



**I MINA'TRENTAI DOS NA LIHESLATURAN GUÅHAN**  
**2014 (SECOND) Regular Session**


Bill No. 393 -32 (cop)

Introduced by:

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R. J. Respicion 

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**AN ACT TO ADD A NEW §80109(v) TO CHAPTER 80 OF  
DIVISION 4 OF TITLE 10 GUAM CODE ANNOTATED;  
RELATIVE TO EXPANDING THE BORROWING  
AUTHORITY OF THE GUAM MEMORIAL HOSPITAL FOR  
THE RENOVATION OF THE LABOR AND DELIVERY  
WARD.**

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

**Section 1.** A new §80109 (v) of Chapter 80, Division 4 of Title10, Guam Code Annotated is hereby *added* to read:

1           “(w) Notwithstanding subsection (s) of this section, arrange a line of credit,  
2 a revolving loan fund, and/or a direct loan, the total cumulative amount not to  
3 exceed Four Million Dollars (\$4,000,000) with banks or other lending institutions  
4 licensed to do business on Guam. All terms of the line of credit, a revolving loan  
5 fund, and/or a direct loan agreement shall be negotiated by the Authority and I  
6 *Maga’lahen Guåhan* [Governor] in the best interests of the people of Guam. The  
7 terms of the line of credit, a revolving loan fund, and/or a direct loan shall include  
8 the following:

9           (1) the line of credit, a revolving loan fund, and/or a direct loan shall be used  
10 by the Authority for the renovation of the Guam Memorial Hospital Labor and  
11 Delivery Ward;

12           (2) no charge shall be levied by a lender for making the loan;

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1 (3) the interest rate shall be subject to negotiation between the Authority or  
2 designee as authorized by the Board of Trustees, *I Maga'lahaen Guåhan* and the  
3 lender; such interest rate shall be computed on a monthly average and based on the  
4 actual amount extended to the Authority; and

5 (4) interest earned by the lender shall be exempt from taxation by the  
6 government of Guam.

7 (5) The line of credit, a revolving loan fund, municipal lease financing,  
8 and/or a direct loan may be secured by a pledge or other reservation of revenues  
9 collected by the government of Guam from the taxes collected under the "Business  
10 Privilege Tax Law" (namely, 11 GCA Chapter 25, excluding the alcoholic  
11 beverage taxes, liquid fuel taxes, automotive surcharges, tobacco taxes and real  
12 property taxes) The Business Privilege Tax pledged or reserved shall only apply to  
13 the unpledged portion of the business privilege tax (currently one percentage point  
14 of the current four percent Business Privilege Tax rate) so as not to violate the  
15 government's covenants to bondholders of the Series A, Series B and Series C  
16 Limited Obligation bonds authorized through Public Law 31-76, Public Law 31-  
17 196 and Public Law 31-276. The sum of Six Hundred Thousand Dollars  
18 (\$600,000) will be used for the as security for line of credit, a revolving loan fund,  
19 and/or a direct loan. *I Maga'lahaen Guåhan* and the Authority are hereby authorized  
20 to execute the loan agreement, a revolving loan fund, and/or a direct loan  
21 agreement and other necessary documentation.

22 (6) Any money borrowed shall be repaid in accordance with the terms  
23 established in the negotiated agreement, but not to exceed an amortization period  
24 of more than ten (10) years. In no case shall any amount borrowed be refinanced  
25 permitting repayment more than ten (10) years after the loan is made.

26 (7) Notwithstanding the provisions of Chapter 6 of Title 5 of the Guam Code  
27 Annotated, the government of Guam hereby waives immunity from any suit or

1 action in contract upon the loan and guaranty but does not waive sovereign  
2 immunity as to the personal liability of elected or appointed officials and  
3 employees of the government Guam. For the purpose of this provision only,  
4 immunity is also waived as to the award of attorney fees and related costs in  
5 connection with any suit brought to enforce any right or obligation incurred under  
6 the loan authorized hereby or in connection with the enforcement of any  
7 agreement, note or pledge that arises directly from the indebtedness authorized  
8 hereby.

9 (8) This Guarantee is a general obligation of the government of Guam,  
10 subject to the full faith and credit of the government of Guam. The Guarantor  
11 consents to any and all extension of time and waiver or modification of obligations  
12 guaranteed hereunder.

13 (9) Alternative Financing. *I Maga'lahaen Guåhan* and the Authority are  
14 authorized to utilize the following alternative financing if necessary:

15 (a) Federal Guaranteed Loan or Community Facilities Loan and Grants,  
16 instrumentalities of the United States Department of Agriculture, if such financing  
17 better serves the needs of the People of Guam; and/or

18 (b) Municipal Lease Financing. The Guam Economic Development  
19 Authority is authorized to enter into a municipal lease financing as defined under  
20 Guam Code annotated Title 5, Division 5, Chapters 58, 58A, 58B, 58D and 58E