

I MINA' TRENTAI DOS NA LIHESLATURAN GUÅHAN
2013 (FIRST) REGULAR SESSION

Bill No. 1.(2-5)

Introduced by:

Ramon J. Respiro
Committee on Rules, Federal,
Foreign & Micronesian Affairs,
Human & Natural Resources,
and Election Reform

By request of *I Maga'lahaen*
Guåhan in accordance with the
Organic Act of Guam.

AN ACT TO AUTHORIZE THE A.B. WON PAT
INTERNATIONAL AIRPORT AUTHORITY,
GUAM, TO ISSUE REVENUE BONDS FOR THE
PURPOSE OF REFUNDING THE GENERAL
REVENUE BONDS, 2003 SERIES A, B, AND C AND
TO FINANCE NEW PROJECTS, TO REFINANCE
THE ENERGY EFFICIENCY LOAN ON A
SUBORDINATE BASIS, TO ADD A NEW § 1115
AND AMEND §§ 1203.1 and 1224 OF TITLE 12,
CHAPTER 1 OF THE GUAM CODE ANNOTATED,
AND TO AMEND § 5351 OF TITLE 5, CHAPTER 5
OF THE GUAM CODE ANNOTATED.

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1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent.

3 (a) Section 1216 of Title 12 of the Guam Code Annotated provides that
4 Antonio B. Won Pat International Airport Authority, Guam (the "Authority"), is

1 authorized to incur indebtedness by the issuance of general revenue bonds for the
2 purpose of refunding any general revenue bonds of the Authority then outstanding.

3 (b) Section 1208 of Title 12 of the Guam Code annotated provides that no
4 general revenue bonds of the Authority shall be issued unless authorized by the Board
5 of the Authority in a bond resolution adopted by it and approved by *I Maga'lahen*
6 *Guahan* and unless *I Liheslaturan Guahan* approves the terms and conditions of the
7 bonds.

8 (c) Section 50103 of Title 12 of the Guam Code Annotated provides that
9 public corporations of the government of Guam, including the Authority, shall issue
10 bonds and other obligations only by means of, and through the agency of the Guam
11 Economic Development Authority (“GEDA”), and that GEDA shall not sell any bond
12 without the approval by *I Liheslaturan Guahan* of the terms and conditions of the
13 bonds.

14 (d) Based on low interest rates and current market conditions, the Authority
15 expects to be able to refinance its outstanding general revenue bonds for substantial
16 debt service savings.

17 (e) The Authority has incurred an energy efficiency loan with a final bullet
18 maturity in 2017 that it expects to restructure or refinance with a longer term
19 subordinate loan.

20 (f) The Authority needs to finance security improvements and other capital
21 projects that are expected to enhance the operational efficiency and passenger
22 experience at the airport.

23 (g) In order to benefit the airport and the tourism industry that depends on
24 the airport, *I Liheslaturan Guahan* has determined to approve the issuance of revenue
25 bonds by the Authority to refund its general revenue bonds and to finance new
26 projects at the airport and, with respect to the energy efficiency loan, to authorize and

1 approve the restructuring or refinancing of such loan with a longer-term subordinate
2 loan, all subject to approval by *I Maga'lahaen Guahan* and the Board of Directors of
3 GEDA in accordance with law.

4 **Section 2. Approval of the Terms and Conditions of Antonio B. Won Pat**
5 **International Airport Authority Refunding Bonds.**

6 *I Liheslaturan Guahan*, pursuant to §1208(a) and §50103(k) of Title 12 of the
7 Guam Code Annotated, hereby approves the terms and conditions of the issuance of
8 general revenue bonds by the Authority for the purpose of refunding all or a portion of
9 the Authority's outstanding general revenue bonds (the outstanding bonds being
10 refunded are referred to herein as the "prior bonds") in accordance with the following
11 requirements, limitations, terms and conditions:

12 (a) All obligation of the Authority to pay debt service on, and the
13 redemption price of, the prior bonds shall be discharged concurrently with the
14 issuance of the refunding bonds. Thereafter, the prior bonds shall be payable solely
15 from and secured solely by an escrow established for such purpose in accordance with
16 the Authority's existing bond indenture.

17 (b) The final maturity of the refunding bonds shall not be greater than
18 the final maturity of the prior bonds.

19 (c) Such bonds shall be issued and sold in compliance with the
20 provisions of Article 2 of Chapter 1 of Title 12 of the Guam Code Annotated,
21 including approval of the bond resolution by the Board of Directors of the Authority
22 and by *I Maga'lahaen Guahan* as provided therein.

23 (d) The sale of the bonds shall be approved by the Board of Directors
24 of GEDA as provided by Chapter 50 of Title 12 of the Guam Code Annotated.

25 (e) The debt service savings resulting from the issuance of the
26 refunding bonds shall be not less than an amount equal to two percent (2%) of the

1 principal amount of the prior bonds. Debt service savings is defined for this purpose
2 to be the amount by which the present value of debt service on the prior bonds
3 exceeds the present value of debt service on the refunding bonds, using the yield on
4 the refunding bonds as the discount rate for purposes of calculating present value.

5 **Section 3. Approval of the Terms and Conditions of the Issuance by the**
6 **Authority of General Revenue Bonds to Finance Airport Projects.**

7 (a) *I Liheslaturan Guahan*, pursuant to §1208(a) and §50103(k) of Title
8 12 of the Guam Code Annotated, hereby approves the terms and conditions of general
9 revenue bonds by the Authority in one or more series in an aggregate principal amount
10 not to exceed One Hundred Twenty-Five Million Dollars (\$125,000,000) for the
11 purpose of financing or refinancing the projects and paying the other costs listed in
12 subsection (c) of this section, *provided*, that such bonds have a final maturity not later
13 than 32 years from their date of issuance, bear interest at such rate or rates and are
14 sold for such price or prices as shall result in a net interest cost to the Authority of not
15 to exceed six and one-half percent (6.5%) per annum, and are issued and sold pursuant
16 to the Airport's existing bond indenture as it may be amended in compliance with the
17 provisions of Chapter 1 of Title 12 of the Guam Code Annotated, including approval
18 by the Authority and by *I Maga'lahaen Guahan* as provided therein.

19 (b) The sale of the bonds shall be approved by the Board of Directors of
20 GEDA as provided by Chapter 50 of Title 12 of the Guam Code Annotated.

21 (c) The proceeds of the bonds may be applied to pay for the costs of
22 issuance of the bonds, for accrued and capitalized interest thereon, for credit
23 enhancement therefor, to provide for reserves, and the costs of capital improvement
24 projects at the airport, in the following order of priority:

25 (1) Priority 1

26 a. International Arrivals Corridor

- b. Phase 3 Near-Fault Seismic Upgrade
- c. Hold Bag Screening Relocation
- d. SSCP Improvements
- e. FIDS Replacement
- f. Integrated PLB Replacement
- g. Common Use Check-In Facilities
- h. Parking Expansion
- i. Interisland Passenger Facility
- j. ARFF Facility Replacement
- k. Replace Terminal Seating

(2) Priority 2

- a. Phase 4 Near-Fault Seismic Upgrade
- b. Access Control and Security Improvements
- c. Terminal Flooring Replacement
- d. Upgrade Airport IT and FMS
- e. Route 10A Landscape Component
- f. Enclose Arrival Tunnels
- g. Replace Conveyance Systems
- h. Strengthen and Expand Curbside Canopies

Section 4. Authorization and Approval of the Terms and Conditions of Subordinate Indebtedness to Refinance the Authority's Energy Efficiency Loan.

(a) The Authority may incur subordinate indebtedness to restructure or refinance the loan that the Authority incurred in 2012 for the purpose of financing certain energy efficiency upgrades to the terminal building. Such subordinate indebtedness, whether restructured or newly issued, may be obtained from the Authority's current lender, First Hawaiian Bank, shall be approved by resolution

1 adopted by a majority of all of the members of the Authority's Board and approved by
2 the Governor, and may be evidenced by a contract with any person or by one or more
3 promissory notes executed as provided in this Article and delivered to any person.
4 Any such indebtedness shall be subject and subordinate to any contractual obligations
5 of the Authority to the holders of any bonds, and the principal thereof and interest on
6 such subordinate indebtedness may be paid either from revenue or, if incurred for a
7 purpose for which bonds may be issued, from revenue or from the proceeds of the sale
8 of bonds.

9 (b) *I Liheslaturan Guahan*, pursuant to §50103(k) of Title 12 of the Guam
10 Code Annotated, hereby approves the terms and conditions of subordinate
11 indebtedness restructured or newly issued by the Authority for the purpose specified
12 in subsection (a) of this Section in an aggregate principal amount not to exceed the
13 amount necessary for such purpose and for paying the costs of issuance of such
14 subordinate indebtedness, *provided*, that such subordinate indebtedness shall have a
15 final maturity not later than 10 years from its date of restructuring or reissuance, shall
16 be structured with approximately level debt service over its remaining term, and shall
17 bear interest at a rate or rates not exceeding the rate of interest on the existing energy
18 efficiency loan plus two percent (2.0%) per annum. The terms and conditions of such
19 subordinate indebtedness shall be approved by the Board of Directors of GEDA as
20 provided by Chapter 50 of Title 12 of the Guam Code Annotated.

21 **Section 5. Amendments to Title 12, Chapter 1 of the Guam Code Annotated.**

22 (a) Section 1115 is hereby added to Title 12, Chapter 1 of the Guam
23 Code Annotated, as follows:

24 **“§ 1115. Compliance with Federal Law.**

25 The Authority shall comply with the terms of all grants-in-aid or
26 grants-in-kind received from the United States for use by the Authority for

1 airport purposes and of all related federal law, including without limitation the
2 provisions of Section 47133 of Title 49 of the United States Code.”

3 (b) Section 1224 of Title 12, Chapter 1 of the Guam Code Annotated
4 is hereby amended to read as follows:

5 “§ 1224. **Other Indebtedness Authorized.**

6 The Board may at any time, or from time to time, by resolution
7 adopted by a majority of all the members of the Board and approved by the
8 Governor, incur indebtedness for any lawful purpose for any period not
9 exceeding ~~five~~ ten (§10) years evidenced by a contract with any person or by
10 one or more promissory notes executed as provided in this Article and delivered
11 to any person. Any such indebtedness incurred shall be subject and subordinate
12 to any contractual obligations of the Authority to the holders of any bonds and
13 the principal thereof and interest thereon may be repaid either from revenue or,
14 if incurred for a purpose for which bonus may be issued, from revenue or from
15 the proceeds of sale of bonds.”

16 (c) Paragraph (a)(1) of Section 1203.1 of Title 12, Chapter 1 of the
17 Guam Code Annotated is hereby amended to read as follows:

18 “(1) allow for an exclusive right to sell certain goods or provide
19 certain services only after a competitive ~~proposal procedure, according to the~~
20 ~~General Services Administration rules and regulations process,~~ and for a
21 duration of no longer than ~~five~~ ten (§10) years. (Any exclusive right for a
22 duration of longer than ~~five~~ ten (§10) years shall be given by the ABWPGIAA
23 to any party only upon subsequent approval by *I Liheslaturan Guåhan* by
24 statute.);”

25 (d) Paragraph (a)(4) of Section 1203.1 of Title 12, Chapter 1 of the
26 Guam Code Annotated is hereby amended to read as follows:

1 “(4) in order to maximize local participation in concession
2 businesses at the ABWPGIAA, the ABWPGIAA shall ~~abide by the~~ employ a
3 competitive bid process, to the extent consistent with good business practice,
4 and make available or, in the event the ABWPGIAA selects a master
5 concessionaire, require such master concessionaire to develop procedures to
6 make available the maximum number of opportunities for local businesses to
7 provide concession goods and services at the ABWPGIAA.”

8 **Section 6. Amendment to Section 5351 of Article 6 of Chapter 5 of Title 5 of the**
9 **Guam Code Annotated.**

10 (a) Subsection (a) of Section 5351 of Article 6 of Chapter 5 of Title 5
11 of the Guam Code Annotated is hereby amended to read as follows:

12 “**§ 5351. Commercial Leasing of Public Real Property and Related**
13 **Facilities.**

14 (a) **Public Real Property and Related Facilities.** From the effective date
15 of this law, and notwithstanding any other provision of law, no commercial
16 contract, lease, permit or license for use of public real property, and related
17 facilities, shall be solicited, negotiated, entered into, or made for a term in
18 excess of five years. This *shall* include any extensions, options and renewals.
19 Any contract, lease, permit or license made, renewed or extended in violation of
20 this law *shall* become void upon the 5th anniversary of the making of such
21 contract, lease, permit or license. This limitation *shall not* apply to residential
22 and agricultural leases to beneficiaries under the *Chamorro* Land Trust and
23 shall not apply to leases of the Antonio B. Won Pat International Airport
24 Authority.”

25 **Section 7. Severability.** The provisions outlined in this Act are declared to be
26 separate and severable. The invalidity of any clause, sentence, paragraph, subdivision,

1 section or portion of this statute, or the invalidity of the application thereof to any
2 person or circumstance shall not affect the validity of the remainder of this statute or
3 the validity of its application to other persons or circumstances.