



CARL T.C. GUTIERREZ  
GOVERNOR OF GUAM

Refer to  
**Legislative Secretary**

JUN 12 1998

The Honorable Antonio R. Unpingco  
Speaker  
Mina'Bente Kuáttro na Liheslaturan Guåhan  
Twenty-Fourth Guam Legislature  
Guam Legislature Temporary Building  
155 Hesler Street  
Hagåtña, Guam 96910

|                                     |                    |
|-------------------------------------|--------------------|
| OFFICE OF THE LEGISLATIVE SECRETARY |                    |
| ACKNOWLEDGMENT RECEIPT              |                    |
| Received By                         | <u>[Signature]</u> |
| Time                                | <u>12:20 pm</u>    |
| Date                                | <u>6.12.98</u>     |

Dear Speaker Unpingco:

Enclosed please find Bill No. 542 (COR), "AN ACT TO AMEND §2103(k) of TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE TERMS AND CONDITIONS OF THE ISSUANCE BY THE A. B. WON PAT GUAM INTERNATIONAL AIRPORT AUTHORITY OF ITS GENERAL REVENUE BONDS", which was enacted into law without the signature of I Maga'láhen Guåhan, the Governor, on June 11, 1998 and is now designated as **Public Law No. 24-221**.

Very truly yours,

[Signature]  
Carl T. C. Gutierrez  
I Maga'láhen Guåhan  
Governor of Guam

Attachment:   copy attached for signed bill  
                  original attached for vetoed bill

cc:   The Honorable Joanne M. S. Brown  
      Legislative Secretary

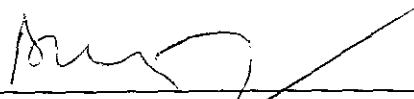
00875

Office of the Speaker  
ANTONIO R. UNPINGCO  
Date: 6-12-98  
Time: 1040  
Rec'd by: [Signature]  
Print Name: Charlene P.

MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN  
1998 (SECOND) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LAHEN GUAHAN

This is to certify that Bill No. 542 (COR), "AN ACT TO AMEND §2103(k) OF TITLE 12 OF THE GUAM CODE ANNOTATED, RELATIVE TO THE TERMS AND CONDITIONS OF THE ISSUANCE BY THE A. B. WON PAT GUAM INTERNATIONAL AIRPORT AUTHORITY OF ITS GENERAL REVENUE BONDS," was on the 22<sup>nd</sup> of May 1998, duly and regularly passed.



ANTHONY C. BLAZ  
Acting Speaker

Attested:



JOANNE M.S. BROWN  
Senator and Legislative Secretary

-----  
This Act was received by I Maga'lahaen Guahan this 29<sup>th</sup> day of May, 1998,  
at 4:15 o'clock P.M.



Assistant Staff Officer  
Maga'lahaen's Office

APPROVED:

\_\_\_\_\_  
CARL T. C. GUTIERREZ  
I Maga'lahaen Guahan

Date: June 12, 1998

Public Law No. 24-221

*(Became law without the signature of I Maga'lahaen Guahan,  
the Governor.)*

**MINA'BENTE KUATTRO NA LIHESLATURAN GUAHAN**  
**1998 (SECOND) Regular Session**

**Bill No. 542 (COR)**

As amended on the Floor.

Introduced by:

C. A. Leon Guerrero

T. C. Ada

F. B. Aguon, Jr.

A. C. Blaz

J. M.S. Brown

Felix P. Camacho

Francisco P. Camacho

M. C. Charfauros

E. J. Cruz

W. B.S.M. Flores

Mark Forbes

L. F. Kasperbauer

A. C. Lamorena, V

L. A. Leon Guerrero

V. C. Pangelinan

J. C. Salas

A. L.G. Santos

F. E. Santos

A. R. Unpingco

J. Won Pat-Borja

**AN ACT TO AMEND §2103(k) OF TITLE 12 OF THE  
GUAM CODE ANNOTATED, RELATIVE TO THE  
TERMS AND CONDITIONS OF THE ISSUANCE BY  
THE A. B. WON PAT GUAM INTERNATIONAL  
AIRPORT AUTHORITY OF ITS GENERAL REVENUE  
BONDS.**

1        **BE IT ENACTED BY THE PEOPLE OF GUAM:**

2        **Section 1. Legislative Findings and Intent.** Since the expansion project

1 at the A. B. Won Pat Guam International Airport Authority (“GIAA”) as  
2 presented to *I Liheslaturan Guahan* is almost complete, and GIAA has indicated  
3 that they do *not* expect any further bonds to be issued. Therefore it is the intent  
4 of *I Liheslaturan Guahan* to adjust the authorized amount of bonds to the amount  
5 actually issued.

6       **Section 2. Approval of Terms and Conditions of GIAA Bonds.**       The  
7 following terms and conditions of the issuance of GIAA general bonds are  
8 approved: *I Liheslaturan Guahan*, pursuant to §2103(k) of Title 12 of the Guam  
9 Code Annotated, *approves* the terms and conditions of the issuance by GIAA of  
10 its general revenue bonds in one (1) or more series in an aggregate principal  
11 amount not to exceed Two Hundred and Forty-one Million Dollars  
12 (\$241,000,000) with a final maturity not exceeding thirty-five (35) years and  
13 bearing interest at a fixed or variable rate not exceeding twelve percent (12%) per  
14 annum *if* interest on series is tax-exempt, and fifteen percent (15%) per annum  
15 *if* interest in a series is taxable. The bonds shall be issued pursuant to an  
16 indenture, and one (1) or more supplemental indentures for each series, with  
17 terms and conditions similar to the terms and conditions contained in the form  
18 of indenture presented to *I Liheslaturan Guahan*.

24-221



**24th Guam Legislature**  
**Sen. Carlotta A. Leon Guerrero**

Union Bank Building, Suite 312  
194 Hernan Cortez Avenue  
Agana, Guam 96910

Tel : (671) 472-3416 / 3418  
Fax : (671) 477-1323  
sencig@Kuentos.guam.net

Chairperson :

Committee on  
**Transportation,**  
Telecommunications and  
Micronesia Affairs

**May 18, 1998**

**The Honorable Antonio R. Unpingco**  
**Speaker**  
**Twenty-Fourth Guam Legislature**  
**155 Hesler Street**  
**Agana, Guam 96910**

**Dear Mr. Speaker:**

The Committee on Transportation, Telecommunications and Micronesia Affairs, to which was referred **Bill 542, "An act to amend Section 2103(k) of Title 12, Guam Code Annotated, relevant to the terms and conditions of the issuance by the A.B. Won Pat Guam International Airport Authority (GIAA) of its general revenue bonds."** has had the same under consideration, and now wishes to report back the same with the recommendation **To Pass.**

The Committee votes are as follows:

|               |           |
|---------------|-----------|
| To Pass       | <u>11</u> |
| Not to Pass   | <u>0</u>  |
| Abstain       | <u>0</u>  |
| Inactive File | <u>0</u>  |

A copy of the Committee Report and all pertinent documents are attached for your information and file.


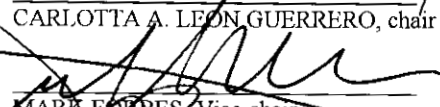
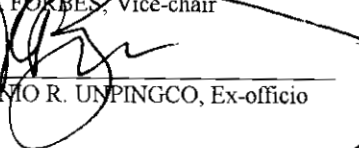


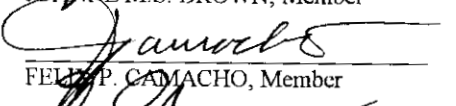
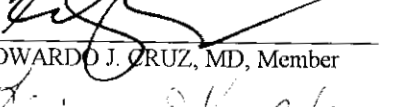


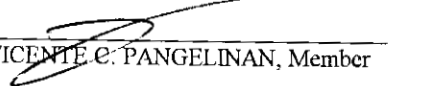
Sincerely yours,

**CARLOTTA A. LEON GUERRERO**  
Chairperson

**Committee on Transportation, Telecommunications and Micronesia Affairs**  
**I Mina Bente Kuattro Na Liheslaturan Guahan**

**Voting Record**  
**Bill 542**

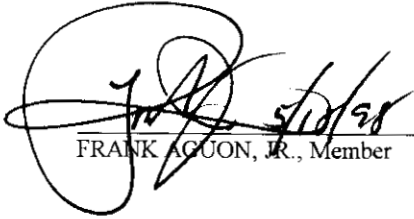
**“An act to amend Section 2103(k) of Title 12, Guam Code Annotated,  
 relevant to the terms and conditions of the issuance by the  
 A. B. Won Pat Guam International Airport Authority (GIAA)  
 of its general revenue bonds.”**

|  | <b><u>TO<br/>PASS</u></b> | <b><u>NOT TO<br/>PASS</u></b> | <b><u>ABSTAIN<br/>FILE</u></b> | <b>INACTIVE</b> |
|--|---------------------------|-------------------------------|--------------------------------|-----------------|
| <br>CARLOTTA A. LEON GUERRERO, chair   | ✓                         | —                             | —                              | —               |
| <br>MARK FORBES, Vice-chair           | ✓                         | —                             | —                              | —               |
| <br>ANTONIO R. UNPINGCO, Ex-officio   | ✓                         | —                             | —                              | —               |
| ELIZABETH B. ANDERSON, Member  | ✓                         | —                             | —                              | —               |
| <br>ANTHONY C. BLAZ, Member           | ✓                         | —                             | —                              | —               |
| <br>JOANNE M.S. BROWN, Member        | ✓                         | —                             | —                              | —               |
| <br>FELIPE P. CAMACHO, Member       | ✓                         | —                             | —                              | —               |
| <br>EDUARDO J. CRUZ, MD, Member     | ✓                         | —                             | —                              | —               |
| <br>LAWRENCE F. KASPERBAUER, Member | X                         | —                             | —                              | —               |
| <br>ALBERTO A.C. LAMORENA, Member   | ✓                         | —                             | —                              | —               |
| JOHN C. SALAS, Member  | —                         | —                             | —                              | —               |
| THOMAS C. ADA, Member  | —                         | —                             | —                              | —               |
| FRANCISCO P. CAMACHO, Member   | —                         | —                             | —                              | —               |
| WILLIAM B.S.M. FLORES, Member  | —                         | —                             | —                              | —               |
| LOU LEON GUERRERO, Member  | —                         | —                             | —                              | —               |
| <br>VICENTE C. PANGELINAN, Member   | ✓                         | —                             | —                              | —               |
| FRANCIS E. SANTOS, Member  | —                         | —                             | —                              | —               |

**Committee on Transportation, Telecommunications and Micronesia Affairs**  
I Mina Bente Kuáttro Na Liheslaturan Guahan  
(continuation sheet)

**Voting Record**  
**Bill 542**

**“An act to amend Section 2103(k) of Title 12, Guam Code Annotated,  
relevant to terms and conditions of the issuance by the  
A. B. Won Pat Guam International Airport Authority (GIAA)  
of its general revenue bonds.”**

  
FRANK AGUON, JR., Member

**TO**  
**PASS**

**NOT TO**  
**PASS**

**ABSTAIN**  
**FILE**

**INACTIVE**

✓

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**I Mina' Bente Kuáttro Na Liheslaturan Guahan  
Committee on Transportation, Telecommunications & Micronesia Affairs**

**Legislature Temporary Building  
Public Hearing Room  
Tuesday, May 12, 1998  
9:00 a.m.**

**Bill 542**

**An act to amend Section 2103(k) of Title 12 GCA  
relevant to the terms and conditions of the issuance by the  
A. B. Won Pat Guam International Airport Authority  
of its general revenue bonds.**

**COMMITTEE REPORT**

**Senator Carlotta A. Leon Guerrero, Chairperson**

Senator Mark Forbes, Vice-Chairperson

Speaker Antonio R. Unpingco, Ex-Officio Member

|                                       |                                     |
|---------------------------------------|-------------------------------------|
| Senator Anthony C. Blaz, Member       | Senator Joanne M.S. Brown, Member   |
| Senator Felix P. Camacho, Member      | Senator Alberto A. Lamorena, Member |
| Senator Lawrence Kasperbauer, Member  | Senator John C. Salas, Member       |
| Senator Edwardo J. Cruz, M.D., Member | Senator Thomas C. Ada, Member       |
| Senator Francisco P. Camacho, Member  | Senator Lou Leon Guerrero, Member   |
| Senator Vicente C. Pangelinan, Member | Senator Francis E. Santos, Member   |
| Senator William B.S.M. Flores, Member | Senator Frank Aguon, Jr., Member    |

The Committee on Transportation, Telecommunications and Micronesia Affairs conducted a public hearing on Bill 542: "An act to amend Section 2103(k) of Title 12 GCA relevant to the terms and conditions of the issuance by the A. B. Won Pat Guam International Airport Authority of its general revenue bonds" at 9:00 a.m. in the Public Hearing Room of the Guam Legislature in Agana.

Committee Members present: Senator Carlotta A. Leon Guerrero, Chairperson  
Senator Ben Pangelinan  
Senator Frank Aguon, Jr.  
Senator Francisco P. Camacho



## SUMMARY

Senator Carlotta Leon Guerrero acknowledged all those present and introduced fellow colleagues in attendance: Senators Ben Pangelinan, Frank Aguon, Jr. and Francisco P. Camacho. The intent of this bill is to limit the draw down to \$241 million. The original revenue bond was for \$300 million, however, GIAA has plans to bring it in at \$241 million, thus the attempt to establish a cap at this point.

Senator Leon Guerrero explained that she felt the Board of Directors for GIAA cut too many corners in bringing GMP Associates on board as Construction Manager without going through the bidding process. GMP responsible for making the determination how much the settlement would be for the Hanjin litigation. She further notes that she took the unsolicited legal opinion of former GIAA legal counsel Oliver Bordallo very seriously wherein he believes that it was an illegal procurement of a Construction Manager. In light of the possible liability and settlement issues that may unfold as a result of this move, the senator felt that this was a way to put a control measure in to the process.

GIAA Acting Executive Manager Gil Robles introduced Directors Frank Taitano and Tessie Bagtas-Marcos, as well as Airport Consultant Frank Santos. In reading his written testimony submitted for the record, Mr. Robles cited GIAA's concerns about Bill 542. Although GIAA does not anticipate the necessity to issue further bonds above the \$241 million amount, their position is that they request this committee defer action on this bill until the expansion program is completed and the on-going litigation with Hanjin is resolved. Further, he stated that even if GIAA planned to consider issuing an additional bond, the bond resolution by GIAA and GEDA for that issue would still require legislative approval.

Senator Ben Pangelinan supported the Chairman's intention citing that although it may seem redundant, Bill 542 simply ensures that not only will board resolution dictate that GIAA come before the Legislature for approval, but so will statute.

Senator Francisco Camacho asked if the litigation with Hanjin was the reason for GIAA's reluctance to be bound by the terms of Bill 542. Mr. Robles responded in the affirmative. He stated that either way, any need for funds above the \$241 million would still require legislative approval.

Senator Frank Aguon, Jr. queried Mr. Robles on the reason for the scale down of funds for the overall expansion program at GIAA. He recalled the time when GIAA came before the legislature requesting for \$300 million based on the a scope of work required. Mr. Robles responded that in 1995, several projects were deleted from the original plan: the parking garage and several portions of the roadway project. Frank Santos elaborated that the original project was estimated at \$292 million. The excess to \$300 million was a contingency should the airport need the additional amount without having to return to the Legislature for approval. However, since that time, the project was reduced in cost to \$279 million. Mr. Santos further stated that he believes that the current total GIAA is indentured for is \$245 million due to reconfiguration of the scope of work to date. Mr. Santos also expressed concern that if the pending litigation with

Hanjin is decided in their favor, then GIAA would be obligated to pay Hanjin. The trial date is scheduled for September 1, 1998. Further, he believes that the losing party would appeal to the 9<sup>th</sup> Circuit District Court.

Senator Camacho asked about the process to request for additional monies above the \$300 million originally approved by the Legislature. Mr. Robles responded that if this bill passes into law, any amount above the \$241 million would have to be requested and approved by the Legislature. Currently, up to the \$300 million mark pre-approved would not necessitate GIAA going to the Legislature.

Senator Leon Guerrero further asked Frank Santos to clarify his earlier comments regarding the Hanjin litigation. She asked him in plain language if he meant that Hanjin “lowballed” and that was why GIAA was placed in the position they are in now – where a company waits until the end to come up with expenses for cost over-runs? Mr. Santos put it another way. He believes that Hanjin submitted a bid that was much lower than the engineer’s estimate. Whether it was intentional, he wouldn’t know. However, he believes the merit to each claim has to be evaluated. He feels that the claims and the litigation are two separate issues. Hanjin claims that the \$18 million is what they claim is their cost for whatever delays occurred. Outside of the court, they are only claiming legal fees up through March as part of the \$18 million claim.

Senator Leon Guerrero asked who was representing GIAA in the claim and Mr. Santos responded that it was the law offices of Carbullido, Bordallo & Brooks.

Director Taitano suggested that this committee refrain from discussing the litigation at this point because it is still pending. Senator Leon Guerrero appreciated his comments and further stated that this committee still intends to move forward with Bill 542 in order to get it on the floor next session. Although she appreciated the arguments on redundancy, she believes that too often the administration has “pushed the envelope” in similar matters, and as such, this is her attempt to insert the Legislature into this process to create the extra review process.

### **COMMITTEE FINDINGS**

The Committee on Transportation, Telecommunications and Micronesia Affairs find that it is necessary to insert this provision to the terms and conditions of the issuance of airport general revenue bonds in order to ensure that these funds are utilized for the purposes as approved in the bond specifications, and for the protection and compliance of the GIAA to the bond indenture.

### **COMMITTEE RECOMMENDATION**

The Committee on Transportation, Telecommunications and Micronesia Affairs hereby recommends **To Pass** Bill 542: “An act to amend Section 2103(k) of Title 12 GCA relevant to the terms and conditions of the issuance by the A. B. Won Pat Guam International Airport Authority of its general revenue bonds.”

**24<sup>th</sup> Guam Legislature**  
**Senator Carlotta A. Leon Guerrero**  
**Chairperson**  
**Committee on Transportation, Telecommunications & Micronesian Affairs**

**Legislature Temporary Building**  
**Public Hearing Room**  
**Tuesday, May 12, 1998**  
**9:00 a.m.**

**Public Hearing on Bill 542:**  
**An act to amend Section 2103(d) of Title 12 GCA**  
**relevant to the terms and conditions of the issuance**  
**by the A. B. Won Pat Guam International Airport Authority**  
**of its general revenue bonds.**

- |     |                           |                |
|-----|---------------------------|----------------|
| 1.  | <u>Gilbert E. Robles</u>  | <u>written</u> |
| 2.  | <u>FRANK R. SANTOS</u>    | <u>oral</u>    |
| 3.  | <u>Gene Roberto Merca</u> | <u>oral</u>    |
| 4.  | <u>Frank R. Santos</u>    | <u>oral</u>    |
| 5.  | _____                     | _____          |
| 6.  | _____                     | _____          |
| 7.  | _____                     | _____          |
| 8.  | _____                     | _____          |
| 9.  | _____                     | _____          |
| 10. | _____                     | _____          |

**A.B. Won Pat Guam International Airport Authority  
Testimony on Public Hearing for  
Bill No. 542 (COR); An Act to Amend Section 1203 (k) of Title 12  
Guam Code Annotated, Relevant to the Terms and Conditions of the Issuance  
by the A.B. Won Pat Guam International Airport Authority (GIAA)  
of Its General Revenue Bonds**

**Twenty - Fourth Guam Legislature  
Committee on Transportation, Telecommunications and Micronesian Affairs**

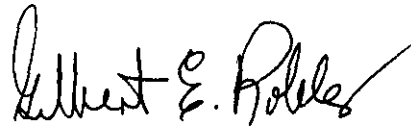
Good morning Madame Chairman and Senators of this Committee. My name is Gilbert Robles, Acting Executive Manager of the A.B. Won Pat Guam International Airport Authority and I thank you for this opportunity to submit testimony for this public hearing on Bill No. 542(COR).

The proposed amendment as contained in Bill 542 is of concern to us. My testimony, thus, addresses the amendment being considered followed by GIAA's official position on Bill No. 542.

1. The only amendment to Bill No. 542 (COR) imposes a reduction of the aggregate principal amount for general revenue bonds GIAA can issue from \$300,000,000 to \$241,000,000. The latter amount represents the amount issued to date.
2. In 1995 after the expansion program was more refined and the larger projects under contract, GIAA, in consultation with the airlines, elected to forego a third bond issue estimated at \$47,000,000 to complete the expansion program.
3. At this time, GIAA still does not expect to issue further bonds and even if GIAA planned to do so, the bond resolution by GIAA and GEDA for that issue requires legislative approval.

4. Despite our intentions, the projects are still not complete and, closed out and more importantly, GIAA is a third party defendant in the Hanjin 3H litigation in the U.S. District Court. We are cautious in our optimism for success in the litigation and it is our belief that the issuance of general revenue bonds would be a viable and cost effective funding mechanism should court judgements be unfavorable.
5. We request that this Committee defer action on this bill until the expansion program is complete and the on-going litigation resolved.

Thank you and Si Yu'us Maase!



GILBERT E. ROBLES  
Acting Executive Manager