amendment: _____ Votes Against Amendment: _____
AMENDMENT PASSED: AMENDMENT FAILED: _____
AMENDMENT WITHDRAWN: _____
APPROVED AS TO FORM PASSED

CONCUR (INITIAL)

pre

Attachment A

CERTIFICATE OF THE GOVERNOR OF GUAM
DETERMINING, SPECIFYING AND AUTHORIZING
CERTAIN MATTERS IN CONNECTION WITH
THE ISSUANCE OF CERTAIN
GOVERNMENT OF GUAM
GENERAL OBLIGATION BONDS,
2006 SERIES A

WHEREAS, pursuant to Section 22435 of Title 5 of the Guam Code Annotated (the "Act"), the Legislature of Guam has authorized the Governor of Guam (the "Governor") to issue one or more series of general obligation bonds for the purposes of refunding the Government of Guam General Obligation Bonds, 1993 Series A, and implementing certain Capital Projects, as that term is defined herein;

WHEREAS, the Legislature of Guam has, by P.L. No. _____ of the Twenty-Eighth Guam Legislature, 2006 (SECOND) Regular Session, approved the terms and conditions of the issuance of not to exceed _____ Dollars (\$_____) principal amount of Government of Guam General Obligation Bonds, 2006 Series A, the proceeds of which are to be used for such purposes;

WHEREAS, the Guam Economic Development Authority has approved the issuance and sale of said bonds as provided by the Act and by 12 Guam Code Annotated § 50103(k); and

WHEREAS, the Act authorizes the Governor to execute this certificate (this "Certificate") to determine certain matters with respect to the issuance of such bonds;

NOW, THEREFORE, I, Felix Perez Camacho, Governor of Guam, hereby certify as follows:

ARTICLE I

DEFINITIONS; CERTIFICATES

Section 1.01. Definitions. Unless the context otherwise requires, the terms defined in this Section shall for all purposes of this Certificate, and of any certificate supplemental hereto and of any certificate, opinion or other document herein mentioned, have the meanings herein specified, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Account

"Account" means each account established and given a designation pursuant to this Certificate or any Supplemental Certificate.

Accreted Value

"Accreted Value" means, with respect to any particular Bonds as of any given date of calculation, an amount equal to the sum of the principal amount of such Bonds plus accrued and unpaid

interest on such Bonds as of such date, but not including interest payable on a current basis at least annually.

Act

“Act” means Section 22435 of Title 5, Guam Code Annotated.

Annual Debt Service

“Annual Debt Service” means, for any Bond Year, the sum of (1) the interest falling due on then Outstanding Bonds (assuming that all then Outstanding Serial Bonds are retired on their respective maturity dates and that all then Outstanding Term Bonds are retired at the times of and in amounts provided for by the Mandatory Sinking Account Payments applicable to such Term Bonds), (2) the principal amount of then Outstanding Serial Bonds falling due by their terms, and (3) the aggregate amount of all Mandatory Sinking Account Payments required with respect to such Bonds; all as calculated for said Bond Year.

Authorized Officer

“Authorized Officer” of the Trustee means and includes the chairman of the board of directors, the president, every vice president, every trust officer and any other officer or assistant officer of the Trustee, other than those specifically above mentioned, designated by a certificate of an Authorized Officer of the Trustee, as an Authorized Officer for purposes of this Certificate.

Authorized Representative

“Authorized Representative” means the Governor or any other person or office designated and authorized as an Authorized Representative by a Statement of the Governor and filed with the Trustee.

Bond Counsel

“Bond Counsel” means, initially, Orrick, Herrington & Sutcliffe LLP, San Francisco, California. Any successor Bond Counsel thereto shall be an attorney or firm of attorneys having a national reputation for expertise in matters relating to governmental obligations, the interest on which is excluded from gross income for federal income tax purposes under Section 103 of the Code, and familiar with the laws of Guam and procedures of the Government.

Bond Fund

“Bond Fund” means the fund by that name established pursuant to Section 5.01.

Bond Year

“Bond Year” means the period of twelve consecutive months ending on [November 15] in any year in which Bonds are or will be Outstanding.

Bonds, Serial Bonds, Term Bonds

“Bonds” means the Government of Guam General Obligation Bonds, 2006 Series A, authorized by, and at any time Outstanding pursuant to, this Certificate.

“Serial Bonds” means the Bonds, falling due by their terms on specified dates, for which no Mandatory Sinking Account Payments are provided.

“Term Bonds” means the Bonds payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

Business Day

“Business Day” means any day on which banks in the cities in which the Principal Offices of each Fiduciary are located are not required or authorized to close and on which the New York Stock Exchange is not closed.

Capital Projects

“Capital Projects” means capital projects to be implemented or equipped using bond proceeds, including: _____, and () any other projects approved by subsequent legislation.

Certificate, Order, Request, Requisition, or Statement of the Government

“Certificate,” “Order,” “Request,” “Requisition,” and “Statement” of the Government mean, respectively, a written certificate, order, request, requisition, or statement, executed by an Authorized Representative. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument. If and to the extent required by Section 1.02, each such instrument shall include the statements provided for in Section 1.02.

Code

“Code” means the Internal Revenue Code of 1986 or any similar or successor federal law, including any applicable regulations thereunder.

Construction Fund

“Construction Fund” means the fund by that name created pursuant to Section 3.03.

Costs of Issuance

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the Government and related to the authorization, issuance, sale and delivery of the Bonds, including but not limited to advertising costs, Bond and official statement printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee and the Depository, legal fees and charges, fees and disbursements of consultants and professionals, rating agency fees, fees and charges for preparation, execution, transportation and safekeeping of Bonds, and any other cost, charge or fee in connection with the original issuance of Bonds.

Depository

“Depository” means, with respect to the Construction Fund, [DEPOSITARY], a domestic banking corporation organized under the laws of Guam and authorized to do business within Guam, or its

successor, as Depository hereunder as provided in Section 8.01, and, with respect to any particular Fund or Account, any bank or trust company or other financial institution with similar powers designated by a Supplemental Certificate or a Statement of the Government to act as Depository hereunder for such Fund or Account and, in each case, its successors and assigns.

DTC

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

Event of Default

“Event of Default” means any of the events specified in Section 7.01.

Federal Securities

“Federal Securities” means (1) cash; (2) State and Local Government Series Securities issued by the United States Treasury; (3) United States Treasury bills, notes and bonds, as traded on the open market; and (4) zero coupon United States Treasury Bonds.

Fiduciaries

“Fiduciaries” means the Trustee, each Depository and each Paying Agent.

Fiscal Year

“Fiscal Year” means the period beginning on October 1 of each year and ending on the next succeeding September 30, or any other twelve-month period hereafter selected and designated as the official fiscal year period of the Government.

Fund

“Fund” means each fund established and given a designation pursuant to this Certificate or any Supplemental Certificate.

General Fund

“General Fund” means the fund by that name established by the Government.

Government

“Government” means the Government of Guam.

Governor

“Governor” means the Governor of Guam or any successor to the rights, powers and obligations thereof under the Act with respect to the Bonds.

Holder or Bondholder

“Holder” or “Bondholder” means the person in whose name a Bond is registered.

Independent

“Independent” means, when used with respect to any given Person, that such Person (who may be selected and paid by the Government) is acceptable to the Trustee and (1) is in fact independent and, not under domination of the Government; (2) does not have any substantial interest, direct or indirect, with the Government; and (3) is not connected with the Government as an officer or employee of the Government, but who may be regularly retained to provide services to the Government.

Interest Accrual Period

“Interest Accrual Period” means, for any particular Bond, each period between successive Interest Payment Dates for such Bond, including in each case in such period the concluding Interest Payment Date but not the beginning Interest Payment Date, and treating the date of original issuance of such Bond as if it were an Interest Payment Date for such Bond for this purpose.

Interest Payment Date

“Interest Payment Date” means, for any particular Bond, each date specified by this Certificate as an Interest Payment Date for such Bond.

Investment Securities

“Investment Securities” means any of the following which at the time are legal investments under the laws of the Government of Guam for moneys held hereunder and then proposed to be invested therein: means any of the following which at the time are legal investments under the laws of the Government of Guam for moneys held hereunder and then proposed to be invested therein: (1) obligations of, or guaranteed as to principal and interest by, the United States of America, or by any agency or instrumentality thereof hereinafter designated when such obligations are backed by the full faith and credit of the United States of America, limited to: U.S. Treasury obligations (all direct or fully guaranteed obligations); Farmers Home Administration certificates of beneficial ownership; General Services Administration participation certificates; U.S. Maritime Administration guaranteed Title XI financing; Small Business Administration guaranteed participation certificates or guaranteed pool certificates; Government National Mortgage Association guaranteed mortgage backed securities or participation certificates; U.S. Department of Housing & Urban Development local authority bonds; or Washington Metropolitan Area Transit Authority guaranteed transit bonds; (2) obligations of instrumentalities or agencies of the United States of America, specifically limited to: Federal Home Loan Mortgage Corporation participation certificates or debt obligations; Federal Home Loan Banks consolidated debt obligation or letter of credit backed issues; and Federal National Mortgage Association debt obligations or mortgage backed securities (excluding stripped mortgage securities which are valued greater than par on the portion of unpaid principal); (3) Federal Housing Administration debentures; (4) commercial paper, payable in the United States of America, having original maturities of not more than 92 days and which are rated in the highest category by Standard & Poor's Corporation; (5) interest bearing demand or time deposits issued by state banks or trust companies, savings and loan associations, federal savings banks or any national banking associations, the deposits of which are insured by the Bank Insurance Fund ("BIF") or the Savings Association Insurance Fund ("SAIF") of the Federal Deposit Insurance Corporation or any successors thereto, which (a) are continuously and fully insured by BIF or SAIF or (b) have maturities of less than 366 days and are deposited with banks the short term obligations of which are rated A-1+ by Standard and Poor's Corporation; (6) money market mutual funds or portfolios investing in short-term U.S. Treasury securities, or obligations secured by such securities, rated AAAM or AAAM-G by Standard & Poor's Corporation; and (7) any other investment permitted under the laws of Guam for which confirmation is received from each rating agency then rating the Bonds that such

investment will not adversely affect such agency's ratings on outstanding Bonds. Book-entry securities listed in clauses (1) and (2) of this definition must be held in a trust account with the Federal Reserve Bank or with a clearing corporation or chain of clearing corporations which has an account with the Federal Reserve Bank. Upon notice that the Standard & Poor's rating of the money market portfolio has dropped below AAA, the Trustee is required to immediately withdraw funds and reinvest in Investment Securities to the extent directed by the Government.

Legislature

“Legislature” means the Legislature of Guam or any successor to the rights, powers and obligations thereof under the Act with respect to the Bonds.

Mandatory Sinking Account Payment

“Mandatory Sinking Account Payment” means, as of any date of calculation with respect to any Bonds, the amount required by this Certificate to be paid by the Government on a given date for the retirement of Term Bonds.

Maximum Annual Debt Service

“Maximum Annual Debt Service” means, for any particular Bonds as of any date of calculation, Annual Debt Service on such Bonds for the Bond Year commencing on or after such date for which such sum shall be largest.

Opinion of Counsel

“Opinion of Counsel” means a written opinion of counsel (who may be counsel for the Government) selected by the Government. If and to the extent required by the provisions of Section 1.02, each Opinion of Counsel shall include the statements provided for in Section 1.02.

Outstanding

“Outstanding,” when used as of any particular time with reference to Bonds, means (subject to the provisions of Section 11.08) all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Certificate except (1) Bonds theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation; (2) Bonds with respect to which all liability of the Government shall have been discharged in accordance with Section 10.02, including Bonds (or portions of Bonds) referred to in Section 11.09; and (3) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds of the same maturity and tenor shall have been authenticated and delivered by the Trustee pursuant to this Certificate.

Participants

“Participants” means those broker-dealers, banks and other financial institutions from time to time for which DTC holds Bonds as a securities depository.

Paying Agent

“Paying Agent” means any paying agent appointed by or pursuant to Section 8.06 and its successors and assigns as provided in said Section.

Person

“Person” means an individual, corporation, firm, association, partnership, trust, or other legal entity or group of entities, including a governmental entity or any agency or political subdivision thereof.

Principal Office

“Principal Office” means, with respect to the Trustee, the office of the Trustee in Los Angeles, California or, with respect to the transfer, registration, exchange and cancellation of Bonds, the office of the Trustee in St. Paul, Minnesota and with respect to the Depository for the Construction Fund, the office of the Depository in Hagåtña, Guam; in each case at such address as the respective party may have designated for such purpose.

Principal Payment Period

“Principal Payment Period” means the period beginning on the date of issuance of the Bonds and ending [November 15], 2007, and thereafter each period of twelve months ending on a [November 15].

Rebate Fund

“Rebate Fund” means the Fund by that name established pursuant to Section 5.01.

Record Date

“Record Date” means, for any particular payment of principal of or interest or premium on particular Bonds, each date specified as a Record Date for such Bonds by Section 2.02.

Redemption Price

“Redemption Price” means, with respect to any Bond (or portion thereof if less than all of a Bond is to be redeemed) the principal amount of such Bond (or portion) plus the applicable premium, if any, payable upon redemption thereof pursuant to the provisions of such Bond and this Certificate.

Representation Letter

“Representation Letter” means the letter of representations to DTC with respect to the Bonds, and any similar letter with respect to any Bonds to which the provisions of Section 2.10 are made applicable.

Sinking Accounts

“Sinking Accounts” means any special account or accounts established by this Certificate in the Bond Fund for the payment of Term Bonds.

Supplemental Certificate

“Supplemental Certificate” means any certificate hereafter duly authorized and executed by the Government, supplementing, modifying or amending this Certificate; but only if and to the extent that such Supplemental Certificate is specifically authorized hereunder.

Tax Certificate

“Tax Certificate” means a Certificate of the Government concerning the calculation of any amount to be paid to the United States of America pursuant to Section 148(f) of the Code and any other matters relating to the exclusion of interest on Bonds from gross income for federal income tax purposes.

Trustee

“Trustee” means [TRUSTEE], appointed by the Government and acting as an independent trustee hereunder with the duties and powers herein provided, and any other corporation or association which may at any time be substituted in its place as such trustee, as provided in Section 8.01.

Section 1.02. Content of Certificates and Opinions. Every certificate or opinion provided for in this Certificate with respect to compliance with any provision hereof, including each Certificate of the Government, shall include (1) a statement that the person making or giving such certificate or opinion has read such provision and the definitions herein relating thereto; (2) a brief statement as to the nature and scope of the examination or investigation upon which the certificate or opinion is based; (3) a statement that, in the opinion of such person, he or she has made or caused to be made such examination or investigation as is necessary to enable him or her to express an informed opinion with respect to the subject matter referred to in such instrument; and (4) a statement as to whether, in the opinion of such person, such provision has been complied with.

Any such certificate or opinion made or given by an officer of the Government may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion of or representation by counsel or an accountant, unless such officer knows, or in the exercise of reasonable care should know, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement may be based, as aforesaid, is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters (with respect to which information is in the possession of the Government) upon a certificate or opinion of or representation by an officer of the Government, unless such counsel or accountant knows, or in the exercise of reasonable care should know, that the certificate or opinion or representation with respect to the matters upon which such officer’s certificate or opinion or representation may be based, as aforesaid, is erroneous. The same officer of the Government or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Certificate, but different officers, counsel or accountants may certify to different matters, respectively.

Section 1.03. Equal Security. In consideration of the acceptance of the Bonds by those who shall hold the same from time to time, this Certificate shall be deemed to be and shall constitute a contract between the Government and the Holders from time to time of the Bonds; and the covenants and agreements herein set forth to be performed on behalf of the Government shall be for the equal and proportionate benefit, security and protection of all Holders of the Bonds without preference, priority or distinction as to security or otherwise of any of the Bonds over any of the others by reason of the number or date thereof or the time of issue, sale, execution or delivery thereof, or otherwise for any cause whatsoever, except as expressly provided therein or herein.

ARTICLE II

THE BONDS

Section 2.01. Authorization of Bonds. The Bonds to be issued hereunder are designated as the "Government of Guam General Obligation Bonds, 2006 Series A." The aggregate principal amount of Bonds which may be issued and Outstanding under this Certificate shall not exceed _____ Dollars (\$_____).

Section 2.02. Terms of the Bonds. (A) The Bonds shall be dated _____, 2006, and interest thereon shall be payable on [May 15] and [November 15] in each year, commencing [May 15, 2007] (each an "Interest Payment Date"). The Bonds shall be issued only in fully registered form in denominations of \$5,000 or any integral multiple thereof, shall mature on the following dates in the following amounts and shall bear interest at the following rates per annum:

<u>Maturity Date</u> <u>([November 15])</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>
	\$	%

[The Bonds maturing on November 15, 2007 through November 15, 20__ are Serial Bonds, and the Bonds maturing on November 15, 20__ and 20__ are Term Bonds.] The Record Date for scheduled payments of principal of and interest on the Bonds is the first (1st) day of the calendar month in which each such payment is due, whether or not such first day is a Business Day.

(B) The Bonds and the form of Trustee's certificate of authentication and registration to appear thereon shall be in substantially the respective forms set forth in Exhibit A hereto, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Certificate. Any portion of the text of any Bond may be printed on the back of such Bond and there may be inserted, in place of such text, a legend to the following effect: "Reference is hereby made to the further provisions of this Bond set forth on the back hereof and such further provisions are hereby incorporated by reference as if set forth here."

Each Bond shall bear interest, computed on the basis of a 360-day year of twelve 30-day months, from the Interest Payment Date next preceding the date of registration thereof unless it is registered as of a day after a Record Date and on or before the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is registered on or before the Record Date for the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if, at the time of registration of any Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the date to which interest has previously been paid or made

available for payment on the Outstanding Bonds. Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Trustee as the registered owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check or draft mailed by first class mail to such registered owner at such registered owner's address as it appears on such registration books. The principal or Redemption Price of the Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Trustee. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Bonds received prior to the applicable Record Date, payment of interest on and principal (including Redemption Price) of such Bonds shall be made by wire transfer from the Trustee to the registered owner of such Bonds. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the Bonds with respect to which such payment is made. Each payment of interest or principal on Bonds, whether by check, draft or wire transfer, shall be accompanied by information specifying for each maturity of such Bonds with respect to which such payment is being made, the amount and the CUSIP number (if available).

The Bonds of each maturity shall be assigned a number in consecutive numerical order from 1 upwards, and shall be assigned a letter in consecutive alphabetical order within such maturity from "A" onward (excepting therefrom the letters "I" and "O").

(C) The Bonds shall be subject to redemption as provided in Article IV.

Section 2.03. Execution of Bonds. The Bonds shall be executed in the name and on behalf of the Government with the manual or facsimile signatures of the Governor of Guam, the Lieutenant Governor and the Director of Administration under its seal. Such seal may be in the form of a facsimile of the Government's seal and may be reproduced, imprinted or impressed on the Bonds. The Bonds shall then be delivered to the Trustee for authentication by it. In case any of the officers who shall have signed or attested any of the Bonds shall cease to be such officer or officers of the Government before the Bonds so signed or attested shall have been authenticated or delivered by the Trustee or issued by the Government, such Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the Government as though those who signed and attested the same had continued to be such officers of the Government, and also any Bond may be signed and attested on behalf of the Government by such persons as at the actual date of execution of such Bond shall be the proper officers of the Government although at the nominal date of such Bond any such person shall not have been such officer of the Government.

Only such of the Bonds as shall bear thereon a certificate of authentication and registration in the form set forth in Exhibit A hereto, manually executed by the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of this Certificate, and such certificate of the Trustee shall be conclusive evidence that the Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this Certificate.

Section 2.04. Transfer of Bonds. Any Bond may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 2.06, upon surrender of such Bond for cancellation at the Principal Office of the Trustee, accompanied by a written instrument of transfer, duly executed, by the person in whose name it is registered, in person or by such registered owner's duly authorized attorney, in a form approved by the Trustee.

Whenever any Bond or Bonds shall be surrendered for transfer, the Government shall execute and the Trustee shall authenticate and deliver a new Bond or Bonds of the same maturity and tenor, of any authorized denomination or denominations and for the aggregate principal amount of such Bond or Bonds then remaining Outstanding, to the transferee in exchange therefor. The Trustee shall

require the payment by the Bondholder requesting such transfer of any tax or other governmental charge required to be paid with respect to such transfer.

No transfer or exchange of any Bond shall be required to be made during the five days next preceding any date established by the Trustee for the selection of Bonds for redemption or at any time after selection of such Bond for redemption.

Section 2.05. Exchange of Bonds. Any Bonds may, in accordance with their terms, be exchanged, at the Principal Office of the Trustee for a new Bond or Bonds of the same Maturity and tenor, of any authorized denomination or denominations and for the aggregate principal amount of such Bond or Bonds then remaining Outstanding. The Trustee shall require the payment by the Bondholder requesting such exchange of any tax or other governmental charge required to be paid with respect to such exchange.

Section 2.06. Bond Register. The Trustee will keep or cause to be kept, at its Principal Office sufficient books for the registration and transfer of the Bonds, which shall at all times during regular business hours with reasonable prior notice be open to inspection by the Government; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Bonds as hereinbefore provided.

Section 2.07. Ownership of Bonds. The person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal and Redemption Price of, and the interest on, any such Bond, shall be made only to or upon the order of the registered owner thereof or such registered owner's legal representative. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond including the interest thereon to the extent of the sum or sums so paid.

Section 2.08. Temporary Bonds. The Bonds may be initially issued in temporary form exchangeable for definitive Bonds when ready for delivery. Any temporary Bond may be printed, lithographed or typewritten, shall be of such denomination as may be determined by the Government, shall be in registered form without coupons and may contain such reference to any of the provisions of this Certificate as may be appropriate. Every temporary Bond shall be executed by the Government and be authenticated by the Trustee upon the same conditions and in substantially the same manner as the definitive Bonds. If the Government issues temporary Bonds it will execute and furnish definitive Bonds without delay, and thereupon the temporary Bonds may be surrendered, for cancellation, in exchange therefor at the Principal Office of the Trustee and the Trustee shall authenticate and deliver in exchange for such temporary Bonds an equal aggregate principal amount of definitive Bonds of the same Maturity and tenor and of authorized denominations. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Certificate as definitive Bonds authenticated and delivered hereunder.

Section 2.09. Bonds Mutilated, Lost, Destroyed or Stolen. If any Bond shall become mutilated, the Government, at the expense of the Holder of said Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. Every mutilated Bond so surrendered to the Trustee shall be cancelled by it and destroyed. If any Bond shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Government and the Trustee and, if such evidence be satisfactory to both and indemnity satisfactory to both shall be given, the Government, at the expense of the Holder, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen, except that such number may be preceded by a distinguishing prefix (or if any such Bond shall have

matured or shall have been called for redemption, instead of issuing a substitute Bond, the Trustee may pay the same without surrender thereof). The Government may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Government and the Trustee in the premises. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the Government whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Certificate with all other Bonds secured by this Certificate. Neither the Government nor the Trustee shall be required to treat both the original Bond and any substitute Bond as being Outstanding for the purpose of determining the Accreted Value of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and substitute shall be treated as one and the same.

Section 2.10. Book-entry System. Notwithstanding any of the other provisions of this Article II to the contrary, the Bonds shall be initially issued in the form of a separate single fully registered Bond for each maturity; the ownership of the Bonds shall be registered in the registration books kept by the Registrar in the name of Cede & Co., as nominee of DTC and the Bonds shall be governed by the provisions of this Section.

(A) Except as provided in this paragraph and in paragraph (C) of this Section, all of the Outstanding Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC. With respect to the Bonds registered in the registration books kept by the Trustee in the name of Cede & Co., as nominee of DTC, the Government, the Trustee and the Depository shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Government, the Trustee, the Trustee and the Depository shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Trustee of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Trustee of any amount with respect to principal of or interest on the Bonds. The Government, the Trustee and the Depository may treat and consider the person in whose name each Bond is registered in the registration books kept by the Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Trustee as provided in Section 2.06, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Government's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the registration books kept by the Trustee, shall receive a certificated Bond evidencing the obligation of the Government to make payments of principal and interest pursuant to this Certificate. Upon delivery by DTC to the Government or the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to record dates, the words "Cede & Co." in this Certificate shall refer to such new nominee of DTC.

(B) The delivery of any representation letter or other instrument by the Government to DTC shall not in any way limit the provisions of paragraph (A) of this Section or in any other way impose upon the Government any obligation whatsoever with respect to persons having interests in the

Bonds other than the Bondholders, as shown on the registration books kept by the Trustee. The Trustee shall take all action necessary for all representations of the Government in the Representation Letter with respect to the Trustee to at all times be complied with.

(C) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving reasonable notice to the Government or the Trustee and discharging its responsibilities with respect thereto under applicable law. The Government, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds. Upon the discontinuance or termination of the services of DTC with respect to the Bonds, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Government is obligated to deliver Bond certificates at the expense of the beneficial owners of the Bonds, as described in this Certificate, and the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Certificate.

(D) Notwithstanding any other provision of this Certificate to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in any agreement between the Government and DTC. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Trustee which arises from the payment by the Trustee of principal of or interest on the Bonds in immediately available funds to DTC.

ARTICLE III

ISSUE OF BONDS; APPLICATION OF PROCEEDS

Section 3.01. Issuance, Sale and Delivery of Bonds. Upon the sale and execution thereof by the Government, the Trustee shall authenticate and, upon receipt by the Trustee, as applicable, of the proceeds thereof, deliver, to or upon the Order of the Government, Bonds in the aggregate principal amount of \$[PAR AMOUNT].

Section 3.02. Application of Proceeds of Bonds and Other Amounts. (A) The proceeds received from the issuance and sale of the Bonds shall be deposited in trust with the Trustee and the Depository, as applicable, who shall forthwith set aside such proceeds in the following respective funds, as directed by a Request of the Government:

(1) The Trustee shall transfer \$_____ of such proceeds to the escrow agent for the Government of Guam General Obligation Bonds, 1993 Series A; and

(2) The Trustee, acting as Depository, shall deposit the balance of such proceeds in the amount of \$_____ in the Construction Fund.

Section 3.03. Establishment and Application of Construction Fund. The Depository shall establish and maintain and hold in trust a separate fund designated as the "Construction Fund." Amounts in the Construction Fund shall be used and withdrawn, as provided in this Section, solely for (1) implementing Capital Projects pursuant to the Act, (2) the payment of Costs of Issuance, and (3) the payment of principal of and interest on the Bonds in the manner and to the extent provided in Section [5.08]. The Depository shall disburse moneys in the Construction Fund only upon Requisition of the Government (except for the payment of principal and interest on the Bonds which shall be made as

provided in Section 5.05 hereof) stating the person to whom payment is to be made, the amount to be paid, the purpose for which the obligation was incurred and that such payment is a proper and lawful charge against said fund. Upon receipt of a Certificate of the Government that amounts in said fund are no longer required for the purpose of said fund, said amounts shall be transferred to the General Fund.

Section 3.04. Validity of Bonds. The validity of the authorization and issuance of the Bonds is not dependent on and shall not be affected in any way by any proceedings taken by the Government, the Trustee or the Depository with respect to the application of the proceeds of the Bonds. The recital contained in the Bonds that the same are issued pursuant to the laws of the Government of Guam, including the Act, shall be conclusive evidence of their validity and of compliance with the provisions of law in their issuance.

ARTICLE IV

REDEMPTION OF BONDS

Section 4.01. Terms of Redemption. (A) Optional Redemption. The Bonds maturing on or after [November 15], 20__ are subject to redemption prior to their respective stated maturities, at the option of the Government, from any source of available funds, on any date on or after [November 15], 20__, as a whole, or in part, by lot, at a Redemption Price equal to the principal amount thereof to be redeemed plus interest accrued thereon to the date fixed for redemption.

The option of the Government under this Section 4.01(A) may only be exercised by depositing with the Trustee, prior to the giving of notice of such redemption pursuant to Section [4.03], Federal Securities sufficient in amount and maturing in a timely manner to provide for such redemption. The Government shall notify the Trustee in writing at least 60 days prior to the date to be fixed for redemption of its intention to exercise its redemption option.

(B) Mandatory Sinking Account Redemption. The Bonds maturing on [November 15], 20__ are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in Section 5.03(C), on each [November 15], on or after [November 15], 20__, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

(C) Special Redemption. The Bonds maturing on or after [November 15], 20__ are also subject to redemption prior to their stated maturities, at the option of the Government, from fifty percent (50%) of any amount in excess of One Hundred Million Dollars (\$100,000,000) received as revenues payable to the Government by the Government of the United States pursuant to Section 30 of the Organic Act of Guam, 48 U.S.C. § 41421h, on any date on or after [November 15], 20__, as a whole, or in part, by lot, at a Redemption Price equal to the principal amount thereof to be redeemed plus interest accrued thereon to the date fixed for redemption.

Section 4.02. Selection of Bonds for Redemption. For purposes of selecting Bonds for redemption, Bonds shall be deemed to be composed of \$5,000 portions, and any such portion may be separately redeemed. The Trustee shall promptly notify the Government in writing of the Bonds or portions thereof selected for redemption. In the event that less than all of the Bonds of any maturity are to be redeemed, the Bonds (or portions thereof) to be redeemed shall be selected by the Trustee by lot within a maturity in such manner as the Trustee may determine and the amount of each maturity of the Bonds to be redeemed shall be determined by Request of the Government.

Section 4.03. Notice of Redemption. Notice of redemption (except as provided below) shall be given by the Trustee, not less than thirty (30) nor more than sixty (60) days before the date fixed for redemption, by first class mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the bond registration books of the Trustee on the date the Bonds to be redeemed are selected. Each notice of redemption shall state the redemption date, the place or places of redemption, any conditions to such redemption, the maturities to be redeemed, and, if less than all of any such maturity, the numbers of the Bonds of such maturity to be redeemed and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed, and shall also state that on said date there will become due and payable on each of said Bonds the Redemption Price thereof or of said specified portion of the principal thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such redemption date interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered, with a written instrument of transfer duly executed by the registered owner thereof or by such registered owner's attorney duly authorized in writing. No defect in or failure to give such mailed notice of redemption shall affect the validity of proceedings for redemption of such Bonds. Each notice of redemption shall also state the CUSIP number, date of issue and interest rate on each Bond, or portion thereof, to be redeemed, and shall include the redemption agent name and address with contact person and telephone number; provided, however, that failure to include any of such information in any redemption notice, or any inaccuracy in any such information, shall not affect the sufficiency of the proceedings for redemption of any Bonds.

A copy of any notice of redemption given pursuant to the foregoing paragraph shall also be sent by overnight delivery or certified mail, with return receipt requested, to the holders of \$1,000,000 or more in aggregate principal amount of Bonds to be redeemed and to each of the Fiduciaries, the Securities Depositories (as defined below) and two or more Information Services (as defined below), and shall be published at least once in a financial newspaper or journal circulated in Agana, Guam; provided, however, that failure to give notice pursuant to this sentence by first class mail to any Bondholders, to any Fiduciaries, to any Securities Depositories or Information Services, or to publish such notice, or the insufficiency of any such notices, shall not affect the sufficiency of the proceedings for redemption of any Bonds. A second notice shall be sent, by certified mail with return receipt requested, to the registered owner of any Bond which has been called for redemption in whole or in part, and is not surrendered for payment within sixty (60) days after the date fixed for redemption; provided, however, that failure to send any such second notice, or any deficiency of any such notice, shall not affect the sufficiency of the proceedings for redemption of any Bonds. As used in this paragraph, the term "Information Services" means Financial Information, Inc.'s "Daily Called Bond Service," 30 Montgomery Street, 10th Floor, Jersey City, New Jersey 07302, Attention: Editor; Kenny Information Services' "Called Bond Service," 55 Broad Street, 28th Floor, New York, New York 10004; Moody's "Municipal and Government," 99 Church Street, 8th Floor, New York, New York 10007, Attention: Municipal News Reports; and Standard and Poor's "Called Bond Record," 25 Broadway, 3rd Floor, New York, New York 10004; or, in accordance with then-current guidelines of the Securities and Exchange Commission, and/or such other services providing information with respect to called bonds, or no such services, as the Government may designate in a Certificate delivered to the Trustee; and the term "Securities Depositories" means: The Depository Trust Company, 711 Stewart Avenue, Garden City, New York 11530, Fax-(516) 227-4039 or 4190 or, in accordance with then-current guidelines of the Securities and Exchange Commission, and/or such other securities depositories, or no such depositories, as the Government may designate in a Certificate delivered to the Trustee.

Notice of redemption of Bonds shall be given by the Trustee for and on behalf of the Government.

The Government may, at its option, prior to the date fixed for redemption, rescind and cancel such notice of redemption.

Section 4.04. Partial Redemption. Upon surrender of any Bond redeemed in part only, the Government shall execute and the Trustee shall authenticate and deliver to the registered owner thereof, at the expense of the Government, a new Bond or Bonds of authorized denominations, and of the same Maturity and tenor, equal in aggregate principal amount to the unredeemed portion of the Bond surrendered.

Section 4.05. Effect of Redemption. Notice of redemption having been duly given as aforesaid, and moneys being held by the Trustee or any Paying Agent for payment of the Redemption Price of, and interest accrued to the redemption date on, the Bonds (or portions thereof) so called for redemption on the redemption date designated in such notice shall become due and payable at the Redemption Price specified in such notice and interest accrued thereon to the date fixed for redemption, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Certificate, and the Holders of said Bonds shall have no rights in respect thereof except to receive payment of said Redemption Price and accrued interest.

All Bonds purchased or redeemed pursuant to the provisions of this Article shall be cancelled upon surrender thereof and destroyed.

ARTICLE V

FUNDS

Section 5.01. Establishment of Funds. (A) The Depository shall establish, maintain and hold in trust the Construction Fund as provided in Section [3.03].

(B) The Trustee shall establish and maintain the following funds:

(1) the Bond Fund; and

(2) the Rebate Fund.

(C) All moneys at any time deposited with the Trustee or the Depository, as the case may be, shall be held by the Trustee or the Depository, as the case may be, in trust for the benefit of the Holders at any time of the Bonds, except that the Rebate Fund shall be held for the benefit of the United States Government, and the Government shall have no beneficial right or interest in any of such moneys, except as in this Certificate provided.

Section 5.02. Periodic Deposits into Funds. On or before the fifth day of each calendar month, beginning _____, 2006, the Government shall deposit into the Bond Fund held by the Trustee, an amount equal to the amount necessary to increase the amount in the Bond Fund to the aggregate amount for all Outstanding Bonds of all unpaid interest, principal and Mandatory Sinking Account Payments which shall be required to have been transferred to the Bond Fund on the basis of the following transfer requirement rules:

(1) the amount of interest payable on each Bond on a current un compounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Interest Accrual Period for such Bond ending on such Interest Payment Date (or in the case of Variable Rate Bonds, the amount of interest that would have accrued during the next preceding

calendar month if such Bonds had borne interest at the maximum rate, less any excess deposited for the next preceding calendar month);

(2) the amount of interest payable on each Bond on a deferred compounded basis on any Interest Payment Date shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond;

(3) the amount of the principal of each Bond shall be transferred in equal monthly amounts over the Principal Payment Period for such Bond ending on the maturity date for such Bond; and

(4) the amount of each Mandatory Sinking Account Payment for Bonds shall be transferred in equal monthly amounts over the Principal Payment Period for such Bonds ending on the date such Mandatory Sinking Account Payment is due.

Section 5.03. Application of Bond Fund. (A) All amounts in the Bond Fund shall be used and withdrawn by the Trustee solely for the purpose of (1) paying interest on the Bonds as it shall become due and payable (including accrued interest on any Bonds purchased or redeemed prior to maturity pursuant to this Certificate), (2) paying the principal of the Serial Bonds when due and payable, and (3) purchasing or redeeming or paying at maturity the Term Bonds as provided in this Section.

(B) On each Mandatory Sinking Account Payment date, the Trustee shall apply the Mandatory Sinking Account Payment or Payments required on that date to the redemption (or payment at maturity, as the case may be) of the applicable Term Bonds upon the notice and in the manner provided in Article IV. At any time prior to giving such notice of such redemption, the Trustee, upon the Request of the Government, shall apply moneys in the Bond Fund, in an amount not in excess of such Mandatory Sinking Account Payment, to the purchase of the applicable Term Bonds at public or private sale, as and when and at such prices (including brokerage and other charges) as are specified in such Request, except that the purchase price (excluding accrued interest) shall not exceed the price that would be payable for such Bonds upon redemption by application of such Mandatory Sinking Account Payment.

(C) Subject to the terms and conditions hereinbefore set forth in this Section and in Section 4.01(B), Term Bonds maturing [November 15], 20__, shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Term Bonds, in the amounts (after giving effect to the credits provided for in this Section) and on [November 15] in the years set forth below:

<u>Year</u>	<u>Principal Amount</u>
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\$

*Maturity

(D) Upon the redemption of Term Bonds pursuant to Section 4.01(A), the principal amount of such Bonds shall be credited against remaining Mandatory Sinking Account Payments as provided in Section 4.02, treating Mandatory Sinking Account Payments as if they were maturities and given that Mandatory Sinking Account Payments shall remain as integral multiples of \$5,000. If, (1)

during the twelve-month period immediately preceding a Mandatory Sinking Account Payment date the Trustee purchases the applicable Term Bonds with moneys in the Bond Fund, or (2) during said period and prior to giving said notice of redemption the Government otherwise deposits the applicable Term Bonds with the Trustee (together with a Request of the Government to apply such Bonds so deposited to the Mandatory Sinking Account Payment due on said date), the amount of Bonds so purchased or deposited or redeemed shall be credited at the time of such purchase or deposit, to the extent of the full principal amount thereof, to reduce such Mandatory Sinking Account Payment. All Bonds purchased or deposited pursuant to this subsection shall be cancelled and destroyed.

Section 5.04. Rebate Fund.

(A) There shall be deposited in the Rebate Fund from lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the Bonds. All money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement (as defined in the Tax Certificate), for payment to the United States of America, and the United States of America is hereby granted a first lien on such money until such payment. All amounts required to be deposited into or on deposit in the Rebate Fund shall be governed exclusively by this Section and by the Tax Certificate (which is incorporated herein by reference).

In the event that the amount in the Rebate Fund exceeds the Rebate Requirement, upon the Request of the Government, the Trustee shall transfer the excess from the Rebate Fund to the Bond Fund.

(B) Notwithstanding any provisions of this Section, if the Government shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Bonds, the Trustee and the Government may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX hereof, the covenants hereunder shall be deemed to be modified to that extent.

Section 5.05. Deficiencies in Bond Fund; General Obligation Relating to the Bonds. In the event that on the fifth (5th) day before any Interest Payment Date, or if any such day is not a Business Day, on the next preceding Business Day, the amount in the Bond Fund is insufficient to pay the principal of, Mandatory Sinking Account Payments for and interest on the Bonds due on the next succeeding Interest Payment Date, the Depository upon the direction of the Trustee shall transfer to the Bond Fund the amount of such deficiency by withdrawing said amount from the Construction Fund.

Section 5.06. Investment of Moneys in Funds. All moneys in the funds and accounts established pursuant to this Certificate shall be invested by the Trustee or the Depository, as the case may be, solely in Investment Securities to maximize investment income, with proper regard for the preservation of principal, pursuant to a Request of the Government as to such investment. All Investment Securities and any other investments acquired with moneys held hereunder shall be acquired subject to the limitations set forth in Section 6.06, to the limitations as to maturities hereinafter in this Section set forth and to such additional limitations or requirements consistent with the foregoing as may be established by Request of the Government. No Investment Security which is subject to redemption at the option of the issuer may be purchased at a premium above the amount of the premium payable upon any such redemption.

Moneys in all funds and accounts established under this Certificate shall be invested in securities paying interest and maturing not later than the dates on which it is estimated that such moneys will be required by the Trustee or the Depository.

All interest and other profit derived from the investment of amounts in each fund shall be deposited at least monthly in such fund. Investments acquired as an investment of moneys in any fund established under this Certificate shall be credited to such fund. For the purpose of determining the amount in any fund or account, the amount of any obligation allocable to such fund or account shall be equal to the purchase price of such obligation (not including accrued interest, if any, paid on the purchase of such obligation) plus the amount of any discount below par accounting for any such discount ratably each year over the term of such obligation (i.e., by dividing the amount of such discount by the number of interest payments remaining to maturity and by multiplying the amount so calculated by the number of interest payment dates having passed since the date of purchase) (in this Section called "amortized value").

The Trustee or the Depository may sell at the best price obtainable, or present for redemption, any investment securities so purchased whenever it shall be necessary in order to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such investment security is credited, and neither the Trustee nor the Depository shall be liable or responsible for any loss resulting from such investment.

ARTICLE VI

PARTICULAR COVENANTS

Section 6.01. Punctual Payment. The Government shall punctually pay or cause to be paid the principal or Redemption Price and interest to become due in respect of all the Bonds, in strict conformity with the terms of the Bonds and of this Certificate.

Section 6.02. Extension of Payment of Principal and Interest on the Bonds. The Government shall not directly or indirectly extend or assent to the extension of the maturity of any of the Bonds or the time of payment of any of the claims for interest by the purchase or funding of such Bonds or claims for interest or by any other arrangement and in case the maturity of any of the Bonds or the time of payment of any such claims for interest shall be extended, such Bonds, or claims for interest shall not be entitled, in case of any default hereunder, to the benefits of this Certificate, except subject to the prior payment in full of the principal of all of the Bonds then Outstanding and of all claims for interest thereon which shall not have been so extended. Nothing in this Section shall be deemed to limit the right of the Government to issue bonds for the purpose of refunding any Outstanding Bonds, and such issuance shall not be deemed to constitute an extension of maturity of Bonds.

Section 6.03. Power to Issue Bonds. The Government represents and warrants that it is duly authorized pursuant to law to issue the Bonds and to enter into this Certificate in the manner and to the extent provided in this Certificate. The Bonds and the provisions of this Certificate are and will be the valid and binding general obligations of the Government in accordance with their terms, and the Government, the Trustee and the Depository shall at all times, to the extent permitted by law, defend, preserve and protect all the rights of the Bondholders under this Certificate against all claims and demands of all persons whomsoever.

Section 6.04. Accounting Records and Financial Statements. The Government shall at all times keep, or cause to be kept, proper books of record and account in which complete and accurate entries shall be made of all transactions relating to the proceeds of Bonds and all funds and accounts

established pursuant to this Certificate. Such books of record and account shall be available for inspection by the Trustee or the Depository, as the case may be, and, with respect to such books of record and account maintained by the Trustee and the Depository, by the Government or any Bondholder or agent or representative thereof duly authorized in writing, at reasonable hours and under reasonable circumstances.

The Government shall file with the Trustee and the Depository, and furnish to each major national investment rating service which initially rated the Bonds and to each Bondholder who shall have filed a name and address with the Government or the Trustee for such purpose, within one year after the close of each Fiscal Year so long as any of the Bonds are Outstanding (commencing with the Fiscal Year ending September 30, 2007), complete financial statements with respect to the General Fund and all funds established pursuant to this Certificate, prepared in accordance with generally accepted accounting principles for governmental entities, covering receipts, disbursements, allocation and application of all revenues of the General Fund for such Fiscal Year, including a statement of revenues, expenditures and fund balances (covering all of the funds established pursuant to this Certificate), balance sheet and statement of changes in financial position.

Section 6.05. Maintenance of Powers. The Government shall at all times use its best efforts to maintain the powers, functions, duties and obligations now reposed in it pursuant to law, and will not at any time voluntarily do, suffer or permit any act or thing the effect of which would be to hinder, delay or imperil either the payment of the indebtedness evidenced by any of the Bonds or the observance of any of the covenants herein contained.

Section 6.06. Tax Covenants. (A) The Government shall not use or permit the use of any proceeds of the Bonds or any other funds of the Government, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Government in any manner, and shall not take or permit to be taken any other action or actions, which would cause any Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code, to be "federally insured or guaranteed" within the meaning of Section 149(b) of the Code or to be a "private activity bond" within the meaning of Section 141(a) of the Code.

(B) The Government shall at all times do and perform all acts and things permitted by law and this Certificate which are necessary or desirable in order to assure that interest paid on the Bonds (or on any of them) shall be exempt from federal income taxes.

Section 6.07. Compliance with Certificate, Contracts, Laws and Regulations. The Government shall faithfully observe and perform all the covenants, conditions and requirements of this Certificate, shall not issue any Bonds in any manner other than in accordance with this Certificate, and shall not take any action that would permit any default to occur hereunder, or do or permit to be done, anything that might in any way weaken, diminish or impair the security intended to be given pursuant to this Certificate. Subject to the limitations and consistent with the covenants, conditions and requirements contained in this Certificate, the Government shall comply with the terms, covenants and provisions, express or implied, of all contracts concerning or affecting the application of proceeds of Bonds. The Government shall comply promptly, fully and faithfully with and abide by any statute, law, ordinance, order, rule or regulation, judgment, decree, direction or requirement now in force or hereafter enacted, adopted, prescribed, imposed or entered by any competent governmental authority or agency applicable to or affecting the Bonds.

Section 6.08. Nature of Obligation. The Bonds shall constitute the valid and binding general obligations of the Government, and the Government pledges its full faith and credit for the punctual payment of principal and interest of the Bonds.

Section 6.09. Collection of General Fund Revenues. There shall be collected annually in the same manner and at the same time as Government revenues for other purposes are collected, such sum as is required to pay the principal of, and Mandatory Sinking Account Payments and interest on, the Bonds. All officers charged by law with any duty in the collection of Government revenues shall do every lawful thing necessary to collect such sum.

Section 6.10. Waiver of Laws. The Government shall not at any time insist upon or plead in any manner whatsoever, or claim or take the benefit or advantage of, any stay or extension of law now or at any time hereafter in force that may affect the covenants and agreements contained in this Certificate or in the Bonds, and all benefit or advantage of any such law or laws is hereby expressly waived by the Government to the extent permitted by law. The Government shall not claim, and hereby waives any claim to, sovereign immunity from any suit or other action that may be brought under this Certificate or upon the Bonds.

Section 6.11. Further Assurances. The Government will make, execute and deliver any and all such further certificates, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Certificate and for the better assuring and confirming unto the Holders of the Bonds of the rights and benefits provided in this Certificate.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES OF BONDHOLDERS

Section 7.01. Events of Default. The following events shall be Events of Default:

(A) default by the Government in the due and punctual payment of the principal or Redemption Price of any Bond when and as the same shall become due and payable, whether at maturity as therein expressed, by proceedings for redemption, by declaration or otherwise; default by the Government in the redemption from any Mandatory Sinking Account Payment of any Term Bonds in the amounts and at the times provided therefor; or default by the Government in the due and punctual payment of any installment of interest on any Bond when and as such interest installment shall become due and payable;

(B) default by the Government in the observance of any of the covenants, agreements or conditions on its part in this Certificate or in the Bonds contained, other than as described in clause (A), if such default shall have continued for a period of sixty (60) days after written notice thereof, specifying such default and requiring the same to be remedied, shall have been given to the Government by the Trustee, or to the Government or the Trustee by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds at the time Outstanding; or

(C) the assumption, under the provisions of any law relating to bankruptcy or insolvency or any similar law relating to creditor's rights, by any court of competent jurisdiction, of custody or control of the Government or of the whole or any substantial part of its property, if such custody or control is not terminated or stayed within sixty (60) days from the date of assumption of such custody or control.

Section 7.02. Acceleration of Maturities. If an Event of Default shall occur, then, and in each and every such case during the continuance of such Event of Default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the Bonds at the time Outstanding shall be entitled, upon notice in writing to the Government to declare the principal of all of the Bonds then Outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such

declaration the same shall become and shall be immediately due and payable, anything in this Certificate or in the Bonds contained to the contrary notwithstanding.

Any such declaration, however, is subject to the condition that if, at any time after such declaration and before any judgment or decree for the payment of the moneys due shall have been obtained or entered, the Government shall deposit with the Trustee a sum sufficient to pay all the principal or Redemption Price of and installments of interest on the Bonds payment of which is overdue, with interest on such overdue principal at the rate borne by the respective Bonds, and the reasonable charges and expenses of the Trustee and any and all other Events of Default known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) shall have been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate shall have been made therefor, then, and in every such case, the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the Government and to the Trustee, or the Trustee, may, on behalf of the Holders of all of the Bonds, rescind and annul such declaration and its consequences and waive such default; but no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

Section 7.03. Application of Funds After Default. If an Event of Default shall occur and be continuing, all moneys then held or thereafter received by the Trustee or the Depository under any of the provisions of this Certificate (subject to Section 11.10) shall be under the control of and applied by the Trustee as follows and in the following order:

(A) To the payment of any expenses necessary in the opinion of the Trustee to protect the interests of the Holders of the Bonds and payment of reasonable charges and expenses of the Trustee and the Depository (including reasonable fees and disbursements of their respective counsel) incurred in and about the performance of their respective powers and duties under this Certificate;

(B) To the payment of the principal or Redemption Price of and interest then due on the Bonds (upon presentation of the Bonds to be paid, and stamping thereon of the payment if only partially paid, or surrender thereof if fully paid) subject to the provisions of this Certificate (including Section 6.02), as follows:

(1) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First: To the payment to the persons entitled thereto of all installments of interest then due in the order of the maturity of such installments, and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon, to the persons entitled thereto, without any discrimination or preference; and

Second: To the payment to the persons entitled thereto of the unpaid principal or Redemption Price of any Bonds which shall have become due, whether at maturity or by call for redemption, in the order of their due dates, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full all the Bonds due on any date, together with such interest, then to the payment thereof ratably, according to the amounts of principal or Redemption Price due on such date to the persons entitled thereto, without any discrimination or preference.

(2) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest then due and unpaid upon the Bonds, with interest on the overdue principal at the rate borne by the respective Bonds, and, if the amount available shall not be sufficient to pay in full the whole amount so due and unpaid, then to the payment thereof ratably, without preference or priority of principal over interest, or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Section 7.04. Trustee to Represent Bondholders. The Trustee is hereby irrevocably appointed (and the successive respective Holders of the Bonds, by taking and holding the same, shall be conclusively deemed to have so appointed the Trustee) as trustee and true and lawful attorney-in-fact of the Holders of the Bonds for the purpose of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Bonds and this Certificate, as well as under the Act and applicable provisions of any other law. Upon the occurrence and continuance of an Event of Default or other occasion giving rise to a right in the Trustee to represent the Bondholders, the Trustee in its discretion may, and upon being indemnified to its satisfaction therefor, shall, at the direction of the Holders of not less than a majority in aggregate principal amount of Bonds Outstanding, proceed to protect or enforce its rights or the rights of such Holders by such appropriate suit, action, mandamus or other proceedings as it shall deem most effectual to protect and enforce any such right, at law or in equity, either for the specific performance of any covenant or agreement contained herein, or in aid of the execution of any power herein granted, or for the enforcement of any other appropriate legal or equitable right or remedy vested in the Trustee or in such Holders under this Certificate, the Act or any other law; and upon instituting such proceeding, the Trustee shall be entitled, as a matter of right to the appointment of a receiver of the assets pledged under this Certificate, pending such proceedings. All rights of action under this Certificate or the Bonds or otherwise may be prosecuted and enforced by the Trustee without the possession of any of the Bonds or the production thereof in any proceeding relating thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in the name of the Trustee for the benefit and protection of all the Holders of such Bonds, subject to the provisions of this Certificate.

Section 7.05. Bondholders' Direction of Proceedings. Anything in this Certificate to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee, to direct the method of conducting all remedial proceedings taken by the Trustee hereunder, provided that such direction shall not be otherwise than in accordance with law and the provisions of this Certificate, and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would adversely affect Bondholders not parties to such direction.

Section 7.06. Limitation on Bondholders' Right to Sue. No Holder of any Bond shall have the right to institute any suit, action or proceeding at law or in equity, for the protection or enforcement of any right or remedy under this Certificate, the Act or any other applicable law with respect to such Bond, unless (A) such Holder shall have given to the Trustee written notice of the occurrence of an Event of Default; (B) the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made written request upon the Trustee to exercise the powers hereinbefore granted or to institute such suit, action or proceeding in its own name; (C) such Holder or said Holders shall have tendered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request; and (D) the Trustee shall have refused or omitted to comply with such request for a period of sixty (60) days after

such written request shall have been received by, and said tender of indemnity shall have been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Holder of Bonds of any remedy hereunder or under law; it being understood and intended that no one or more Holders of Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of this Certificate or the rights of any other Holders of Bonds, or to enforce any right under this Certificate, the Act or other applicable law with respect to the Bonds, except in the manner herein provided, and that all proceedings at law or in equity to enforce any such right shall be instituted, had and maintained in the manner herein provided and for the benefit and protection of all Holders of the Outstanding Bonds, subject to the provisions of this Certificate (including Section 6.02).

Section 7.07. Obligation of Government. Nothing in Section 7.06 or in any other provision of this Certificate, or in the Bonds, contained shall affect or impair the obligation of the Government, which is absolute and unconditional, to pay the principal or Redemption Price of and interest on the Bonds to the respective Holders of the Bonds at their respective dates of maturity, or upon call for redemption, as herein provided, or affect or impair the right of such Holders, which is also absolute and unconditional, to enforce such payment by virtue of the contract embodied in the Bonds.

Section 7.08. Termination of Proceedings. In case any proceedings taken by the Trustee or any one or more Bondholders on account of any Event of Default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or the Bondholders, then in every such case the Government, the Trustee and the Bondholders, subject to any determination in such proceedings, shall be restored to their former positions and rights hereunder, severally and respectively, and all rights, remedies, powers and duties of the Government, the Trustee and the Bondholders shall continue as though no such proceedings had been taken.

Section 7.09. Remedies Not Exclusive. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy, to the extent permitted by law, shall be cumulative and in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or otherwise.

Section 7.10. No Waiver of Default. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon the occurrence of any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein; and every power and remedy given by this Certificate to the Trustee or to the Holders of the Bonds may be exercised from time to time and as often as may be deemed expedient.

ARTICLE VIII

THE FIDUCIARIES

Section 8.01. Appointment of Trustee and Depositary; Duties, Immunities and Liabilities of Trustee and Depositary. (A) [TRUSTEE] is hereby appointed as Trustee and [DEPOSITARY] is hereby appointed as Depositary. The Trustee shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Certificate for it to perform. The Trustee shall, during the existence of any Event of Default (which has not been cured), exercise such of the rights and powers vested in it by this Certificate, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(B) The Depository shall, prior to an Event of Default, and after the curing of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Certificate. The Depository shall, during the existence of any Event of Default (which has not been cured), follow the directions of the Trustee with respect to any of the funds held by the Depository under this Certificate.

(C) The Government may remove the Trustee or the Depository at any time unless an Event of Default shall have occurred and then be continuing, and the Government shall remove the Trustee or the Depository if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or if at any time the Trustee or the Depository shall cease to be eligible in accordance with subsection (F) of this Section, or shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or the Depository or their respective property shall be appointed, or any public officer shall take control or charge of the Trustee or the Depository or their respective property or affairs for the purpose of rehabilitation, conservation or liquidation; in each case by giving written notice of such removal to the Trustee and the Depository, and thereupon shall appoint a successor Trustee or Depository, as the case may be, by an instrument in writing.

(D) The Trustee or the Depository may at any time resign by giving written notice of such resignation to the Government and the other Fiduciary. Upon receiving such notice of resignation, the Government shall promptly appoint a successor Trustee or Depository, as the case may be, by an instrument in writing.

(E) Any such removal or resignation of the Trustee or Depository and appointment of a successor shall become effective upon acceptance of appointment by the successor. Promptly upon such acceptance, the Government shall give notice thereof to each Fiduciary and to the Bondholders by mail in the manner provided by Section 4.03. If no successor shall have been appointed and have accepted appointment within forty-five (45) days of giving notice of removal or notice of resignation as aforesaid, the resigning Trustee or Depository, as the case may be, or any Bondholder (on behalf of such Bondholder and all other Bondholders) may petition any court of competent jurisdiction for the appointment of a successor, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor. Any successor appointed under this Certificate, shall signify its acceptance of such appointment by executing and delivering to the Government, to its predecessor, to each other Fiduciary a written acceptance thereof, and thereupon such successor, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor, with like effect as if originally named herein; but, nevertheless at the Request of the Government or the request of the successor, such predecessor shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor all the right, title and interest of such predecessor in and to any property held by it under this Certificate and shall pay over, transfer, assign and deliver to the successor any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor, the Government shall execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor all such moneys, estates, properties, rights, powers, trusts, duties and obligations.

(F) (1) Any Trustee appointed under the provisions of this Section in succession to the Trustee shall be a trust company or bank having the powers of a trust company doing business and having a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000) and subject to supervision or examination by federal, state, or Guam authority. If such bank or trust company publishes

a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (F)(1), the Trustee shall resign immediately in the manner and with the effect specified in this Section.

(2) Any Depository appointed under the provisions of this Section in succession to the Depository shall be a trust company or bank having the powers of a trust company doing business and having a trust office in Agana, Guam, having a combined capital and surplus of at least Ten Million Dollars (\$10,000,000), and subject to supervision or examination by federal or Guam authority. If such bank or trust company publishes a report of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this Section the combined capital and surplus of such bank or trust company shall be deemed to be its combined capital and surplus as set forth in its most recent report of conditions so published. In case at any time the Depository shall cease to be eligible in accordance with the provisions of this subsection (F)(3), the Depository shall resign immediately in the manner and with the effect specified in this Section.

(G) Any company into which the Trustee or the Depository may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee or the Depository may sell or transfer all or substantially all of its corporate trust business, provided such company shall be eligible under subsection (F) of this Section, shall be the successor to such Trustee or Depository, as the case may be, without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding. Any such successor shall give notice of such merger, conversion or consolidation to each other Fiduciary and to the Government.

Section 8.02. Compensation. Subject to the terms of any contract with the Trustee or the Depository, as the case may be, the Government shall pay to the Trustee and the Depository from time to time reasonable compensation for all services rendered under this Certificate, and also all reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of their attorneys, agents and employees, incurred in good faith in and about the performance of their powers and duties under this Certificate. The Government further agrees, to the extent permitted by law, to indemnify and save the Trustee and the Depository harmless against any liabilities which they may incur in the exercise and performance of their respective powers, functions and duties under this Certificate, which are not due to their own respective negligence or willful misconduct. Such indemnity shall survive the discharge of this Certificate or resignation or removal of the Trustee or the Depository.

Section 8.03. Liability of Trustee and Depository. The recitals of facts herein and in the Bonds contained shall be taken as statements of the Government, and neither the Trustee nor the Depository assumes any responsibility for the correctness of the same, or makes any representations as to the validity or sufficiency of this Certificate or of the Bonds, or shall incur any responsibility in respect thereof, other than in connection with the duties or obligations herein or in the Bonds assigned to or imposed upon them, respectively. The Trustee shall, however, be responsible for its representations contained in its certificate of authentication and registration on the Bonds. Neither the Trustee nor the Depository shall be liable in connection with the performance of their respective duties hereunder, except for their own respective negligence or willful misconduct. The Trustee and the Depository may become the owner of Bonds with the same rights they would have if they were not Trustee or Depository, as the case may be, and, to the extent permitted by law, may act as depositary for and permit any of their officers or directors to act as a member of, or in any other capacity with respect to, any committee formed

to protect the rights of Bondholders, whether or not such committee shall represent the Holders of a majority in principal amount of the Bonds then Outstanding. No Fiduciary shall be under any responsibility or duty with respect to the application of any moneys paid to any other Fiduciary. No Fiduciary shall be under any obligation or duty to perform any act which would require it to expend or risk its own moneys or otherwise incur any liability or to institute or defend any action or suit in respect of this Certificate or the Bonds, unless it is in its judgment adequately indemnified. No Fiduciary shall be deemed to have knowledge of an Event of Default hereunder unless it has received actual knowledge thereof at its Principal Office, except, in the case of the Trustee, default in the payment of any amounts due on the Bonds on the due date therefor.

Section 8.04. Right of Trustee and Depositary to Rely on Documents. The Trustee and the Depositary shall be protected in acting upon any notice, resolution, request, consent, order, certificate, report, opinion, bond or other paper or document believed to be genuine and to have been signed or presented by the proper party or parties. The Trustee and the Depositary may consult with counsel, including nationally recognized bond counsel, who may be counsel of or to the Government, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance therewith.

Whenever in the administration of the trusts imposed upon it by this Certificate the Trustee or the Depositary shall deem it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the Government, and such Certificate shall be full warrant to the Trustee or the Depositary, as the case may be, for any action taken or suffered in good faith under the provisions of this Certificate in reliance upon such Certificate, but in its discretion the Trustee or the Depositary may, in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may seem reasonable.

Section 8.05. Preservation and Inspection of Documents. All documents received by the Trustee or the Depositary under the provisions of this Certificate shall be retained in its possession and shall be subject at all reasonable times to the inspection of the Government and any Bondholder, and their agents and representatives duly authorized in writing, at reasonable hours and under reasonable conditions.

Section 8.06. Paying Agents. The Government may at any time or from time to time appoint one or more Paying Agents, in addition to the Trustee, for the purpose of paying the principal or Redemption Price of and the interest on Bonds. At least one such Paying Agent (which may be the Trustee) shall have a principal corporate trust office in one of the states of the United States. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by this Certificate by executing and delivering to the Government, the Trustee and the Depositary a written acceptance thereof. The Trustee shall enter into such arrangements with any such Paying Agent as shall be necessary and desirable to enable such Paying Agent to carry out the duties of its office. The Government may remove any Paying Agent at any time by giving written notice of such removal to such Paying Agent, the Trustee and the Depositary. Any Paying Agent may at any time resign by giving notice of such resignation to the Government, the Trustee and the Depositary and by giving affected Bondholders notice of such resignation by mail in the manner provided in Section 4.03. In the event of the resignation or removal of any Paying Agent, such Paying Agent shall pay over, transfer, assign and deliver any moneys held by it to its successor, or, if there be no successor then appointed, to the Trustee. The Government may appoint one or more successor Paying Agents and shall give prompt notice of the acceptance of appointment by any successor Paying Agent. Any Paying Agent appointed under the provisions of this Section shall satisfy the criteria for eligibility set forth in subsection (F)(1) of Section 8.01 with respect to the Trustee.

The indemnities, privileges and limitations of liability provided the Trustee hereunder shall be afforded to the Paying Agent.

ARTICLE IX

MODIFICATION OR AMENDMENT OF THE CERTIFICATE

Section 9.01. Amendments Permitted. (A) This Certificate and the rights and obligations of the Government and of the Holders of the Bonds and of the Trustee may be modified or amended at any time by a Supplemental Certificate which shall become effective when the written consent of the Holders of sixty percent (60%) in aggregate principal amount of the Bonds then Outstanding shall have been filed with the Trustee; provided that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any particular maturity remain Outstanding, the consent of the Holders of Bonds of such maturity shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section. No such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the amount of principal thereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided herein for the payment of any Bond, or extend the time of payment of any interest on any Bond, or reduce the rate of interest thereon, without the consent of the Holder of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds the consent of the Holders of which is required to effect any such modification or amendment, or permit the creation of any lien on the moneys and other assets pledged under this Certificate prior to or on a parity with the lien created by this Certificate, or deprive the Holders of the Bonds of the lien created by this Certificate upon such moneys and other assets (except as expressly provided in this Certificate), without the consent of the Holders of all of the Bonds then Outstanding.

(B) This Certificate and the rights and obligations of the Government and of the Holders of the Bonds may also be modified or amended at any time by a Supplemental Certificate, which shall become effective upon execution (or such later date as may be specified in such Supplemental Certificate), without the consent of any Bondholders, but only to the extent permitted by law and only for any one or more of the following purposes:

(1) to add to the covenants and agreements of the Government in this Certificate contained other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Bonds, or to surrender any right or power herein reserved to or conferred upon the Government, provided, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests of the Holders of the Bonds;

(2) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in this Certificate, or in regard to matters or questions arising under this Certificate, as the Government may deem necessary or desirable and not inconsistent with this Certificate, and which shall not materially adversely affect the interests of the Holders of the Bonds; and

(3) to modify, amend or supplement this Certificate in such manner as to permit the qualification hereof under the Trust Certificate Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests of the Holders of the Bonds.

Section 9.02. Effect of Supplemental Certificate. From and after the time any Supplemental Certificate becomes effective pursuant to this Article, this Certificate shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Certificate of the Government, the Trustee, the Depository and all Holders of Bonds Outstanding shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any such Supplemental Certificate shall be deemed to be part of the terms and conditions of this Certificate for any and all purposes.

Section 9.03. Endorsement of Bonds; Preparation of New Bonds. Bonds delivered after any Supplemental Certificate becomes effective pursuant to this Article may, and if the Trustee so determines shall, bear a notation by endorsement or otherwise in form approved by the Government and the Trustee as to any modification or amendment provided for in such Supplemental Certificate, and, in that case, upon demand of the Holder of any Bond Outstanding at such effective date and presentation of his Bond for the purpose at the office of the Trustee or at such additional offices as the Trustee may select and designate for that purpose, a suitable notation shall be made on such Bond, at the expense of the Government. If the Government or the Trustee shall so determine, new Bonds so modified as to conform, in the opinion of the Government and the Trustee, to any modification or amendment contained in such Supplemental Certificate, shall, at the expense of the Government, be prepared and executed by the Government and authenticated by the Trustee, and upon demand of the Holders of any Bonds then Outstanding shall be exchanged at the principal corporate trust office of the Trustee without cost to any Bondholder, for Bonds then Outstanding, upon surrender for cancellation of such Bonds, in equal aggregate principal amounts of the same maturity and tenor.

Section 9.04. Amendment of Particular Bonds. The provisions of this Article shall not prevent any Bondholder from accepting any amendment as to the particular Bonds held by such Bondholder, provided that due notation thereof is made on such Bonds.

ARTICLE X

DEFEASANCE

Section 10.01. Discharge of Certificate. If the Government shall pay and discharge the entire indebtedness on all Bonds Outstanding in any one or more of the following ways --

(A) by paying or causing to be paid the principal or Redemption Price of and interest on Bonds Outstanding, as and when the same become due and payable;

(B) by depositing with the Trustee, irrevocably, in trust, at or before maturity, Federal Securities in the necessary amount (as provided in Section 10.03) to pay or redeem Bonds Outstanding; or

(C) by delivering to the Trustee, for cancellation by it, Bonds Outstanding;

and if the Government shall also pay or cause to be paid all other sums payable hereunder by the Government, then and in that case, at the election of the Government (evidenced by a Certificate of the Government, filed with the Trustee, signifying the intention of the Government to discharge all such indebtedness and this Certificate), and notwithstanding that any Bonds shall not have been surrendered for payment, this Certificate and all covenants, agreements and other obligations of the Government under this Certificate shall cease, terminate, become void and be completely discharged and satisfied. In such event, upon Request of the Government, the Trustee shall cooperate with an accounting for such period or periods as shall be requested by the Government to be prepared and filed with the Government and shall execute and deliver to the Government all such instruments as may be necessary or desirable to evidence

such discharge and satisfaction, and the Trustee, the Depository and any Paying Agents shall pay over, transfer, assign or deliver to the Government all moneys or securities or other property held by them pursuant to this Certificate which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption. The discharge of the obligations of the Government under this Certificate shall be without prejudice to the rights of the Trustee and the Depository to charge for and be reimbursed by the Government for any reasonable and customary expenditures which may thereafter be incurred in connection herewith.

Section 10.02. Discharge of Liability on Bonds. Upon the deposit with the Trustee, in trust, at or before maturity, of money or securities in the necessary amount (as provided in Section 10.03) to pay or redeem any Outstanding Bond (whether upon or prior to its maturity or the redemption date of such Bond), then all liability of the Government in respect of such Bond shall cease, determine and be completely discharged, and the Holder thereof shall thereafter be entitled only to payment out of such money or securities deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.04.

The Government may at any time surrender to the Trustee for cancellation by it any Bonds previously issued and delivered, which the Government may have acquired in any manner whatsoever, and such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Section 10.03. Deposit of Money or Securities with Trustee. Whenever in this Certificate it is provided or permitted that there be deposited with or held in trust by the Trustee money or securities in the necessary amount to pay or redeem any Bonds, the money or securities so to be deposited or held shall be:

(a) lawful money of the United States of America in an amount equal to the principal amount of such Bonds and all unpaid interest thereon to maturity, except that, in the case of Bonds which are to be redeemed prior to maturity, the amount to be deposited or held shall be the principal amount or Redemption Price of such Bonds and all unpaid interest thereon to the date fixed for redemption; or

(b) noncallable Federal Securities the principal of and interest on which when due will provide money sufficient, in the opinion of an Independent certified public accountant delivered in writing to the Government, the Trustee, to pay the principal or Redemption Price of and all unpaid interest to maturity, or to the date fixed for redemption, as the case may be, on the Bonds to be paid or redeemed, as such principal or Redemption Price and interest become due;

provided, in each case, that the Trustee shall have been irrevocably instructed (by the terms of this Certificate and by Request of the Government) to apply such money to the payment of such principal or Redemption Price and interest with respect to such Bonds.

Section 10.04. Payment of Bonds after Discharge of Certificate. Notwithstanding any provisions of this Certificate, any moneys held by the Trustee in trust for the payment of the principal or Redemption Price of, or interest on, any Bonds and remaining unclaimed for three years after the principal of all of the Bonds has become due and payable (whether at maturity or upon call for redemption or by acceleration as provided in this Certificate), if such moneys were so held at such date, or six years after the date of deposit of such moneys if deposited after said date when all of the Bonds became due and payable, shall, upon Request of the Government, be repaid to the Government free from the trusts created by this Certificate, and all liability of the Trustee or the Depository with respect to such

moneys shall thereupon cease and the Holders of such Bonds shall be entitled to look only to the Government for payment of such Bonds; provided, however, that before the repayment of such moneys to the Government as aforesaid, the Trustee may (at the cost of the Government) first publish at least once in one or more financial newspapers or journals circulated in Agana, Guam, San Francisco, California, and New York, New York, a notice, in such form as may be deemed appropriate by the Trustee with respect to the Bonds so payable and not presented and with respect to the provisions relating to the repayment to the Government of the moneys held for the payment thereof.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Successor Is Deemed Included in All References to Predecessor.

Whenever in this Certificate the Government, the Trustee or the Depository is named or referred to, such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in this Certificate contained by or on behalf of the Government, the Trustee or the Depository shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 11.02. Limitation of Rights to Parties and Bondholders. Nothing in this Certificate or in the Bonds expressed or implied is intended or shall be construed to give to any person other than the Government, the Trustee, the Depository and the Holders of the Bonds any legal or equitable right, remedy or claim under or in respect of this Certificate or any covenant, condition or provision therein or herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Government, the Trustee, the Depository and the Holders of the Bonds.

Section 11.03. Waiver of Notice. Whenever in this Certificate the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Section 11.04. Destruction of Bonds. Whenever in this Certificate provision is made for the cancellation by the Trustee and the delivery to the Government of any Bonds, the Trustee may, upon Request of the Government, in lieu of such cancellation and delivery, destroy such Bonds (in the presence of an officer of the Government, if the Government shall so require), and deliver a certificate of such destruction to the Government.

Section 11.05. Severability of Invalid Provisions. If any one or more of the provisions contained in this Certificate or in the Bonds shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Certificate and such invalidity, illegality or unenforceability shall not affect any other provision of this Certificate, and this Certificate shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Government hereby declares that it would have entered into this Certificate and each and every other Section, paragraph, sentence, clause or phrase hereof and authorized the issuance of the Bonds pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of this Certificate may be held illegal, invalid or unenforceable.

Section 11.06. Notice to Government, Trustee and Depository. Any notice to or demand upon the Trustee may be served or presented, and such demand may be made, at the Principal

Office of the Trustee, which at the date of adoption of this Certificate is: [TRUSTEE], _____, or at such other address as may have been provided in writing by the Trustee to the Government and the Depository.

Any notice to or demand upon the Depository may be served or presented, and such demand may be made, at the Principal Office of the Depository, which at the date of adoption of this Certificate is: [DEPOSITARY], _____, or at such other address as may have been provided in writing by the Depository to the Government.

Any notice to or demand upon the Government shall be deemed to have been sufficiently given or served for all purposes by being deposited, postage prepaid, in a post office letter box, addressed to the Department of Administration, Agana, Guam 96910, Attention: Director, or to the Government at such other address as may have been filed in writing by the Government with the Trustee and the Depository.

Section 11.07. Evidence of Rights of Bondholders. Any request, consent or other instrument required or permitted by this Certificate to be signed and executed by Bondholders may be in any number of concurrent instruments of substantially similar tenor and shall be signed or executed by such Bondholders in person or by an agent or agents duly appointed in writing. Proof of the execution of any such request, consent or other instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Certificate and shall be conclusive in favor of the Trustee, the Depository and the Government if made in the manner provided in this Section.

The fact and date of the execution by any person of any such request, consent or other instrument or writing may be proved by the certificate of any notary public or other officer of any jurisdiction, authorized by the laws thereof to take acknowledgments of deeds, certifying that the person signing such request, consent or other instrument acknowledged to him the execution thereof, or by an affidavit of a witness of such execution duly sworn to before such notary public or other officer.

The ownership of Bonds shall be proved by the Bond registration books held by the Trustee.

Any request, consent, or other instrument or writing of the Holder of any Bond shall bind every future Holder of the same Bond and the Holder of every Bond issued in exchange therefor or in lieu thereof, in respect of anything done or suffered to be done by the Trustee, the Depository or the Government in accordance therewith or reliance thereon.

Section 11.08. Disqualified Bonds. In determining whether the Holders of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Certificate, Bonds which are owned or held by or for the account of the Government, or by any other obligor on the Bonds, or by any person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Government or any other obligor on the Bonds, shall be disregarded and deemed not to be Outstanding for the purpose of any such determination. Bonds so owned which have been pledged in good faith may be regarded as Outstanding for the purposes of this Section if the pledgee shall establish to the satisfaction of the Trustee the pledgee's right to vote such Bonds and that the pledgee is not a person directly or indirectly controlling or controlled by, or under direct or indirect common control with, the Government or any other obligor on the Bonds. In case of a dispute as to such right, any decision by the Trustee taken upon the advice of counsel shall be full protection to the Trustee.

Section 11.09. Money Held for Particular Bonds. The money held by the Trustee for the payment of the interest, principal or Redemption Price due on any date with respect to particular Bonds (or portions of Bonds in the case of registered Bonds redeemed in part only) shall, on and after such date and pending such payment, be put aside on its books and held in trust by it for the Holders of the Bonds entitled thereto, subject, however, to the provisions of Section 10.04.

Section 11.10. Funds and Accounts. Any fund required by this Certificate to be established and maintained by the Trustee or the Depository may be established and maintained in the accounting records of the Trustee or the Depository, either as a fund or an account, and may, for the purposes of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account; but all such records with respect to all such funds shall at all times be maintained in accordance with industry practice, to the extent practicable, and with due regard for the requirements of Section [6.06] as established by Request of the Government and for the protection of the security of the Bonds and the rights of every holder thereof.

Section 11.11. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of this Certificate.

All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Certificate; the words "herein," "hereof," "hereby," "hereunder" and other words of similar import refer to this Certificate as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 11.12. Waiver of Personal Liability. No legislator, officer, agent or employee of the Government shall be individually or personally liable for the payment of the principal or Redemption Price of or interest on the Bonds; but nothing herein contained shall relieve any such legislator, officer, agent or employee from the performance of any official duty provided by law.

Section 11.13. Saturdays, Sundays and Legal Holidays. If any party hereto is required to perform, pursuant to a provision of this Certificate, any act on a date which falls on a Saturday, Sunday or legal holiday, the party required to perform such act shall be deemed to have performed it in a timely manner, and in conformance with such provision, if it shall perform such act on the next succeeding Business Day.

Section 11.14. Execution in Several Counterparts. This Certificate may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the Government, the Trustee and the Depository shall preserve undestroyed, shall together constitute but one and the same instrument.

Section 11.15. Governing Law. The rights and duties of the parties to this Certificate shall be governed by the laws of Guam, provided, however, that the administration of the trusts imposed upon the Trustee by the Certificate and the rights and duties of the Trustee hereunder shall be governed by, and construed in accordance with, the laws of the respective jurisdiction in which the Trustee has its respective principal corporate trust office.

IN WITNESS WHEREOF, the GOVERNMENT OF GUAM has caused this Certificate to be signed in its name under its seal.

GOVERNMENT OF GUAM

[SEAL]

EXHIBIT A
[FORM OF BOND]

No. ___ - _____

\$

GOVERNMENT OF GUAM
GENERAL OBLIGATION BOND,
2006 SERIES A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>ORIGINAL ISSUE DATE</u>	<u>CUSIP</u>
	[November 15], 20__	_____ 1, 2006	

Registered Holder:

Principal Sum:

Dollars

The GOVERNMENT OF GUAM, duly organized and existing under and by virtue of the laws of the United States of America (herein called the "Government"), for value received, hereby promises to pay to the registered holder identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon, in like lawful money, from the interest payment date next preceding the date of registration of this Bond (unless this Bond is registered as of a day during the period from the second day of the month next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is registered on or before _____ 15, 2006, in which event it shall bear interest from _____ 1, 2006) until payment of such principal sum shall be discharged as provided in the Certificate hereinafter mentioned, at the interest rate specified above per annum, payable semiannually on [May 15] and [November 15] in each year, commencing [May 15, 2007]. The principal (or redemption price) hereof is payable upon surrender hereof at the corporate trust office of [TRUSTEE] (herein called the "Trustee") _____, _____, and the interest hereon is payable by check or draft mailed by first class mail to the person in whose name this Bond or any predecessor Bond is registered at the close of business on the fifteenth day of the month immediately preceding an interest payment date, at such person's address as it appears on the Bond registration books of the Trustee. Upon the written request of any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, payment of the principal or redemption price of and interest on such Bonds will be made by wire transfer as provided in the Certificate; provided that any such principal or redemption payment shall nevertheless be subject to the prior surrender of the Bonds with respect to which such payment is made.

The Bonds are the general obligations of the Government and are secured by the full faith and credit of the Government.

This Bond is one of a duly authorized issue of bonds of the Government designated as the "Government of Guam General Obligation Bonds, 2006 Series A" (herein called the "Bonds"), in the aggregate principal amount of \$[PAR AMOUNT], which issue of Bonds consists of bonds of varying maturities, interest rates and redemption and other provisions, all issued under the provisions Section _____ of the Title 5, Guam Code Annotated and pursuant to that certain Certificate of the Governor of Guam Determining, Specifying and Authorizing Certain Matters in Connection with the Issuance of Certain Government of Guam General Obligation Bonds, 2006 Series A, dated as of _____, 2006

(herein called the "Certificate"). The Bonds are issued for the purpose of providing moneys for the implementation of certain capital projects. Reference is hereby made to the Certificate (a copy of which is on file at said office of the Trustee, and all certificates supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security and provisions for payment of the Bonds, of the rights, duties and immunities of the Trustee and the Depository and of the rights and obligations of the Government thereunder, to all the provisions of which Certificate the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds maturing after [November 15], 20__ are subject to redemption prior to their respective stated maturities, at the option of the Government, from any source of available funds, on any date on or after [November 15], 20__, as a whole, or in part by such maturity or maturities as may be specified by the Government (and by lot within a maturity), at the Redemption Prices (expressed as percentages of principal amount) set forth in the table below plus interest accrued thereon to the date fixed for redemption:

Redemption Date

Redemption Price

%

The Bonds maturing on November 15, 20__, are also subject to redemption prior to their stated maturity, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Certificate on any November 15 on or after November 15, 20__, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Trustee not less than 30 nor more than 60 days before the date fixed for redemption by first class mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the Bond registration books of the Trustee on the date the Bonds to be redeemed are selected. Receipt of such notice by such registered owners shall not be a condition precedent to such redemption.

If this Bond is called for redemption and payment is duly provided herefor as specified in the Certificate, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Certificate) shall occur, the principal of all Bonds (and the interest accrued thereon) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Certificate. The Certificate provides that in certain events such a declaration and its consequences may be rescinded by the Trustee or by the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding.

The Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Certificate, this Bond may be exchanged, at said office of the Trustee, for a new fully registered Bond or Bonds, of the same maturity and tenor and of any authorized denomination or denominations and for the aggregate principal amount of this Bond then remaining outstanding.

This Bond is transferable by the registered owner hereof, in person or by its attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Certificate, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same maturity and tenor and of any authorized denomination or denominations and for the same aggregate principal amount of this Bond

then remaining outstanding, will be issued to the transferee in exchange herefor. The Trustee shall not be required to register the transfer of this Bond during the five days next preceding any date established by the Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Government, the Trustee and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, and neither the Government, the Trustee nor the Depositary shall be affected by any notice to the contrary.

The Certificate and the rights and obligations of the Government, the registered owners of the Bonds and the Trustee may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Certificate, provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in the Certificate for the payment of this Bond, or extend the time of payment of any interest on this Bond or reduce the rate of interest hereon, without the consent of the registered owner hereof, or (ii) reduce the percentage of the principal amount of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Certificate.

This Bond shall not be entitled to any benefit under the Certificate, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Trustee.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the laws of the United States of America and the Government of Guam, and that the amount of this Bond, together with all other indebtedness of the Government, does not exceed any limit prescribed by such laws, and is not in excess of the amount of Bonds permitted to be issued under the Certificate.

IN WITNESS WHEREOF, THE GOVERNMENT OF GUAM has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of the Governor of Guam, the Lieutenant Governor of Guam and the Director of Administration of Guam, and its seal to be reproduced hereon by facsimile, all as of _____ 1, 2006.

GOVERNMENT OF GUAM

(SEAL)

By _____
Governor

By _____
Lieutenant Governor

By _____
Director of Administration

[FORM OF] CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one the Bonds described in the within-mentioned Certificate which has been authenticated and registered on _____.

[TRUSTEE], as Trustee

By _____
Authorized Officer

[FORM OF]
ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within Bond and in the assignment below, shall be construed as though they were out in full according to applicable laws or regulations.

TEN COM - as tenants in common
TEN ENT - as tenants by the entireties
JT TEN - as joint tenants with
right of survivorship and

UNIF GIFT MIN ACT - Custodian
(Cust) (Minor)
under Uniform Gifts to Minors Act

not as tenants in common (State)

Additional abbreviations may also be used though not in the above list.

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: _____

NOTICE: The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed: Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

Notice: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

GOVERNMENT OF GUAM

CERTIFICATE

Dated as of _____ 1, 2006

\$(PAR AMOUNT)

GOVERNMENT OF GUAM
GENERAL OBLIGATION BONDS
2006 SERIES A

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