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## Court submissions show growing doubt with GovGuam's financing plan

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By [Mindy Aguon](#)

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The local government in its brief indicated to the court that four responses were received by the Guam Economic Development and Commerce Authority to its solicitation of interest for a \$20 million bridge loan or line of credit.

Of the four companies that were solicited, only two responses were received from Citizens Security Bank and Greystone Financial Group.

It was also noted that to date the government of Guam has spent \$3.6 million on the acquisition of the Layon property and an additional \$1.3 million for engineering costs. The feds meanwhile aren't buying the government of Guam's financing plan for the construction of the new landfill. Specifically concerns were raised with the local government's inability to provide assurances that it can repay any significant debt or even support the financing of the \$20 million deposit needed for the new landfill.

The feds hired independent consultant Jonathan Shefftz who reviewed the plan and noted that with the current lending climate, borrowing will be difficult. He did state that the governor does have the tools that could enable Guam to come up with the court ordered money by the January 5 deadline but the outcome remains uncertain. Additionally Shefftz notes that the legislation to obtain the first \$20 million needed in financing doesn't make obtaining the remaining \$140 million very realistic saying the plan relies on "robbing Peter to pay Paul".

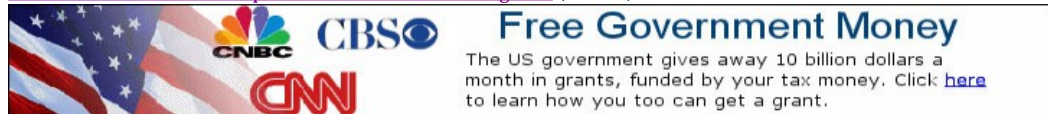
The consultant indicated to the court that the "viability of the financing plan for the initial \$20 million deposit depends on a future \$159 million debt" that should be backed by a definitive and approved plan that is not yet in place.

Now it's no secret the government of Guam has had a long history of failing to comply with the Clean Water Act and even the consent decree that included specific orders from the court. But in the last year GovGuam's failure to meet various deadlines in the consent decree has resulted in a whopping \$7.8 million in stipulated penalties.

This figure only accounts for the violations that occurred since November 21, 2007. It should be noted that the federal government is not currently demanding payment of the \$7.8 million but it has reserved the right to demand them in the future.

[GovGuam Summary of Procurement of \\$20M for Layon \(624 KB\)](#)

[U.S. Government's Status Report for GovGuam's Financing Plan \(999 KB\)](#)



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