



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Refer to
Legislative Secretary

JUN 02 1997

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

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 147 (COR), "AN ACT TO REQUIRE LEGISLATIVE APPROVAL OF ANY PLAN TO PRIVATIZE THE GUAM TELEPHONE AUTHORITY ('GTA').", which was vetoed and subsequently overridden by the Legislature on May 28, 1997. This legislation is now numbered **Public Law No. 24-36.**

Very truly yours,


Carl T. C. Gutierrez
Governor of Guam

OFFICE OF THE LEGISLATIVE SECRETARY	
ACKNOWLEDGMENT RECEIPT	
Received By	<u>D-SIT</u>
Time	<u>12:06 PM</u>
Date	<u>6-3-97</u>

Attachment 00253

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

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 6/3/97
Time: 10:45
Rec'd by: Charlene
Print Name: Charlene Duran

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

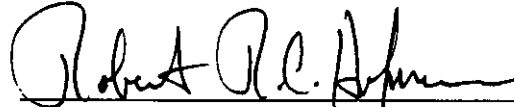
This is to certify that Substitute Bill No. 147 (COR), "AN ACT TO REQUIRE LEGISLATIVE APPROVAL OF ANY PLAN TO PRIVATIZE THE GUAM TELEPHONE AUTHORITY ("GTA")," returned to the Legislature without approval of the Governor, was reconsidered by the Legislature and after such consideration, the Legislature did, on the 28th day of May, 1997, agree to pass said bill notwithstanding the objection of the Governor by a vote of eighteen (18) members.


ANTONIO R. UNPINGCO
Speaker

Attested:

JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by the Governor this 30th day of May, 1997, at _____
6:24 o'clock A.M.


Assistant Staff Officer
Governor's Office

Date: _____

Public Law No. 24-36

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

Bill No. 147 (COR)

As substituted by the Committee on Transportation,
Telecommunications and Micronesian Affairs and
as further amended on the floor.

Introduced by:

C.A. Leon Guerrero
Mark Forbes
A. C. Blaz

**AN ACT TO REQUIRE LEGISLATIVE APPROVAL
OF ANY PLAN TO PRIVATIZE THE GUAM
TELEPHONE AUTHORITY ("GTA").**

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

2 **Section 1. Legislative Findings.** With the recent passage of the
3 Telecommunications Act of 1996 (the "Act"), GTA can no longer enjoy the
4 protection and competitive advantages of being a government agency and the
5 sole provider of local exchange carrier services. The Act deregulates the
6 industry and opens the telecommunications market to greater competition.
7 According to a recent privatization report commissioned by the GTA Board of
8 Directors ("GTA Board"), as a government agency GTA will not be able to
9 compete effectively in this new market. The report concludes that GTA will in
10 the near term lose market share to private companies, and likely need
11 government subsidies to continue its operations. The Guam Legislature finds
12 that privatizing GTA is a viable option that would enable the government to
13 protect its investment in GTA, and provide Guam with effective and
14 affordable telecommunication that is essential to economic growth. The
15 Governor has created a GTA Privatization Task Force ("Task Force") to come

1 up with a specific privatization plan for submission to the GTA Board.

2 **Section 2. Approval of Privatization Plan of Action.** The Task Force
3 shall submit to the Guam Legislature a specific plan of action for the
4 privatization of GTA, which shall include the terms of reference, or
5 parameters for any sale agreement. No plan of action shall be effective until
6 after compliance with the provisions of this Section and Ninety (90) calendar
7 days plus seven (7) legislative days have elapsed from the date of filing with
8 the Legislative Secretary. The Guam Legislature shall have up to ninety (90)
9 calendar days plus seven (7) legislative days after official receipt to review
10 and amend the plan as appropriate, and approve or disapprove the plan.

11 **Section 3. Approval of Privatization Contract.** In the event the
12 approved privatization plan calls for a sale or other disposition of the assets of
13 GTA, which in any way changes the government's ownership or control of
14 GTA, the GTA Board is authorized to begin non-binding negotiations with
15 qualified potential investors. The GTA Board shall submit the final agreement
16 to the Guam Legislature which shall have up to ninety (90) calendar days plus
17 seven (7) legislative days after official receipt to approve or disapprove the
18 agreement.

19 **Section 4. Negotiations Observer.** In order to facilitate Legislative
20 review of the proposed agreement, the Chairperson of the Committee on
21 Telecommunications shall appoint a person to act as an observer of the
22 negotiations. Such person shall have full and complete access to any and all
23 communications, meetings and documents related to the negotiations. This
24 person shall act only as an observer, and shall agree to the same
25 confidentiality constraints as the GTA board members, subject to the person's

1 requirement to report to the Guam Legislature.

2 **Section 5. Fairness Opinion.** As part of any agreement submitted to
3 the Guam Legislature for any sale or other disposition of the assets of GTA,
4 which in any way changes the government's ownership or control of GTA,
5 GTA shall provide funds for a fairness opinion as to the valuation of the GTA
6 assets. This opinion shall be obtained from a nationally recognized investment
7 banking firm with proven expertise in the telecommunications field and be
8 chosen from a list identified by the Guam Legislature.

9 **Section 6. Disposition of Revenues Derived from Privatization. (a)**
10 **Creation of Special Account.** Any funds arising from the sale of GTA's assets
11 shall be deposited into a fund to be known as the "Infrastructure
12 Improvement" account which shall be maintained separate and apart from
13 other funds of the government, and independent records and accounts shall
14 be maintained in connection therewith.

15 **(b) Appropriation of Funds from the "Infrastructure Improvement"**
16 **Account.** Expenditure of funds from the "Infrastructure Improvement"
17 account shall be appropriated by the Guam Legislature to fund infrastructure
18 and other capital improvements, and for other purposes.

19 **Section 7. Employee Financial Advisor ("FA"). (a) Description of**
20 **Position.** In order to ensure that the employees of GTA can make informed
21 and knowledgeable decisions regarding the effects of privatization, GTA shall
22 provide funds and other assistance for the hiring of a financial advisor for the
23 employees. The FA must be hired prior to the submission of the privatization
24 plan, and must have sufficient time to review the plan. GTA is required to
25 provide full and complete information on those privatization aspects relating

1 to the employees to the FA. The FA's fiduciary responsibility shall be solely to
2 the employees of GTA, and shall be clearly stated in any employment
3 contract.

4 **(b) Qualifications of Position.** The FA shall have the following
5 qualifications: experience in the telecommunications field; experience with
6 employee compensation and pension plans; experience in Federal
7 telecommunications law, in particular the 1996 Telecommunications Act, and
8 experience with collective bargaining in the telecommunications field.

9 **(c) GTA Employee Coordinating Committee.** A GTA Employee
10 Coordinating Committee is created that shall consist of five (5) persons elected
11 from the employees of GTA. The employees shall select three (3) nominees
12 from each of the following five (5) departments: Finance; Engineering;
13 Customer Service and Marketing; Administration; and Plant. GTA is required
14 to conduct a fair and open election under the supervision of the Guam
15 Election Commission in which all current employees can select from among
16 the nominees the five (5) members of the Committee. Managers of GTA shall
17 not be members of the Committee. The Committee shall have the sole
18 responsibility for selecting the FA, and for being the contact point for the FA
19 and the employees of GTA. GTA is required to provide the necessary clerical,
20 financial and other assistance as may be needed by the Committee in its
21 search for an FA.



CARL T.C. GUTIERREZ
GOVERNOR OF GUAM

Office of the Speaker
ANTONIO R. UNPINGCO
Date: 5/15/97
Time: 1:51 PM
Rec'd by: [Signature]
Print Name: Charlene Duenas

Refer to
Legislative Secretary

MAY 15 1997

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

OFFICE OF THE LEGISLATIVE SECRETARY
ACKNOWLEDGMENT RECEIPT
Received By: [Signature]
Time: 4:37 PM
Date: 5-15-97

Dear Speaker Unpingco:

Enclosed please find Substitute Bill No. 147 (COR), "AN ACT TO REQUIRE LEGISLATIVE APPROVAL OF ANY PLAN TO PRIVATIZE THE GUAM TELEPHONE AUTHORITY ('GTA').", which I have vetoed.

If the intent of this legislation is to stifle privatization efforts for the Guam Telephone Authority (GTA), this legislation would accomplish that. This legislation will have the effect of making it very difficult for the government of Guam to protect its investment in the GTA.

The following are my objections to this legislation:

- 1) **Artificial time line delays.** Sections 2 and 3 of the bill insert artificial time line delays into any privatization plans and negotiations relative to the privatization of GTA. For example, Section 2 requires the Privatization Task Force to submit a privatization plan of action to the Legislature, but the plan will not be "effective" for 90 calendar days plus 7 legislative days. This is not a time certain. Legislative days include recesses of unknown duration, at the discretion of the Legislature. Also, what is meant by an "effective" plan of action? The section intimates that the GTA is prohibited from proceeding according to the plan of action until the plan of action is approved by the Legislature, however, this is not specifically stated.

Section 3 calls for another artificial time line delay. After an agreement is negotiated, the GTA shall submit the agreement to the Legislature, which has another 90 calendar days plus 7 legislative

days to approve or disapprove the agreement. Not only does the Legislature approve the plan of action, but also the agreement.

This second artificial time line delay is not in accordance with usual business practices. Usual business practices include keeping contract offers open for 30, 60, or 90 days. There is no way to measure "legislative days" in business parlance. This time delay will have the effect of discouraging investors.

2. **Confidentiality which is not confidentiality.** Section 4 of the legislation calls for a legislative observer to Executive Branch activities, i.e. the negotiations with private companies. Who the observer would be is not specified; perhaps it would be a senator, a legislative employee, or even a private individual appointed by the Chairperson of the Committee on Telecommunications.

This Section also states that although the "person" who observes shall adhere to the same confidentiality constraints as the GTA board members, this is "subject to the person's requirement to report to the Guam Legislature." As we all know, this means that the person will be reporting to those who have no confidentiality requirements, and therefore no confidentiality will be maintained.

This provision is designed to chase away investors who have proprietary information which needs to be protected in a very competitive field.

3. **Unfair competition and duplication of efforts:** Section 5 of the legislation calls for the selection of a banking firm to offer a "fairness opinion as to the valuation of the GTA assets". This banking firm shall be "chosen from a list identified by the Guam Legislature".

These requirements are contrary to the procurement laws of Guam and violate the separation of powers legal doctrine. The procurement laws of Guam require advertising requests for proposals to select firms doing business with the government. According to Section 5, the Legislature would be providing a selected list of the banks with which GTA could do business.

How is the Legislature to provide a selected list of banks? How would the Legislature express its collective desires on this point? By passing a law stating which banks can provide a fairness opinion? By writing a letter that a majority of the senators sign? One can readily see that

this proposed action does not fall under the purview of the Legislature. This provision violates the separation of powers between the Legislature and the Executive Branch.


Additionally, the GTA has already undertaken to complete valuation studies of the agency, and these have now been completed. The study indicates that the longer the people of Guam wait to enter the private market, the lower in value the GTA will become. The valuation was already done by one of the world's leading financial advisors in the area of privatization of government assets. A repeat of studies to find out the valuation of the GTA will be redundant.

4. **Conflict of interest and other difficulties in the selection of "employee financial advisor (FA)":** A representative to protect employee interests is desirable. Section 7 of this legislation will provide, instead, a representative who will be financially accountable to management instead of to the employees. According to Section 7, the GTA shall pay for an FA, yet the FA has fiduciary responsibility to the employees. It is difficult to owe loyalty to one group and be paid by another. Naturally, this will affect the judgment of the FA.

The legislation states that a small group of elected employee representatives would chose the FA, and the election would be conducted by the Guam Election Commission. There is no funding in this legislation for the Guam Election Commission to conduct such an election.

This legislation contains no advantage to the employees or to the management of the GTA, nor to the government of Guam. It provides no advantage to the process of privatization, and no advantage to a failure to privatize.

Very truly yours,


Carl T. C. Gutierrez
Governor of Guam

Attachment

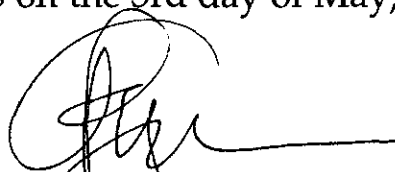
00210

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

TWENTY-FOURTH GUAM LEGISLATURE
1997 (FIRST) Regular Session

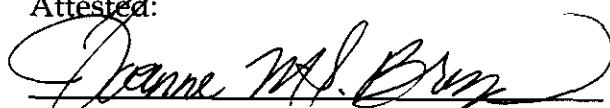
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 147 (COR), "AN ACT TO REQUIRE LEGISLATIVE APPROVAL OF ANY PLAN TO PRIVATIZE THE GUAM TELEPHONE AUTHORITY ("GTA")," was on the 3rd day of May, 1997, duly and regularly passed.



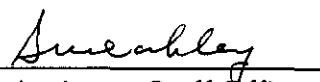
ANTONIO R. UNPINGCO
Speaker

Attested:



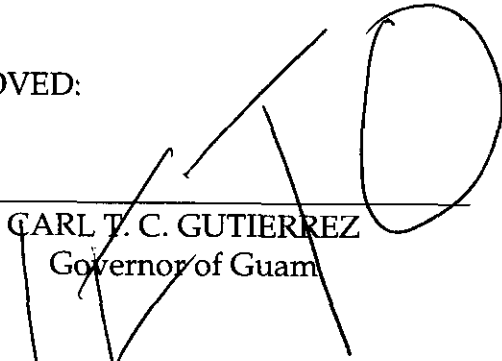
JOANNE M.S. BROWN
Senator and Legislative Secretary

This Act was received by the Governor this 3 day of May, 1997, at
12:15 o'clock P.M.



Assistant Staff Officer
Governor's Office

APPROVED:



CARL T. C. GUTIERREZ
Governor of Guam

Date: _____

Public Law No. _____



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**
sendlg@kuentos.guam.net

Chairperson :

Committee on
Transportation,
Telecommunications and
Micronesian Affairs

April 10, 1997

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

Dear Mr. Speaker,

The Committee on Transportation, Telecommunications, and Micronesian Affairs, to which was referred Bill No. 147, "An act to add a new Article 3 to Chapter 7 of Title 12, Guam Code annotated to initiate the process for the privatization of the Guam Telephone Authority (GTA)", has had the same under consideration, and now wishes to report back the substitute version, **Bill No. 147, "An act to require Legislative approval of any plan to privatize the Guam Telephone Authority (GTA)", with the recommendation To Pass.**

The Committee votes are as follows:

To Pass	<u>110</u>
Not to Pass	_____
Abstain	_____
Inactive File	_____

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

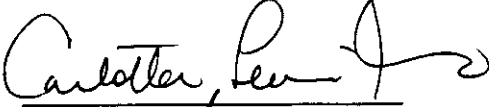
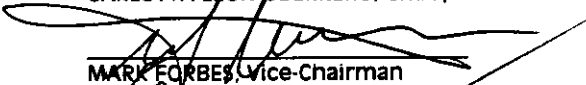


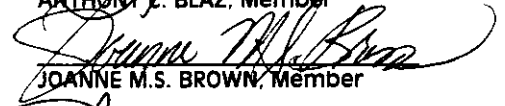


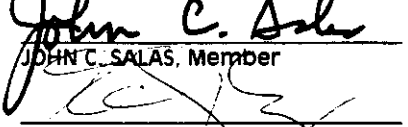
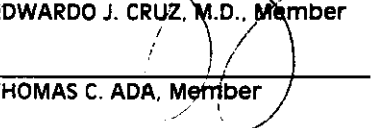

Sincerely yours,

CARLOTTA LEON GUERRERO
Chairperson

attachments

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

**Bill No. 147, "AN ACT TO REQUIRE LEGISLATIVE APPROVAL OF ANY
 PLAN TO PRIVATIZE THE GUAM TELEPHONE AUTHORITY (GTA)"**

	TO PASS	NOT TO PASS	ABSTAIN	INACTIVE FILE
 CARLOTTA LEON GUERRERO, Chairperson	✓	—	—	—
 MARK FORBES, Vice-Chairman	✓	—	—	—
 ANTONIO R. UNPINGCO, Ex-Officio Member	✓	—	—	—
 ANTHONY E. BLAZ, Member	—	—	—	—
 JOANNE M.S. BROWN, Member	✓	—	—	—
 FELIPE P. CAMACHO, Member	✓	—	—	—
ALBERTO A. LAMORENA, Member	—	—	—	—
ELIZABETH BARRETT-ANDERSON, Member	—	—	—	—
 LAWRENCE KASPERBAUER, Member	x	—	—	—
 JOHN C. SALAS, Member	✓	—	—	—
 EDUARDO J. CRUZ, M.D., Member	✓	—	—	—
THOMAS C. ADA, Member	—	—	—	—
FRANCISCO P. CAMACHO, Member	—	—	—	—
LOU LEON GUERRERO, Member	—	—	—	—
 VICENTE C. PANGELINAN, Member	✓	—	—	—
FRANCIS E. SANTOS, Member	—	—	—	—
WILLIAM B.S.M. FLORES, Member	—	—	—	—

**COMMITTEE ON TRANSPORTATION, TELECOMMUNICATIONS,
AND MICRONESIAN AFFAIRS**

COMMITTEE REPORT

ON

BILL 147

**“An act to require Legislative approval of any plan to privatize
the Guam Telephone Authority (GTA)”**

COMMITTEE MEMBERS

Chairperson: Sen. Carlotta A. Leon Guerrero

Vice-Chairperson: Sen. Mark Forbes

Ex-Officio Member: Spkr. Antonio R. Unpingco

Sen. Anthony C. Blaz	Sen. Elizabeth Barrett Anderson
Sen. Joanne S. Brown	Sen. Felix P. Camacho
Sen. Edwardo J. Cruz, M.D.	Sen. Lawrence Kasperbauer
Sen. Alberto C. Lamorena	Sen. John C. Salas
Sen. Thomas C. Ada	Sen. Francisco P. Camacho
Sen. William B.S.M. Flores	Sen. Lou Leon Guerrero
Sen. Vicente C. Pangelinan	Sen. Francis Santos

PUBLIC HEARING SCHEDULE

The Committee on Transportation, Telecommunications, and Micronesian Affairs conducted a Public Hearing on Monday, April 7, 1997 at 6:30 p.m. in the Public Hearing room of the Guam Legislature Temporary building in Agana.

Committee Members present: Sen. Carlotta Leon Guerrero, Chair
Sen. Felix Camacho
Sen. Edwardo Cruz, MD
Sen. John Salas
Sen. Thomas Ada
Sen. Frank Camacho
Sen. William Flores
Sen. Lou Leon Guerrero
Sen. Ben Pangelinan

Also present: Sen. Frank Aguon, Jr.

SUMMARY OF TESTIMONY

Benny San Nicolas of Inarajan testified in opposition to Bill 147. He is opposed to the privatization of GTA, saying it is one of the most efficient government agencies. He says there is no need to sell it, and is concerned that once govguam loses control, it cannot get it back. He says GTA should welcome all competitors, but maintain control of the system.

Ben Meno also testified in opposition to Bill 147, and to the privatization of GTA. He presented the committee with a petition signed by 280 residents opposing the privatization or sale of GTA. He says GTA provides good service, and provides jobs for local people. He says the issue should be decided by a referendum of voters, and not by the Legislature.

GTA General Manager Vicente Camacho opposes the section of the bill which allows the Legislature to amend any negotiated final agreement. He says no commercial entity would willingly submit to that approach which potentially subjects them to serious expenses with no expectation of reaching favorable terms.

GTA Privatization Task Force Chairman Clifford Guzman testified in support of deleting that section. He says the Legislature will have an opportunity to define the parameters, or terms of reference of the agreement, but should only approve or disapprove once an agreement has been negotiated.

Sprint Guam General Manager Danny Santos testified in support of Bill 147 saying the stark reality is that unless GTA is privatized it will be hard pressed to compete in the new environment created by the 1996 Telecommunications Act.

Republic of Guahan President Norbert Perez testified in opposition to Bill 147 saying he intends to file a lawsuit arguing that the 1996 Telecommunications is discriminatory against Guam.

COMMITTEE FINDINGS

The Committee finds that in light of the federal Telecommunications Act of 1996, The Guam Telephone Authority must restructure itself in order to survive in the new competitive

environment. There is general consensus that "time is of the essence", and the government must act expediently to protect the people's investment in GTA. The Governor has created the GTA Privatization Task Force to come up with a specific privatization plan. The Committee finds that there is a need for the Legislature to review and approve or disapprove any privatization plan, and further approve or disapprove any subsequent agreement involving the sale of all or part of GTA's assets. The Committee also finds that there is a need to ensure that GTA employees, and the general public be kept informed and become knowledgeable about why GTA should be privatized, and the effects of privatization.

COMMITTEE RECOMMENDATION

The Committee on Transportation, Telecommunications, and Micronesian Affairs hereby reports out Bill No. 147 as substituted by the Committee to the Twenty-Fourth Guam Legislature with the recommendation **To Pass**.

FISCAL NOTE
BUREAU OF BUDGET AND MANAGEMENT RESEARCH

BBMR-F7

Bill Number: 147
 Amendatory Bill: No

Date Received: February 27, 1997
 Date Reviewed: March 4, 1997

Department/Agency Affected: Guam Telephone Authority
 Department/Agency Head: Vicente Camacho, General Manager
 Total FY Appropriation to Date: Autonomous

Bill Title (preamble): AN ACT TO ADD A NEW ARTICLE 3 TO CHAPTER 7 OF TITLE 12, GUAM CODE ANNOTATED TO INITIATE THE PROCESS FOR THE PRIVATIZATION OF THE GUAM TELEPHONE AUTHORITY (GTA).

Change in Law: N/A

Bill's Impact on Present Program Funding:
 Increase _____ Decrease _____ Reallocation XXX No Change _____

Bill is for:
 Operations _____ Capital Improvement _____ Other XXX

FINANCIAL/PROGRAM IMPACT

ESTIMATED SINGLE-YEAR FUND REQUIREMENTS (Per Bill)			
PROGRAM CATEGORY	GENERAL FUND	OTHER	TOTAL
<i>Autonomous</i>	<u>1/</u>		

ESTIMATED MULTI-YEAR FUND REQUIREMENTS (Per Bill)						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL						
OTHER - GTA Funds	<u>1/</u>					
TOTAL						

FUNDS ADEQUATE TO COVER INTENT OF THE BILL? N/A -- IF NO, ADD'L AMOUNT REQUIRED \$ _____
 AGENCY/PERSON/DATE CONTACTED: Guam Telephone Authority/ Michelle - GTA Commun./ Feb. 28, 1997

ESTIMATED POTENTIAL MULTI-YEAR REVENUES						
FUND	1st	2nd	3rd	4th	5th	TOTAL
GENERAL FUND						
OTHER -GTA Funds	<u>1/</u>					
TOTAL						

ANALYST M. Dizon DATE 3/4/97 DIRECTOR Joseph E. Rivera, Acting DATE 3/4/97

FOOTNOTES: See attached.

received
 3/11/97

1/

Bill 147 is similar to Bill 11 in that both intend to formally initiate the privatization of the Guam Telephone Authority (GTA). According to testimony of Vicente M. Camacho, General Manager of GTA, a comprehensive study has already been authorized and performed by Coopers and Lybrand of the Various options available to GTA. This report is now before the GTA Board for consideration and action.

Bill 147 also provides for the disposition of revenues derived from privatization . It established a special account called the "Infrastructure Improvement account," in which funds shall be appropriated by the Legislature to fund infrastructure improvement, and for other purposes.

The estimated multi-year potential revenues is dependent on the course of privatization GTA may pursue and by the proceeds that may be received from the sale of stocks, shares, or from the sale of GTA's assets. Furthermore, it is noted that Bill 147 appropriates no funds to cover the cost of privatization.

24th Guam Legislature
Committee on Rules, Government
Reform and Federal Affairs
Senator Mark Forbes, Chairman



MAR 12 1997

MEMORANDUM

TO: Chairperson
Committee on Transportation, Telecommunications and
Micronesian Affairs

FROM: Chairman *[Signature]*
Committee on Rules, Government Reform and Federal Affairs

SUBJECT: Referral-Bill No. 147

The above Bill is referred to your Committee as the principal committee. It is recommended you schedule a public hearing at your earliest convenience.

Thank you for your attention to this matter.

MARK FORBES

Attachment

[Handwritten]
20m 3/12/97

Committee on Transportation, Telecommunications
and Micronesian Affairs

April 7, 1997

Bill No. 147, an act to add a new Article 3 to Chapter 7 of Title 12,
Guam Code annotated to initiate the process for the privatization
of the Guam Telephone Authority (GTA).

Sign-up Sheet

Name	Organization	Contact No.
✓ 1 BENNY P. SAN NICOLAS	SELF	828-2668
✓ 2 Fran Mendez	SELF	828-0007
✓ 3 V. Camacho	GTA	646-1427
✓ 4 Alex Santos	SPRINT	646 5680
5 XXXXXXXXXXXXXXXXXXXX		JK
✓ 6 Clifford Guzman		
→ 7 Penny San Nicolas		
8 Norbert Perez		
9		
10		
11		
12		
13		
14		

**BEFORE THE COMMITTEE ON TRANSPORTATION,
TELECOMMUNICATIONS, AND MICRONESIAN AFFAIRS
TWENTY-FOURTH GUAM LEGISLATURE
OF THE TERRITORY OF GUAM**

Testimony Of

**Vicente M. Camacho
General Manager**

and

The Board of Directors

Guam Telephone Authority

April 7, 1997

Madame Chair, Members of the Committee, Ladies and Gentlemen, my name is Vicente M. Camacho. I am the General Manager of the Guam Telephone Authority. On behalf of the Board of Directors and myself, I thank you for the opportunity to provide you with the views of GTA in connection with Bill No. 147:

[REDACTED]

[REDACTED]

First, this bill differs from the previous bill in that it places authority for developing a privatization plan in the hands of the Task Force, rather than in the hands of GTA and the Governor. There is no provision made for input by GTA or the Governor, except to the extent that they are members of the Task Force or that the Task Force rules provide for public comment on the plan.

Second, the bill differs from the previous one in that the GTA Board is required to submit a draft agreement to the Legislature for review and public input. Then, after GTA negotiates a final agreement, the Legislature again gets an opportunity to review and amend the agreement. No approach could be more certain to prevent privatization. Not only would the negotiations be subject to public criticism, but also to unilateral amendment by the Legislature. No commercial entity would willingly submit to that approach, since it deprives them of any "bargaining power" and potentially subjects them to serious expenses with no expectation of reaching favorable terms.

Madame Chair, Members, thank you once again for the opportunity, I will end my testimony at this point to allow you and the members of your committee to ask any questions you may have on Bill No. 147.

Thank you.