



Office of the Governor of Guam

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Office of the People's Speaker
vicente (ben) c. pangelinan

JAN 19 2004

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Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

15 JAN 2004

The Honorable Vicente C. Pangelinan
Speaker
I Mina' Bente Siete Na Liheslaturan Guahan
Twenty-Seventh Guam Legislature
155 Hesler Street
Hagåtña, Guam 96910

Dear Speaker Pangelinan:

Transmitted herewith is Bill No. 194 (COR), "AN ACT TO REQUIRE THE GUAM ECONOMIC DEVELOPMENT AND COMMERCE AUTHORITY (GEDCA) TO REISSUE FOR PROPOSALS FOR THE REVOLVING LINE OF CREDIT APPROVED IN PUBLIC LAW 26-174," which I signed into law on December 17, 2003, as Public Law No. 27-46.

I commend Senator Antoinette Sanford for her efforts in working with the Administration and the Legislature to enact Bill No. 194. Bill No. 194 provides for the reissuance of a request for proposals for the revolving line of credit approved in Public Law 26-174. The purpose for the revolving line of credit was to create a fund that would be available for the government to meet the financial burden of Chata'an and Pongsona recovery effort, as well as, provide emergency funding for future disasters.

Pursuant to Public Law 26-174, a request for proposal was issued on February 10, 2003. The Administration submitted the terms and conditions for the line of credit to I Liheslaturan Guahan for approval. The Administration arranged a line of credit of up to \$140 million. The funds were to be used for cost share expenses and direct expenses resulting from emergency work, individual assistance, public assistance, mitigation, self insurance, projects not funded due to failure to obtain insurance from Typhoon Paka, and mitigation projects not funded by FEMA's Section 404 Program. The amount was later reduced to \$95 million because FEMA approved the 100% cost share judgment on Super Typhoon Pongsona. I Liheslaturan Guahan determined that substantial changes were necessary to the terms and conditions necessitating the reissuance of a request for proposal for a line of credit up to Twenty Million Dollars (\$20, 000,000).

Although Bill No. 194 provides the means to begin restoration, additional funding will be required to sustain the restoration efforts, which include restoration of our public schools, health care facilities, wastewater systems and public safety facilities. It is imperative that additional funds be provided for the \$42 million in "up front funding" for hazard mitigation projects, the

Remaining \$5.5 million in *Paka* projects, and the request for \$20 million in mitigation funds requested to complement and expand the Hazard Mitigation Grant Program to include the construction of typhoon shelters, typhoon shutters for all public facilities, and provide hardened emergency generators for all schools. This will enable the government to sustain a progressive not reactive mitigation program. Furthermore, it would launch \$300 million in construction projects, which in turn will stimulate the economy. The timeliness and urgency with which the projects await and the economic benefit or impact generated by millions of dollars in restoration, construction and repairs activity is compelling to forge ahead and address these issues. We need to work together to not delay the structural and economical recovery of our island.

Futhermore, we need to provide a line of credit, which can be drawn upon immediately in the event of a disaster. Bill No. 194 limits the use of the line of credit to address "damages resulting from disasters prior to December 2003." Part of the intent of Public Law 26-174 was to provide a line of credit as a means to address future disasters without encumbering the General Fund. With the countless number of natural disasters that have plagued our Island and the high probability of being impacted by many more, the Island needs to stand in a state of preparedness. Let us not wait for another disaster and have our residents endure a prolonged recovery time.

Bill No. 194, although not as originally intended, is necessary to continue the restoration efforts. We must work together to address the issues described above so that Guam will be restored to pre-typhoon condition and maintain a state of readiness for future natural disasters.

Sincerely yours,



FELIX P. CAMACHO
I Maga'låhen Guåhan
Governor of Guam

Attachment: copy attached of signed bill

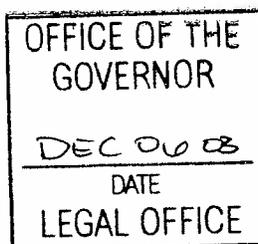
cc: The Honorable Tina Rose Muna-Barnes
Senator and Legislative Secretary



MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN
TWENTY-SEVENTH GUAM LEGISLATURE
155 Hessler Place, Hagåtña, Guam 96910

December 6, 2003

The Honorable Felix P. Camacho
I Maga'lahen Guåhan
Ufisinan I Maga'lahi
Hagåtña, Guam 96910



Dear *Maga'lahi* Camacho:

Transmitted herewith are Bill No. 192(COR), and Substitute Bill Nos. 106(COR) and 194(COR) which were passed by *I Mina' Bente Siete Na Liheslaturan Guåhan* on December 6, 2003.

Sincerely,


TINA ROSE MUNA BARNES
Legislative Secretary

Enclosures (3)

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2003 (FIRST) Regular Session

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

This is to certify that Substitute Bill No. 194 (COR), "AN ACT TO REQUIRE THE GUAM ECONOMIC DEVELOPMENT AND COMMERCE AUTHORITY (GEDCA) TO REISSUE A REQUEST FOR PROPOSALS FOR THE REVOLVING LINE OF CREDIT APPROVED IN PUBLIC LAW 26-174," was on the 6th day of December, 2003, duly and regularly passed.

Attested:



Tina Rose Muña-Barnes
Senator and Legislative Secretary

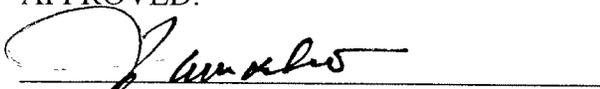
vicente (ben) c. pangelinan
Speaker

This Act was received by *I Maga'lahaen Guåhan* this 6 day of December, 2003, at 4:15 o'clock
P.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:



FELIX P. CAMACHO
I Maga'lahaen Guåhan

Date: 12/17/03

Public Law No. 27-46

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN
2003 (FIRST) Regular Session

Bill No. 194 (COR)

As substituted by the Committee on Economic Development, Retirement, Investments, Public Works and Regulatory Functions, and further substituted and amended on the Floor.

Introduced by:

Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform

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

Toni Sanford

L. K. Kasperbauer

C. Fernandez

v. c. pangelinan

T. R. Muña Barnes

AN ACT TO REQUIRE THE GUAM ECONOMIC DEVELOPMENT AND COMMERCE AUTHORITY (GEDCA) TO REISSUE A REQUEST FOR PROPOSALS FOR THE REVOLVING LINE OF CREDIT APPROVED IN PUBLIC LAW 26-174.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Line of Credit. (a) Findings. *I Liheslaturan Guåhan*
3 determined that it would be in the best interest of Guam to establish a law
4 which solicits from a lender to provide an available revolving line of credit
5 ("LOC") which can be drawn upon promptly in the event of a disaster and
6 repayable with Federal Emergency Management Agency ("FEMA") funds

1 when approved and distributed. The lender will be able to make loans to
2 Guam on the reliance that FEMA will pay Guam a substantial amount of
3 the total necessary to repay the lender.

4 On December 30, 2002, *I Liheslaturan Guåhan* duly and regularly
5 passed Bill No. 442 (LS), entitled "AN ACT TO APPROVE THE
6 ESTABLISHMENT OF A REVOLVING LINE OF CREDIT, AND TO
7 ESTABLISH AND IMPLEMENT A DISASTER DOCUMENTATION
8 TEAM." On January 5, 2003, *I Maga'lahaen Guåhan* signed the legislation
9 which became Public Law 26-174.

10 **(b) Statement.** *I Maga'lahaen Guåhan*, on behalf of the government
11 of Guam, issued a Request for Proposal ("RFP") for a lender to provide a
12 Revolving Line of Credit. The selected lender was to provide a revolving
13 line of credit to be drawn upon by the government. Pursuant to Public
14 Law No. 26-174, the Request for Proposal (RFP 03-004) was issued by the
15 Guam Economic Development and Commerce Authority ("GEDCA") on
16 February 10, 2003. After discussion, *I Maga'lahaen Guåhan* and GEDCA have
17 sought the approval of *I Liheslaturan Guåhan* of the terms and conditions of
18 the Line of Credit. *I Liheslaturan Guåhan* has determined that substantial
19 changes are necessary to the terms and conditions originally agreed upon
20 by the selected lender and GEDCA, necessitating the reissuance of a
21 request for proposals for the Revolving Line of Credit. *I Liheslaturan*
22 *Guåhan* has incorporated the required changes into this Act.

23 **Section 2. Request for Proposals, Terms and Conditions and Use**
24 **of Funds.**

1 **(a) Request for Proposals.** Pursuant to the provisions of Public
2 Law 26-174 not inconsistent with this Act, GEDCA, on behalf of the
3 government of Guam, shall arrange a line of credit up to Twenty Million
4 Dollars (\$20,000,000) to address damages resulting from disasters prior to
5 December 2003 and the requirements by FEMA to provide insurance on
6 government buildings to secure FEMA funding for repairs.

7 **(b) Terms and Conditions of Line of Credit.** The solicitation of
8 the LOC shall require that the lender provide a credit facility in the form of
9 a revolving LOC. GEDCA shall cause any LOC pursuant to this Act to be
10 offered to local lending institutions in Guam. Should no local lending
11 institution proffer an acceptable response, GEDCA shall make the same
12 offer to other jurisdictions. The lender must be willing to accept the FEMA
13 grants generated as a result of a disaster as the only collateral for the line of
14 credit loans based on the amount of the Federal portion of the FEMA grant
15 and willing to accept Section 30 funds or other assets as collateral only for
16 Guam's matching participation amount and interest on the FEMA grant,
17 and for incidental charges to the LOC. Nothing stated herein shall
18 preclude the government of Guam and the lender from entering into a
19 different security arrangement, however, the government of Guam shall
20 not be required to provide any more security or collateral for the loans as
21 provided for in this Section. The interest that may be charged by the lender
22 for a draw down on the LOC shall have a seven (7) year maturity and bear
23 interest at a commercially reasonable rate based on prevailing market rates.

24 The specific terms and conditions of the line of credit and of any
25 subsequent long term loan, and any agreement between the government of

1 Guam, ("GRO") and the lender pursuant to any RFP shall be subject to
2 legislative approval, shall not include an indemnity of the lender by the
3 government of Guam, and shall provide that the government of Guam
4 shall not be liable for any expenditures made by the lender which are not
5 reimbursable by FEMA after all appeals with the exception of expenditures
6 for insurance premiums, administrative cost, and interest. The government
7 of Guam shall *not* be liable for any negligent actions or errors of the
8 Disaster Document Team ("DDT").

9 (c) **Use of Funds.** Notwithstanding Section 7 of Public Law 26-
10 174, the line of credit may only be drawn upon and used by *I Maga'lahi* for
11 the following cost share expenses and direct expenses, and in strict
12 accordance with the attached allocation schedules:

- 13 (1) Emergency Work: \$721,000 (Schedule A).
- 14 (2) Public Assistance: \$3,600,000 (Schedule B).
- 15 (3) Pending Projects: \$1,720,000 (Schedule C).
- 16 (4) Typhoon *Paka* Liability: \$2,920,000 (Schedule D).
- 17 (5) Insurance Premiums: \$8,300,000.

18 **Section 3. Severability.** *If* any provision of this Law or its
19 application to any person or circumstance is found to be invalid or contrary
20 to law, such invalidity shall *not* affect other provisions or applications of
21 this Law which can be given effect without the invalid provisions or
22 application, and to this end the provisions of this Law are severable.

BILL NO. 194 ATTACHMENT

SCHEDULE A ~ Amended **Source : Guam Recovery Office**

EMERGENCY WORK DETAIL

FEMA INVOICE NUMBER	INVOICE DATE	DOCUMENT NUMBER	DESCRIPTION	DOCUMENT AMOUNT	INVOICE AMOUNT DUE
STFD - 14261	10/21/03	IN-100038148	FY2003 QTR2 MISSION	32,548.20	32,656.99
		IT-100579619	INTEREST	57.07	
		IT-100589477	INTEREST	51.72	
STFD-14262	10/21/03	IN-100038940	FY2003 QTR3 MISSION	496,688.34	496,906.07
		IT-100589478	INTEREST	217.73	
PENDING			FY2003 QTR4 MISSION	81,587.03	81,587.03
PENDING			MA #COE-POD-07 & 08	109,801.58	109,801.58
				720,951.67	720,951.67

SCHEDULE C		SOURCE: GUAM RECOVERY OFFICE	
FEMA Projects Pending Proof of Insurance			
Agency		Projects Pending Insurance	Guam 10%
Bureau of Planning		7,946	795
Chamorro Affairs		71,223	7,122
Civil Defense		10,775	1,078
Dept of Admin. - GMTA		9,513	951
Dept of Admin. GSA		9,590	959
Dept of Agriculture		32,734	3,273
Dept of Correction		56,801	5,680
Dept of Education		12,846,738	1,284,674
DOE - Astumbo Elementary School	489,444		
DOE - C.L. Taitano Elementary School	26,163		
DOE - Carbullido Elementary School	471,515		
DOE - Central Office and Mainenance Department	350,054		
DOE - Chief Brodie Elementary School	213,927		
DOE - Daniel L. Perez Elementary School	1,047,426		
DOE - F. Q. Sanchez Elementary School	6,380		
DOE - F.B. Leon Guerrero Middle School	854,869		
DOE - Finegayan Elementary School	575,723		
DOE - George Washington High School	706,802		
DOE - Inarajan Elementary School	126,112		
DOE - J. Q. San Miguel Elementary School	731,626		
DOE - John F. Kennedy High School	255,996		
DOE - Jose L.G. Rios Middle School	96,955		
DOE - Juan M. Guerrero Elementary School	190,393		
DOE - L.P. Untalan Middle School	531,239		
DOE - M.U. Lujan Elementary School	186,999		
DOE - Machanao Elementary School	35,212		
DOE - Maria Ullao Elementary School	689,923		
DOE - Merizo Martyrs Memorial Elementary School	94,500		
DOE - P.C. Lujan Elementary School	102,915		
DOE - Simon Sanchez High School	310,426		
DOE - Southern High School	529,897		
DOE - Vicente S.A. Benavente Middle School	1,323,188		
DOE - Wettengel Elementary School	411,147		
DOE - Agueda Johnston Middle School	764,643		
DOE -Price Elementary School	1,411,837		
DOE -Talofofo Elementary School	6,323		
DOE -Tamuning Elementary School	78,127		
DOE -Upi Elementary School	226,978		
Dept of Land Mgmt		17,602	1,760
Dept of Law		5,397	540
Dept of Parks & Rec		146,013	14,601
Dept of Public Health & Soc Svc		63,136	6,314
Dept of Public Works		483,848	48,385
Governor's Office		2,647,059	264,706
Guam Environ. Protect. Agency		7,980	798
Guam Fire Dept		135,173	13,517
Guam Police Dept		183,144	18,314
Guam Recovery		6,300	630
Mental Health & Substance Abuse		156,308	15,631
Public Library		37,395	3,740
Village Mayors - Agana Heights		5,352	535
Village Mayors - Chalan Pago/Ordot		13,162	1,316
Village Mayors - Dededo		12,442	1,244
Village Mayors - Inarajan		22,517	2,252
Village Mayors - Tamuning		45,766	4,577
Village Mayors - Yona		85,216	8,522
Total line agencies		17,119,130	1,711,912

SCHEDULE D	
agency	total
DOE - Simon Sanchez High School (Chata'an Issue)	8,816
DOE - Talofofo Elementary School (Chata'an Issue)	292,438
DOE - Agana Heights Elementary	1,878
DOE - Agueda Johnson Middle School	25,579
DOE - Benavente Middle School	129,751
DOE - Carbullido Elementary School	9,411
DOE - Chief Brodie Memorial School	28,016
DOE - FB Leon Guerrero Middle School	89,626
DOE - Finegayan Elementary School	4,155
DOE - George Washington Sr High School	251,732
DOE - Harry Truman Elementary School	1,254
DOE - Inarajan Elementary School	6,432
DOE - JFK High School	845,912
DOE - Jose Rios Middle School	7,718
DOE - JQ San Miguel Elementary School	1,184
DOE - JM Guerrero Elementary School	24,462
DOE - PC Lujan Elementary School	5,932
DOE - Oceanview Middle School	40,494
DOE - Ordot/Chalan Pago Elementary School	12,612
DOE - Price Elementary School	3,318
DOE - Simon Sanchez High School	352,958
DOE - Southern High School	110,850
DOE - Talofofo Elementary School	21,951
DOE - Tamuning Elementary School	105,175
DOE - Wettengel Elementary School	7,592
DEPT OF EDUCATION TOTAL	2,389,245
GFD	49,314
Village Mayors - Agana Heights	8,363
Village Mayors - Barrigada	4,710
Village Mayors - Dededo	11,856
Village Mayors - Sinajana	3,001
Dept of Land Management	266,223
Dept of Parks & Recreation	41,019
Civil Defense	76,779
Dept of Agriculture	7,655
Dept of Administration	42,824
Dept of Correction	7,892
Dept of Chamorro Affairs	8,810
TOTAL - OTHER AGENCIES	528,444
TOTAL PAKA LIABILITY	2,917,689