

*I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN*  
**2024 (SECOND) Regular Session**

**Bill No. 327-37 (COR)**

As amended by the Committee on  
Health, Land, Justice and Culture; and  
further Substituted on the Floor.

Introduced by:

Therese M. Terlaje

**AN ACT TO AUTHORIZE THE EXTENSION OF THE TERM  
OF THE LEASE BETWEEN THE GUAM ANCESTRAL LANDS  
COMMISSION AND AT&T CORP FOR LOT NO. 10192,  
MUNICIPALITY OF DEDEDO, AND THE BUILDING THEREON.**

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

**Section 1. Legislative Findings and Intent.** This bill is introduced at the request of the GALC. *I Liheslaturan Guåhan* finds that investment by the private sector is a necessary component to the improvement and development of lands under the jurisdiction of the Guam Ancestral Lands Commission ("GALC"). Leasing of GALC lands to enable such investment also generates substantial lease revenue which by law, is to be used for extinguishing the claims of beneficiaries of the Land Bank Trust whose properties were unjustly taken by the U.S. Government which continue to be used to this day by the government.

*I Liheslaturan Guåhan* further finds that the U. S. Government leased federal land to AT&T Corp. ("AT&T") in 1962 to allow AT&T to provide telecommunication services to both the U. S. military and the civilian population. AT&T has also provided a source of employment for local technicians in highly skilled areas. Over the years, the U.S. military, the people and government of Guam and AT&T have benefitted substantially and today, AT&T is a major contributor to Guam's position as a telecommunications center in the Pacific.

1            *I Liheslaturan Guåhan* further finds that ownership of 396 acres of federal  
2 property known as Andersen Family Housing Annex No. 4 which contained the  
3 area leased to AT&T, was transferred to the Government of Guam in October 2002  
4 but the lease to AT&T remained in effect until October 2006. In November 2002,  
5 the Government of Guam transferred ownership of the property to GALC as  
6 required by law.

7            *I Liheslaturan Guåhan* further finds that GALC could not have known that  
8 the property leased to AT&T was under GALC ownership until after ancestral  
9 owners of Andersen Family Housing Annex No. 4 completed the land surveys and  
10 court proceedings required to confirm ownership of their ancestral properties. This  
11 process of confirming private property ownership was not completed until June  
12 2013 at which time, the Office of the Governor initiated efforts to resolve AT&T's  
13 use of the area, now surveyed as Lot 10192, Municipality of Dededo, containing  
14 an area of 11,724 square meters and a two story, 42,678 square foot  
15 telecommunications facility. In October 2019, final resolution of AT&T's use of  
16 the area finally occurred when a settlement agreement was reached between GALC  
17 and AT&T to settle previous and future use of the property. For the rental period  
18 from January 2007 to September 2019. AT&T's initial proposal was \$1.6 million  
19 and GEDA's starting position was at \$5.1 million. Parties settled at \$4,896,725 or  
20 \$408,060/year during that period for that settlement payment. As part of the  
21 settlement agreement, the Parties simultaneously entered into a lease Agreement  
22 for the premises for the period going forward.

23            The Lease provides in Section 3.01(a): "The term of this Lease shall be for a  
24 period of five (5) years commencing on October 1, 2019, and expiring unless  
25 sooner terminated, at midnight on September 30, 2024("Initial Term")".

26            The Lease further provides in Section 3.01(b): "In the event that GALC is able  
27 to obtain approval for an Extended Term Contract, Tenant shall have nine (9)

1 successive options to extend the term of the Lease for five (5) years each,  
2 commencing from the expiration date of the Initial Term, provided that the Guam  
3 Legislature approves an Extended Term Contract as defined by Section 5127,  
4 Subtitle C, Article 2, Chapter 5, Title 5, Guam Code Annotated, should such be  
5 required.”

6 The Lease further provides in Sections 4.01 and 4.02: “4.01 Rent-Tenant  
7 agrees to pay to Landlord as rental for the Premises, without offset or deduction,  
8 the sum of Two Hundred Seventy Five Thousand, Two Hundred Seventy Three  
9 and No/100 Dollars (\$275,273.00) per year payable in monthly installments in  
10 advance in the amount of Twenty-Two Thousand, Nine Hundred Thirty Nine and  
11 42/100 Dollars (\$22,939.42) on the first business day of each calendar month  
12 during the Initial Term. Unless otherwise instructed by Landlord, payment of rent  
13 shall be made directly to and in the name of GEDA. Notwithstanding the foregoing,  
14 Landlord agrees that the initial monthly installment is not due until 30 business  
15 days after the full execution of the lease.

16 4.02 Rent Escalation-If an extension of this Lease is permitted beyond five  
17 years, beginning on the first day after the expiration of the Initial Term the rent  
18 shall be set at fair market value. Thereafter every fifth (5<sup>th</sup>) year subsequently, rent  
19 shall be adjusted and increased at an amount equal to ten percent (10%) over the  
20 previous five (5) year period, except that every twenty (20) years, rent shall be  
21 adjusted to the fair market rental value of the Premises, using a ten percent (10%)  
22 capitalization rate. To determine the fair market rental value of the Premises,  
23 within ten (10) days after Landlord’s receipt of Tenant’s Option Notice for the  
24 respective twentieth (20<sup>th</sup>) year of the Lease term, Landlord and Tenant shall select  
25 a qualified real estate appraiser licensed to do business on Guam (“Appraiser”) and  
26 the Appraiser so selected shall thereupon proceed to determine the fair market  
27 value of the Premises. Landlord and Tenant shall equally split the costs of the

1 appraisal services and report. If Landlord and Tenant cannot agree on an Appraiser,  
2 then within a second period of ten (10) days, each party shall select an Appraiser  
3 and within ten (10) days thereafter, the two appointed Appraisers shall select a  
4 third Appraiser and the third Appraiser shall be the sole arbitrator. If one party shall  
5 fail to select an Appraiser within the second ten (10) day period, the Appraiser  
6 chosen by the other party shall be the sole arbitrator.”

7 *I Liheslaturan Guåhan* further finds that GALC and the island of Guam would  
8 benefit from the continued use of Lot 10192 in Guam's telecommunications  
9 industry and continued use of Lot 10192 is consistent with Guam's policy of  
10 growing its role in the telecommunications industry. Such use would be enhanced  
11 by legislative approval of the extension of the term of the lease for five (5) years.

12 *I Liheslaturan Guåhan* therefore intends to approve the extension of the term  
13 of the lease for five years, commencing October 1, 2024, with the eight (8)  
14 remaining options subject to further legislative approval.

## 15 **Section 2. Term of Lease of Public Real Property and Related**

16 **Facilities.** Notwithstanding any other provision of law, *I Liheslaturan*  
17 *Guåhan* hereby approves the first extension of the term of the lease of  
18 Lot No. 10192, Municipality of Dededo, and the Building thereon  
19 between the Guam Ancestral Lands Commission and AT&T Corp.,  
20 attached hereto as Exhibit “A”, for five (5) years, commencing on  
21 October 1, 2024, (“First Extension”) subject to the execution by *I*  
22 *Maga'haga* (the Governor), attestation by *I Segundu Na Maga'lahi* (the  
23 Lieutenant Governor), and approval as to form by the Attorney General  
24 of Guam, pursuant to the Provision for Leasing of Government Owned  
25 Property for Commercial Purposes contained in Title 21 GCA § 60114  
26 (c). AT&T shall agree to pay to Guam Ancestral Lands Commission the  
27 minimum sum of four hundred eight thousand dollars (\$408,000) per

1 year payable in monthly installments in advance in the amount of thirty-  
2 four thousand dollars (\$34,000) on the first business day of each calendar  
3 month during the First Extension of the lease. Fair Market Value shall be  
4 as negotiated between GALC and AT&T. If it is determined the fair  
5 market value amount is determined to have been more than  
6 \$408,000/year, AT&T shall pay the difference in rent within sixty (60)  
7 days of the determination fair market value. If it is determined that the  
8 fair market rent should have been lower than \$408,000/year, GALC shall  
9 credit AT&T toward future payments due under the lease in the amount  
10 that was overpaid. For this and any 5-year extension period, in no event  
11 shall the annual lease rate fall below the rate of the immediately  
12 preceding 5 year term plus 10%. All other terms of the lease shall remain  
13 applicable and in full force, including, but not limited to the requirement  
14 for escalation of rent every five (5) years and the requirement for the  
15 Guam Legislature to approve subsequent extension, in accordance with  
16 Section 3.01(b) of the lease and 5 GCA Chapter 5 Article 2 §5127.

17 **Section 3. Real Property Taxes.** The lessee shall pay all real property taxes  
18 levied or assessed on the property and improvements pursuant to applicable laws.