

EXECUTIVE ORDER NO. 87-5

GOVERNMENT OF GUAM DEBT ADVISORY COUNCIL

WHEREAS, public finance activities for the Government of Guam have to date been handled on a piecemeal basis lacking systematic capital planning and implementation;

WHEREAS, heretofore there has been very little consideration of how the financing affects the overall debt burden of Guam or whether the financing package proposed by the underwriter is fair to the government;

WHEREAS, underwriters seek as much security as possible for the bonds and in some instances, perhaps over secure the obligations;

WHEREAS, a more beneficial and appropriate approach to public finance would be the Government of Guam determining its needs and then soliciting proposals from underwriters on various methods of satisfying those needs; then independently analyzing the proposals and selecting the underwriter which can best accomplish the government's financing and project goals;

WHEREAS, the Government of Guam very much needs to put forth a positive and sophisticated image in the tax exempt capital market; and

WHEREAS, assembling a Guam Debt Advisory Council will substantially enhance Guam's image in the world tax exempt capital market.

NOW THEREFORE, I Joseph F. Ada, by virtue of the authority vested in me as Governor of Guam, do hereby order:

There is created a Guam Debt Advisory Council. The composition of the Guam Debt Advisory Council is comprised as follows:

- (1) Chief Financial Officer (Chairperson);
- (2) Two members of the Guam Legislature, one to be chosen by the Speaker and the other by the Minority Leader;
- (3) The Director of the Department of Revenue and Taxation;
- (4) The Director of the Bureau of Budget and Management Research;
- (5) The Director of the Bureau of Planning;
- (6) One member from the Guam Bar Association and two members from the community at large, all to be chosen by the Governor.

The Council shall elect from its members a vice chairperson and secretary and shall meet at the call of the chairperson, or at the request of a majority of the members, or at the request of the Governor. A majority of the members of the Council constitutes a quorum for the transaction of business.

All administrative and clerical assistance required by the Council shall be furnished by the Fiscal Policy Coordinating Committee.

The duties of the Debt Advisory Council include, but are not limited to:

- (1) Assisting all government financing authorities, departments, agencies and commissions in carrying out their responsibilities as prescribed by law, including assistance with respect to federal legislation pending in the U.S. Congress;
- (2) Assist all government financing authorities, departments, agencies and commissions in planning,

- preparing, marketing, and sale of new debt issues, and assisting in protecting the issuer's credit;
- (3) Collecting, maintaining, and providing information on all government debt authorization, sold and outstanding, and serving as a statistical center for all debt issues;
 - (4) Maintaining contact with bond issuers, underwriters, credit rating agencies, investors, and others to improve the market for government debt issues;
 - (5) Undertaking or commissioning studies on methods to reduce the costs and improve the credit ratings of government debt issues;
 - (6) Recommending changes in laws and local practices to improve the sale and servicing of government debts; and
 - (7) Upon request, advise departments, agencies, boards or commissions regarding the formation of bond pooling authorities and may advise such authorities regarding the planning, preparing, insuring, marketing, and selling of bonds.

All proposals for debt funding shall be channeled through the Council which shall review such proposals and provide the Governor with appropriate recommendations as may be required.

The Council shall adopt rules for the regulation of its affairs and the conduct of its business. Such rules may implement and regulate reporting on government debt issue incurred or to be incurred by any financing authority, department, agency, board or commission.

The issuer of any proposed new Government of Guam debt issue shall, no later than 30 days prior to the initiation of any debt issue at public or private sale, give written notice

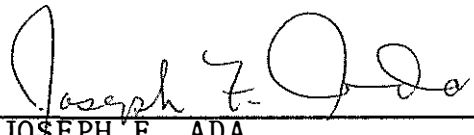
of the proposed sale to the Council.

The Council shall draft and submit to the Governor an annual report describing and evaluating the operations of the Council during the preceding year.

The Council shall comprehensively review the financing of capital improvements by all agencies of the Government of Guam and study the comparative debt of governmental agencies for capital improvements and the use of bond financing as a source of the indebtedness. The review shall include an analysis of all general obligation and revenue bond financing laws.

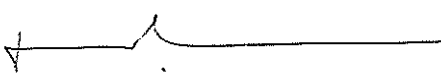
The Council may, with the approval of the Deficit Elimination Task Force, contract for professional services as needed for the discharged of its duties.

Signed and Promulgated this 31st day of January, 1987.



JOSEPH F. ADA
Governor of Guam

Countersigned:



FRANK F. BLAS
Lieutenant Governor of Guam