

## Guam must conduct a triennial assessment to determine the debt ceiling

The whole bond issuing thing is quite simple; the maximum GovGuam debt is set by law (see Organic Act 101) at 10% of the appraised value of privately owned real estate on the island. Kind of like a 10% loan-to-value ratio. I guess that makes the variables 1) total debt and 2) total value. So what's the total debt? Nobody knows. So what's the total current (or even recent) value? Nobody knows. And now the U.S. Supreme Court is involved. I imagine that it's going to go something like this ...

**Bailiff:** All rise. Be seated.

**Supreme Court Justice:** We know that you've been sworn in and we've read your complaint. So, GovGuam, you want borrow \$300 million but you're limited to a 10% loan-to-value limit and you don't know the value of Guam real estate, what's up with that?

**GovGuam Attorney:** Oh, we know the total value your honor; it's \$10 billion as of the most recent Triennial.

**SCJ:** But wasn't that Triennial effective as of 1993?

**GGA:** Yes, your honor, but it's updated annually so it's actually current.

**SCJ:** You mean revalued annually?

**GGA:** No, just updated.

**SCJ:** You mean you don't change any of the values, you just change the year?

**GGA:** Yes your honor, that's essentially the update system currently in place.

**SCJ:** So have real estate values on Guam changed since 1993?

**GGA:** Yes, your honor. You know real estate

values, they just keep going up, up, up, all the time. You know we have 8,000 Marines arriving soon.

**SCJ:** Let's just stick to the values.

**GGA:** Yes, your honor.

**SCJ:** So, you don't know the current value of the real estate.

**GGA:** It depends on how you define the word "know" your honor.

**SCJ:** But doesn't Guam law require you to reappraise the island every three years (hence the term "triennial")?

**GGA:** Yes, your honor, but that's just a silly law, isn't it?

**SCJ:** I'll ask the questions around here.

**GGA:** Yes, your honor.

**SCJ:** So you don't know the value of the real estate, fine. What is the current debt of Guam?

**GGA:** It depends on how you define the word "debt" your honor.

**SCJ:** Ok, that's enough. Let's hear from the Guam attorney general. Attorney general? Where's the attorney general?

**GGA:** The attorney general decided not to pursue this case your honor. The attorney general thinks that this matter should be left up to the governor and legislature.



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**SCJ:** So the attorney general is not here? This is the first time in history ...

**GGA:** Kind of a legal hell-no-we-won't-go, if you will your honor. Does that mean we win?

**SCJ:** Not so fast. What about the attorney general that pursued this case like a pit bull in a vice grip?

**GGA:** Well, despite a valiant effort to become the first write-in candidate for any political office in the history of the entire world, he lost the election your honor.

**SCJ:** Ok, we've heard enough. Huddle ... break! We are now ready to render our verdict. Before we give you our decision, we're just curious; if we give you the ability to borrow the \$300 million, what are you going to do with the money?

**GGA:** Not sure, sir. Probably hire more government employees. You see, it is an election year your honor.

**SCJ:** Ok, in the case of the Missing Attorney General vs. the Government of Guam, in the matter of carefully avoiding reality in order to justify increasing debt, we find GovGuam ... (drum roll) ... guilty!

**GGA:** But your honor, this is not a trial.

**SCJ:** Put a sock in it son. This is the U.S. Supreme Court, we do what we want around here. Let's see, GovGuam, you have a 10% loan-to-value ratio. First, you figure out your debt, and then you figure out your value. You can borrow up to 10% of that value. Next case!

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