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OFFICE OF THE ATTORNEY GENERAL

June 11, 2010

ATTORNEY GENERAL'S OPINION

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

Ref: GWA 10-0478

Arriola, Cowan & Arriola
259 Martyr St., Ste. 201
Calvo Arriola Bldg.
Hagåtña, Guam 96910

**RE: \$30 Million Loan to Guam Waterworks Authority;
Guaranteed by the Government of Guam**

Dear Sirs:

This opinion is given in connection with loans in the amount of Thirty Million Dollars (\$30,000,000.00) made by the Bank of Guam to Guam Waterworks Authority ("GWA"), guaranteed as to payment by the Government of Guam ("the Government"). In connection with this opinion we have examined copies of:

1. a Loan Agreement under which the loan was made;
2. Promissory Notes in the amount of \$5,000,000.00 and of \$25,000,000.00 given by GWA for repayment of the Loan;
3. a Pledge and Assignment of Revenues made by GWA to the Bank of Guam;
4. A Guaranty of the Loan by the Government of Guam.

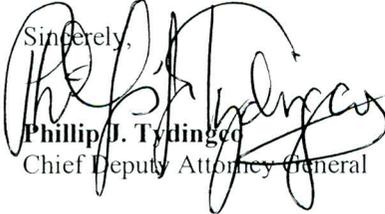
We have additionally examined the laws of Guam, and the Organic Act of Guam.

Based upon the foregoing, we are of the opinion that:

1. The Guam Waterworks Authority is a public corporation validly existing under the laws of Guam pursuant to Chapter 14 of Title 8 Guam Code Annotated. The Guam Waterworks Authority has the statutory authority to make the Loan Agreement, the Pledge and the Notes, and to borrow in accordance with the Loan Agreement, and to perform its obligations under the Loan Agreement, the Pledge and the Notes.
2. The Guaranty of the Loan by the Government of Guam has been duly authorized by law, and the Guaranty is the binding and enforceable obligation of the Government of Guam.

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3. Neither the Guam Waterworks Authority nor the Government of Guam is immune from suit in any action respectively to recover upon or enforce the Notes, Loan Agreement and the Pledge as to GWA or the Guaranty as to the Government of Guam, and the Bank of Guam will not be limited in the amount that may be recovered in any action respectively to enforce the obligations of the Borrower under the Notes, Loan Agreement and Pledge, or of the Guarantor under the Guaranty.

Sincerely,

Phillip J. Tydingco
Chief Deputy Attorney General