

Alicia G. Limtiaco  
Attorney General



Alberto Tolentino  
Chief Deputy Attorney General

**OFFICE OF THE ATTORNEY GENERAL**  
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Office of the Legislative Secretary  
Senator Tina Roso Muña Barnes

January 2, 2009

Date 01-02-09  
Time 3:29 pm  
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OPINION

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

Ref: GEDCA 08-1117

(BDG)  
Revised  
1/2/09  
[Signature]

Rec'd Arleen Evangelista  
[Signature]  
1/2/09  
GEDA

**RE: Government of Guam \$20,000,000.00 Term Loan**

Ladies and Gentlemen:

This opinion is furnished in connection with a term loan from the Bank of Guam as Lender to the Government of Guam ("the Government") in the amount of \$20,000,000.00 for principal ("the Loan"). In connection with this opinion and in reference to the Loan, we have examined the following documents and instruments: a Loan Agreement dated January 2, 2009; a Promissory Note dated January 2, 2009; a Pledge and Assignment of revenues payable to the Government of Guam by the Government of the United States dated January 2, 2009; a Pledge and Assignment of revenues from bond issuance relating to the Landfill dated January 2, 2009; and, a Pledge and Assignment of tipping fees collected by the Government of Guam dated January 2, 2009. We have not examined the Indenture dated as of December 1, 2001, between the Government of Guam and the Bank of Guam as trustee and depository and U.S. Bank Trust National Association ("the Indenture") or the Pledge and Assignment dated September 17, 2002, made under a Bank of Guam loan dated as of September 17, 2002 (the Bank of Guam 2002 Loan), or the Pledge and Assignment dated July 17, 2008, made under a Bank of Guam loan dated as of July 17, 2008 (the Bank of Guam 2008 Loan). We have additionally reviewed the laws of Guam and as they relate to the Loan. In giving the opinion expressed below, we do not purport to be an expert in or generally familiar with or qualified to express legal opinions based on the laws of any jurisdiction other than the foregoing:

Based upon our examination and review as expressed in the foregoing paragraph, we are of the opinion that:

1. The Government has full right, power and authority to enter into the Loan Agreement and to make, execute and deliver and to perform the Loan Agreement, the Promissory Note, and the Pledges and Assignments, and to borrow in accordance with law and to perform the obligations of the Government under the foregoing documents.
2. The Loan Agreement and the Promissory Note are valid, binding and enforceable upon the Government.

The Pledges are valid, binding and enforceable, subject only to the rights of any trustee or depository or co-trustee of the bond holders under the Indenture, and to the rights of the Lender under the Bank of Guam 2002 Loan and the Bank of Guam 2008 Loan, upon the Government, and upon property subject thereto, and as other parties who may claim

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interests in the property subject thereto, and is effective to create and perfect the lien it purports to create upon the property subject thereto. The Pledges are effective to grant a pledge in accordance with the terms of the Pledges upon the revenues and property described therein including but not limited to the revenues payable to the Government pursuant to Section 30 of the Organic Act of Guam, or the revenues from bond issuance relating to the Landfill, or the tipping fees collected by the Government of Guam, and is valid and enforceable subject to the prior pledges of such revenues pursuant to the Indenture.

4. The Promissory Note, the Loan Agreement, and the Pledges and Assignments have been duly and validly executed and delivered by the Governor of Guam on behalf the Government.
5. The making of the Loan Agreement and performance thereof will not constitute or result in any violation of any applicable law or regulation.
6. All consents, authorizations and approvals requisite for the execution, delivery and performance of the Loan Agreement, the Promissory Note and the Pledges have been obtained and remain in full force and effect and all conditions thereof have been duly complied with, and no other action by, and no notice or filing with, any governmental authority, regulatory body or and other entity is required for such execution, delivery or performance.
7. To the best of our knowledge, all representations contained in the Loan Agreement, the Pledges and the Promissory Note and other documents required to be made to the Bank on the part of Government are true and correct.
8. The Government is not entitled to claim immunity on the grounds of sovereignty with respect to itself or its revenues or assets from any suit or action in contract with respect to this transaction, notwithstanding any substantive or procedural provision of Chapter 6 of Title 5 of the Guam Code Annotated.
9. Presently, there are no actions, suits or proceedings to our knowledge against or affecting the Government or any of its pledged property, at law or in equity, which, if adversely determined, would substantially impair the ability of the Government to pay when due any amount which may become payable under the Loan.
10. The obligations of the Government under the Promissory Note and with respect to the Loan Agreement are general obligations and not special obligations of the Government of Guam, and are subject to the full faith and credit of the Government.

*Alicia G. Limtiaco*

**ALICIA G. LIMTIACO**  
Attorney General of Guam