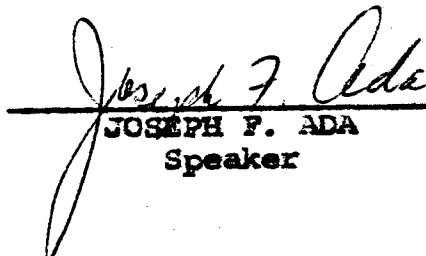


THIRTEENTH GUAM LEGISLATURE
1975 (FIRST) Regular Session


CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 225, "An Act to repeal Title XV, Government Code of Guam and to add a new Title XV, Government Code of Guam, in lieu thereof, and to amend Section 4004 of said Code relative to establishing the Port Authority of Guam", which was heretofore passed and thereafter on October 14, 1975, returned to the Legislature without the approval of the Governor was, in accordance with the Organic Act of Guam, reconsidered by the Legislature and after such reconsideration the Legislature did on the 31st day of October, 1975, agree to pass said bill notwithstanding the objections of the Governor by a vote of two-thirds of all the members thereof, to wit: by a vote of 14 members.




JOSEPH F. ADA
Speaker

ATTESTED:



CONCEPCION CRUZ BARRETT
Legislative Secretary

This Act was received by the Governor this 4th day of
November 1975 at 3:10 o'clock P..M.

 Ruth F. Won-Pat

RUTH F. WON PAT
Assistant Staff Officer
Governor's Office

P.L. No. 13-87

THIRTEENTH GUAM LEGISLATURE
1975 (FIRST) Regular Session

Bill No. 225
As Substituted by the
Committee on Commerce,
Tourism & Transportation

Introduced by A. A. Sekt

AN ACT TO REPEAL TITLE XV, GOVERNMENT CODE
OF GUAM AND TO ADD A NEW TITLE XV, GOVERNMENT
CODE OF GUAM, IN LIEU THEREOF, AND TO AMEND
SECTION 4004 OF SAID CODE RELATIVE TO
ESTABLISHING THE PORT AUTHORITY OF GUAM.

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

2 Section 1. Title XV, Government Code of Guam, is hereby
3 repealed in its entirety and a new Title XV is hereby added in
4 lieu thereof to read as follows:

5 "TITLE XV

6 CHAPTER I

7 Port Authority of Guam

8 Section 14000. Definitions. As used herein, unless
9 otherwise indicated:

10 (a) 'Authority' means the Port Authority of Guam.

11 (b) 'Board' means the Board of Directors of the
12 Authority.

13 (c) 'Port facilities' means channels, basins, sea
14 walls, docks, piers, land areas, utilities, warehouses,
15 cargo handling machinery and equipment, tug boats,
16 barges, fireboats, and any other works, properties,
17 structures or other facilities necessary for the
18 development or operation of the Port of Guam.

19 (d) 'Port' means the civil port, and port facili-
20 ties of the Territory of Guam located on Cabras Island,
21 Apra Harbor.

1 (e) 'Manager' means the General Manager of the
2 Authority.

3 (f) 'Director' means the Director of the Board.
4 Section 14001. Authority.

5 (a) There is hereby established the Port Authority
6 of Guam as a public corporation and autonomous instru-
7 mentality of the Government of Guam, which shall pro-
8 vide for the needs of ocean commerce, shipping and
9 navigation of the Territory of Guam. The Authority
10 shall have perpetual succession unless sooner terminated
11 by law and shall adopt a seal and sue or be sued in its
12 own corporate name.

13 Section 14002. Board.

14 (a) The Authority shall be directed by the Board
15 which shall consist of five (5) directors appointed
16 by the Governor with the advice and consent of the
17 Legislature. Directors shall be appointed and their
18 names transmitted to the Legislature within thirty (30)
19 days of the effective date of this Act. The five (5)
20 directors first appointed shall classify themselves
21 by lot so that their terms shall expire respectively as
22 follows:

23 One (1) on December 31, 1976, Two (2) on June 30, 1977,
24 and Two (2) on June 30, 1978. Their successors shall
25 be appointed each for a term of three (3) years to
26 commence on the date of their confirmation by the
27 Legislature. Any director vacancy shall be filled by
28 the Governor, with the advice and consent of the Legis-
29 lature, for the unexpired term.

30 (b) Any director may be removed upon charges, and
31 after hearing, by the Governor.

1 (c) Three (3) directors shall constitute a quorum
2 of the Board and three (3) affirmative votes are re-
3 quired for the transaction of all business. The Board
4 shall meet in regular session at least once each month
5 and in special session as often as it may deem
6 necessary. The Board shall keep a minute book wherein
7 all its actions and proceedings shall be recorded.
8 Minutes shall be signed by the Board Secretary and a
9 copy thereof shall be forwarded to the Governor within
10 forty-eight (48) hours following adjournment of each
11 meeting.

12 (d) Directors shall be paid Fifty Dollars (\$50.00)
13 per meeting but not to exceed One Hundred Dollars
14 (\$100.00) a month and shall be reimbursed for actual
15 travel, subsistence and out of pocket expenses incurred
16 in the discharge of their responsibilities.

17 Section 14003. Same: Duties: The Board shall:

18 (a) Conduct their first meeting within thirty (30)
19 days of their confirmation.

20 (b) Elect a Chairman, Vice-Chairman and Secretary
21 from among its members.

22 (c) Appoint a Manager and fix his compensation
23 within forty-five (45) days of their first meeting.

24 (d) Maintain constant review and evaluation of
25 the planning, promotion, development, construction,
26 alteration, maintenance and operation of the port
27 facilities, any of which activities the Board may dele-
28 gate to the Manager.

29 (e) Establish its internal organization and
30 management and adopt regulations for the administration
31 of its operations and the conduct of its affairs.

1 (f) In accordance with law, control, manage and
2 have jurisdiction over all Government of Guam lands
3 within the boundaries of Cabras Island and seaward
4 therefrom to the limits of the Glass Breakwater, except
5 those facilities under the control and jurisdiction
6 of departments or agencies of the United States Govern-
7 ment.

8 (g) Employ a firm of independent certified public
9 accountants who shall examine and report to the Board,
10 at least annually, upon the status of the financial
11 records and accounts maintained by the Authority.
12 Copies of any such report shall be furnished to the
13 Governor and to the Legislature.

14 (h) Report to the Governor concerning its adminis-
15 tration of the Authority by annual report within one
16 hundred twenty (120) days after the end of each fiscal
17 year and, if requested by the Governor, shall present
18 special reports within thirty (30) days after the end
19 of each intervening quarter. The financial information
20 presented in such reports shall be in accordance with
21 the Uniform System of Accounts adopted by the Board.

22 (i) Require operators of water terminal proper-
23 ties and facilities to keep same in proper condition
24 and repair and shall have the right to inspect such
25 terminal facilities at reasonable times.

26 (j) Fix all rates, dockage, rentals, tolls,
27 pilotage, wharfage, and charges, for the use and occupa-
28 tion of the public facilities or appliances of the
29 Port, and for services rendered by the Authority and
30 to provide for the collection thereof.

31 (k) Review the Manager's annual estimates and

1 schedules and promptly adjust rates and charges pre-
2 pared to recover the cost of each facility and service
3 including interests, loan repayments, amortization of
4 depreciable assets and a reasonable return on value of
5 assets. Additional adjustments in rates may be made
6 from time to time as warranted.

7 (1) Exercise its powers and perform its duties
8 by resolution adopted by majority vote of the Board in
9 public meeting for which notice of an agenda was
10 published in a Guam newspaper of general circulation
11 three (3) times within five (5) days of the meeting.
12 Resolutions shall be signed by the Board Chairman and
13 attested by its Secretary. The Board shall index all
14 of its resolutions which shall be public record, pro-
15 vided that the Board shall not, except as expressly
16 provided herein, delegate its responsibility for the
17 general operation of the Port.

18 Section 14004. Same: Powers: The Board may:

19 (a) Enter into and perform such contracts, leases,
20 cooperative agreements, and other transactions with any
21 agency or instrumentality of the United States, or with
22 any state, territory, or possession, or any political
23 subdivision thereof, or with any person, firm, associa-
24 tion or corporation, as may be deemed necessary for the
25 execution of its responsibilities.

26 (b) In accordance with law, acquire any property
27 real, personal, or mixed, tangible or intangible and
28 hold, maintain, use, operate, encumber or dispose of
29 same whenever deemed necessary in the execution of
30 its responsibilities.

31 (c) Make any investigation deemed necessary to

1 enable it to carry out its responsibilities, and for
2 this purpose take and hear proofs and testimony and
3 compel by subpoena the attendance of witnesses and the
4 production of books, papers, records and documents,
5 including public records.

6 (d) Enter into contracts for loans or grants with
7 the Government of Guam or with the United States.

8 (e) At any time or from time to time, incur in-
9 debtedness.

10 (f) Employ, retain, or contract for the services
11 of qualified managers, specialists or experts as
12 individuals or as organizations, for advice and assis-
13 tance.

14 (g) Adopt and enforce such orders, regulations
15 and practices as are necessary for the administration
16 and discharge of its duties and powers.

17 Section 14005. Manager.

18 (a) The Manager, shall be the Authority's chief
19 executive officer and who shall serve at the Board's
20 pleasure. He shall be responsible for the maintenance,
21 operation, and development of the Port administration
22 and for the Authority's business affairs.

23 Section 14006. Same: Duties:

24 The Manager shall:

25 (a) Insure that the Board's rules and regulations
26 are enforced.

27 (b) Attend all Board Meetings.

28 (c) Keep the Board advised as to the needs of the
29 Authority.

30 (d) Approve demands for the payment of obligations
31 of the Authority within the purposes and amounts

1 authorized by the Board.

2 (e) Prepare or cause to be prepared all plans
3 and specifications for the construction of the works
4 of the Authority.

5 (f) Select and appoint the employees of the
6 Authority, except as otherwise provided by this Act,
7 and to plan, organize, coordinate and control the
8 services of such employees.

9 (g) Publish a financial report in a manner pro-
10 vided by the Board within one hundred twenty (120)
11 days from the end of each fiscal year showing the re-
12 sult of operations for the preceding fiscal year and
13 the financial status of the Authority on the last day
14 thereof.

15 (h) Render a monthly accounting statement to the
16 Board in such form as the Board directs.

17 (i) Shall annually submit to the Board and the
18 Governor programs and financial plans in accordance
19 with the provisions of Chapter III, Title VI of the
20 Government Code of Guam.

21 (j) Perform such other and additional duties as
22 the Board may direct.

23 Section 14007. Claims.

24 (a) Cargo shortage and property damage claims
25 shall be presented to the Manager within six (6) months
26 of accrual for payment under this Act. Claims shall
27 be in such form as the Manager shall direct.

28 (b) The Manager shall personally entertain cargo
29 shortage or property damage claims in excess of
30 Five Hundred Dollars (\$500.00). He may, however,
31 delegate the review, settlement and payment of claims

1 for cargo shortages or property damage up to One
2 Hundred Dollars (\$100.00).

3 (c) Payments of claims for cargo shortage or
4 property damage shall be charged to an account title
5 'Shortage and Damage Claims', said account to be shown
6 in the monthly accounting statement to the Board. A
7 listing of each payment in excess of One Hundred Dollars
8 (\$100.00) shall accompany the statement.

9 Section 14008. Fiscal Authority.

10 (a) There is hereby established a fund to be
11 known as the 'Port Authority Fund' which shall be
12 maintained by the Board separate and apart from other
13 funds of the Government of Guam. Independent records
14 and accounts shall be maintained in connection there-
15 with.

16 (b) All moneys received by the Authority from
17 whatever source derived shall be deposited in the Port
18 Authority Fund in eligible banks as defined in Section
19 6311, Government Code of Guam.

20 (c) All expenditures including payments into
21 sinking funds or other special accounts shall be made
22 from the Port Authority Fund.

23 Section 14009. Contracts and Purchases.

24 (a) The purchase of all supplies and materials,
25 and the construction of all works, when the expenditure
26 required exceeds Ten Thousand Dollars (\$10,000.00),
27 shall be by contract let to the lowest responsible
28 bidder. Solicitations for bids shall be published in
29 a newspaper of general circulation on Guam at least
30 ten (10) days before bids are received. The Board may
31 reject any and all bids and readvertise at its dis-

1 cretion.

2 (b) If, after rejecting bids for materials and
3 supplies, the Board determines that, in its opinion,
4 the materials and supplies may be purchased at a lower
5 price in the open market, the Board may authorize the
6 Manager to make such purchases without further obser-
7 vance of the provisions requiring contracts, bids, or
8 notices.

9 (c) In case of any major public calamity, such
10 as an extraordinary fire, storm, or other disaster, or
11 where the urgency of repair or replacement, in the
12 Board's judgment requires immediate action, the Board may
13 determine that the public interest and necessity de-
14 mand the immediate expenditure of funds to safeguard
15 life, health and property, and thereupon, by resolu-
16 tion pursuant to Section 14003(1) authorize the
17 Manager to expend such sums as may be needed in such
18 emergency without the observance of the provisions
19 requiring contracts, bids or notices.

20 (d) The provisions requiring contracts, bids,
21 or notices shall not apply to the procurement of
22 professional or technical services.

23 Section 14010. Employment.

24 (a) Pursuant to the provisions of 4004 of this
25 Code, the Board shall establish rules and regulations
26 governing selection, promotion, performance evaluation,
27 demotion, suspension, and other disciplinary action
28 for the employees of the Authority.

29 (b) Employees of the Authority, excluding the
30 directors, shall be members of the Government of
31 Guam Retirement Fund, subject to the provisions of

1 Section 4204 of this Code, except that for the purposes
2 of Subsection (a) of said Section, the employees of
3 the Authority shall not be considered employees of a
4 'public corporation' whereby their membership in the
5 Fund is optional and membership therein must be
6 specifically requested. The Authority shall contribute
7 to the Government of Guam Retirement Fund on the basis
8 of annual billings as determined by the Board of
9 Trustees of the Government of Guam Retirement Fund,
10 for the benefit payments made from such Fund on
11 account of the Authority's employees.

12 (c) Notwithstanding any other provisions of
13 law, neither the manager, assistant manager, nor the
14 manager's secretary shall be within the classified
15 service of the Government of Guam but shall be hired,
16 compensated and employed under terms and conditions
17 fixed by, and at the pleasure of the Board.

18 Section 14011. Violation of regulation: penalty.
19 Every person who violates, causes or permits to be
20 violated, or fails or refuses to comply with any
21 rule or regulation adopted pursuant to this Chapter,
22 is guilty of a misdemeanor, punishable by a fine of
23 not more than One Thousand Dollars (\$1,000.00) or by
24 imprisonment of not more than one (1) year, or by
25 both such fine and imprisonment.

26 CHAPTER II

27 Guam Port Authority Revenue Bonds

28 Section 14050. Short Title. This Chapter may
29 be cited as the 'Guam Port Authority Revenue Bond
30 Act of 1975'.

31 Section 14051. Definitions. The following

1 terms, wherever used or referred to in this Chapter
2 or in any indenture entered into pursuant hereto,
3 shall have the following meanings, respectively,
4 unless a different meaning appears from the context:

5 (a) 'Authority' means the Guam Port Authority,
6 provided for in the Port Authority of Guam Act of
7 1975.

8 (b) 'Board' means the Board of Directors of the
9 Authority.

10 (c) 'Bonds' or 'revenue bonds' means the written
11 evidence of any obligation issued pursuant to the
12 provisions of this Chapter.

13 (d) 'Bondholder' or 'holder of bonds' or any
14 similar terms means (i) the bearer of any outstanding
15 bond registered to bearer or not registered or (ii)
16 registered owner of any outstanding bond.

17 (e) 'Governmental instrumentality' means the
18 United States, the Territory of Guam, or any public
19 corporation, political subdivision, state, county,
20 city, district or any instrumentality of either the
21 United States or this Territory.

22 (f) 'Governor' means the Governor of Guam.

23 (g) 'Gross revenues' means all of the revenues
24 prior to deducting operational and maintenance costs.

25 (h) 'Indenture' means an ordinance adopted or an
26 agreement entered into and approved or adopted by a
27 majority of all members of the Board and approved by
28 Governor, providing for the issuance of bonds.

29 (i) 'Net revenues' means the gross revenues after
30 having deducted therefrom the operation and maintenance
31 costs.

1 (j) 'Operation and Maintenance Costs' means (i)
2 the reasonable costs of administering, operating and
3 maintaining the Port of Guam together with the
4 stevedoring and terminal operations performed, in-
5 cluding reasonable repairs, renewals, replacements,
6 insurance costs including retirement benefits, but
7 (notwithstanding any system of accounts maintained
8 by the Authority) without any allowance for deprecia-
9 tion, (ii) the costs of administering lands and
10 waterways under the Authority's jurisdiction, (iii)
11 all revenues required by any indenture to be deposited
12 in any one or more revenue funds or accounts in
13 lieu of insurance or in any working capital fund or
14 account or contingency fund or account of the
15 Authority.

16 (k) 'Organic Act' means the Organic Act of
17 Guam as amended and in effect on the effective date
18 of this Chapter. (64 Stat. 384, Title 48, Section
19 1421 et seq., U. S. Code.)

20 (l) 'Person' includes any individual, firm,
21 corporation, association, copartnership, trust,
22 receiver, trustee or conservator for any thereof, and
23 also includes the United States, the Territory of
24 Guam, a public corporation, political subdivision,
25 city, county, state, district, or any instrumentality
26 of the United States or of the Territory.

27 (m) 'Revenue' means and includes:

28 (i) All income, receipts and receivables
29 derived by the Authority from port, stevedore
30 and terminal operations;

31 (ii) All income, receipts and receivables

1 derived by the Authority from contracts,
2 space rentals, and land leases;

3 (iii) All moneys in redemption, sinking and
4 reserve funds or other funds created to
5 secure the bonds and to provide for the
6 payment of the principal of and the interest
7 and premiums thereon.

8 (iv) All contributions and appropriations
9 made to the Authority, to the extent not
10 limited in the making thereof; and

11 (v) All earnings on any invested funds of
12 the Authority, excepting as limited in
13 contributions and appropriations.

14 (n) 'Territory' means the Territory of Guan.

15 (o) 'Trustee' means the trust department of any
16 Federal Reserve member bank.

17 (p) 'United States' means the United States of
18 America.

19 Section 14052. Powers of the Board; Incurring
20 Indebtedness and Issuing Bonds; Special Obligations;
21 Pledge; Lien, Priority and Trust Fund.

22 (a) The Board may incur indebtedness and issue
23 bonds to represent same for the purposes of and with-
24 in the limitations provided in this Chapter.

25 (b) All indebtedness incurred and bonds issued
26 by the Board are special obligations of the Authority,
27 and are secured by a pledge of and charge upon, and
28 shall be payable, as to the principal thereof,
29 interest thereon, and any premiums upon the redemption
30 of any thereof, solely from and secured by a lien
31 upon the revenues and such other funds as are described

1 in the indenture.

2 (c) The indenture may provide that the bonds are
3 secured by a pledge upon the net revenues, for the
4 making of other funds available therefor, and for the
5 priority of the bonds. Nothing herein or in an
6 indenture shall prevent the issuance of bonds sub-
7 ordinate to the lien of other bonds specified in an
8 indenture.

9 (d) The revenues and other funds provided in
10 the indenture shall constitute a trust fund for the
11 security and payment of the bonds and the interest
12 and premiums thereon.

13 Section 14053. Rates and Charges. Rates and
14 charges shall be fixed to yield annual revenues not
15 less than the aggregate of the annual payments to the
16 bond, sinking, reserve and other funds provided in
17 an indenture for the bonds, and operation and mainte-
18 nance costs.

19 Section 14054. Maximum Amount, Purpose of and
20 Term of Bonds. Before issuing any bond or bonds, the
21 Board shall, by indenture approved by the Governor,
22 declare the purpose for which the proceeds of the
23 bonds proposed to be issued shall be expended and
24 shall specify the maximum amount of bonds to be
25 issued or sold for such purpose, and their maximum
26 term. Bonds shall not be issued or sold for such
27 purpose in any amount or for a term exceeding that
28 specified.

29 Section 14055. Form of and Recitals in Bonds.

30 (a) All bonds shall be issued in the name of
31 the Agency.

1 (b) The Board shall determine the time, form
2 and manner of issuance of bonds.

3 (c) Every bond shall recite that it is not a
4 general indebtedness of Authority or of the Terri-
5 tory of Guam, but rather is a special obligation of
6 the Authority payable solely from the revenues
7 specified in the indenture providing for its issuance.

8 (d) Every bond shall recite that it is issued
9 pursuant to an indenture of the Board, describing
10 it by title and date. By such recital, all of the
11 provisions of the indenture and this Chapter are
12 incorporated into the bonds and coupons.

13 (e) Each taker and subsequent holder of the
14 bonds or coupons, whether the coupons are attached
15 to or detached from the bonds, has recourse to all
16 the provisions of the indenture and of this Chapter
17 and is bound thereby.

18 Section 14056. Indenture providing terms and
19 conditions of bonds. The indentures shall provide
20 for the date or dates, maturities, interest rates,
21 denominations, form, registration, transfer and
22 interchange of any bonds and coupons to be issued,
23 and the terms and conditions on which the same shall
24 be executed, issued, secured, sold, paid, redeemed,
25 funded and refunded.

26 Section 14057. Issues, Series and Divisions
27 of Bonds. Any indenture may provide for one or
28 several issues of bonds and that bonds may be
29 issued in series or that any issue may be divided
30 into one or more divisions with different maturities
31 or dates of issue, different rates of interest, or

1 different terms and conditions for the bonds of the
2 several series or divisions. It is not necessary that
3 all bonds of the same authorized issue be of the same
4 kind or character, have the same security, or be of
5 the same interest rate, but the terms thereof shall
6 in each case be provided for by the Board, with the
7 approval of the Governor, at or prior to the issue
8 thereof.

9 Section 14058. Interest on Bonds.

10 (a) Bonds shall bear interest at a rate of
11 not to exceed nine percent (9%) per annum, payable
12 annually or semiannually or in part annually and in
13 part semiannually, except that the first coupon on
14 any bonds may be payable twelve (12) months or any
15 number of months less than twelve (12) after the date
16 of such bond.

17 (b) If, upon presentation at maturity, or if
18 redeemable and duly called for redemption, payment of
19 the bonds or any interest coupon thereof is not made
20 in accordance with the indenture of issuance, said
21 bonds or coupons, or both, shall continue to bear
22 interest at the rate started in the bond until fully
23 paid.

24 Section 14059. Issuance and interchange of
25 coupon and registered bonds. An indenture may provide
26 that bonds may be issued as coupon bonds or as re-
27 gistered bonds and for the interchange of coupon bonds
28 for the registered bonds and registered bonds for
29 coupon bonds, and may provide that bonds shall be
30 registered as to principal only, or as to both princi-
31 pal and interest, or otherwise as the Board may

1 determine.

2 Section 14060. Redemption of bonds prior to
3 maturity. An indenture may provide that bonds may be
4 redeemed prior to maturity upon such terms, conditions
5 and upon such notice as are stated in the indenture
6 and upon payment of such premium as may be fixed by
7 the indenture. No bond is subject to call or re-
8 demption prior to its fixed maturity date unless the
9 right to exercise such call is expressly stated on the
10 face of the bond.

11 Section 14061. Places and manner of payment. An
12 indenture may provide for the payment of the principal
13 and interest of bonds at a Federal Reserve member
14 trustee bank in one or more places in the territory or
15 in the United States and in any specified coin or
16 currency of the United States.

17 Section 14062. Covenants and agreements that may
18 be contained in indenture. An indenture may include
19 any and all such covenants and agreements on the
20 part of Authority as are authorized by this Chapter or
21 as the Board deems necessary or advisable for the
22 better security of the bonds issued thereunder,
23 including without limiting the generality of the
24 foregoing, any one or more of the following provisions:

25 (a) That payments of principal and interest of
26 bonds shall be secured by all or by part of net
27 revenue;

28 (b) Creating one or more funds or accounts
29 into which all or any part of net revenue shall be
30 deposited (i) for payment of the principal of and
31 interest on bonds at or prior to maturity or (ii)

1 for reserve or sinking funds for the further security
2 of bonds. All moneys in any such fund or account
3 shall be paid out by the trustee bank to pay the
4 principal, interest and premiums on the bonds when
5 due or when redeemed or purchased prior to maturity,
6 as provided in any indenture.

7 (c) Requiring the bank to pay or cause to be
8 paid punctually the principal, interest and premiums
9 on the bonds on their due dates from funds in the
10 account or accounts provided therefor.

11 (d) Requiring the Board to preserve and protect
12 the security of the bonds and the rights of the
13 holders thereof and to warrant and defend such rights.

14 (e) Requiring the Board and the trustee to
15 hold or cause to be held in trust the revenues or
16 any part of revenues pledged to the payment of such
17 bonds and the interest and premiums thereon, and any
18 fund or account created therefor, and to apply and
19 cause to be applied such revenues or any part of
20 revenues only as provided in the indenture.

21 (f) To invest all or any part of such revenues
22 pending such application in such securities and subject
23 to such limitations as are specified in the indenture.

24 (g) Against entering into any agreement which
25 would impair the security of the bonds, the revenues
26 or contracts from which the revenues are derived.

27 (h) Against mortgaging or otherwise encumbering,
28 selling, leasing, pledging, placing a charge upon,
29 or disposing of any of the revenues, mortgages or
30 contract obligations from which the revenues are
31 derived, detrimental to the security of the bonds.

1 (i) Specifying the events of default and the terms
2 and conditions upon which any or all of the bonds
3 may be declared due and payable prior to maturity,
4 and the terms and conditions upon which such declara-
5 tion and its consequences may be waived.

6 (j) For the rights, liabilities, powers and
7 duties arising upon the Agency's breach of any
8 covenants conditions or obligations.

9 (k) For vesting in the trustee the right to or
10 duty to enforce covenants to secure payment of or in
11 relation to the bonds and the trustees powers, duties
12 and limitations of its liabilities, and for the con-
13 ditions upon and manner in which a substitute trustee
14 may be appointed.

15 (l) For the terms upon which the bondholders or
16 a percentage of them may enforce covenants and duties
17 prescribed in the indenture and this Chapter.

18 (m) The procedure by which the terms and
19 conditions of the indenture or the bonds may be sub-
20 sequently amended or modified with the consent of the
21 Board, subject to the approval of the Governor, and
22 the vote or written consent of the holders of a
23 specified principal amount or specified proportion of
24 the bonds issued and outstanding, including provisions
25 for meetings of bondholders and for the manner in
26 which the consent of the bondholders may be given.

27 (n) The effect of any modification or amendment
28 upon the rights of the holders of all or a specified
29 portion of any outstanding bonds and interest coupons
30 pertaining thereto, whether attached thereto or de-
31 tached therefrom.

1 (o) With respect to a modification or amendment
2 of an indenture that bonds held by the Authority, the
3 territory, the United States or any instrumentality of
4 either thereof (including every public corporation,
5 political subdivision, city, county, district, board,
6 agency or instrumentality of any kind or class) shall
7 not be counted as outstanding bonds, or be entitled
8 to vote or assent, but shall, nevertheless, be subject
9 to any such modification or amendment.

10 (p) For the purchase out of any available funds
11 of any outstanding bonds or other obligations, and
12 the price at and manner in which the purchase may be
13 made.

14 (q) That the Governor and the Director of Revenue
15 and Taxation and all other officers and agencies of
16 the territory shall (i) be bound by all covenants and
17 agreements on the part of the Board set forth in such
18 indenture and (ii) perform all such covenants and
19 agreements which, under the Organic Act or any provision
20 of this Code or any other statute of the territory,
21 can be taken for or on behalf or in lieu of the Board
22 only by the Governor and the Director of Revenue and
23 Taxation or such other officer of agency.

24 (r) Capitalizing any working capital fund or
25 interest or account or contingency fund or account.

26 (s) Provision for the refunding of all or any
27 bonds authorized by such indenture, subject to the pro-
28 visions and limitations as herein described.

29 (t) Such other acts and matters as may be neces-
30 sary or convenient or desirable in order to better
31 secure the bonds or to make the bonds more marketable.

1 Section 14063. Bonds negotiable except when regis-
2 tered. All bonds issued under the provisions of this
3 Chapter are negotiable instruments transferable by physical
4 delivery, except when registered in the name of a registered
5 owner.

6 Section 14064. Federal Reserve member bank as trust-
7 tee for Board and holders of bonds.

8 (a) A Federal Reserve member bank shall act as
9 trustee for the Board and the holders of bonds issued
10 hereunder, and the Board may authorize the trustee to
11 act on behalf of the holders of the bonds, or any
12 stated percentage thereof, and to exercise and pro-
13 secute on behalf of the holders of the bonds such
14 rights and remedies as may be available to the holders.

15 (b) The indenture shall provide (i) for the
16 deposit of all revenues with the trustee and for the
17 holding thereof by the trustee in one or more separate
18 funds or accounts in the Guam Port Authority Revenue
19 Fund and (ii) for the transfer to such trustee of such
20 portions of revenues as are provided as security for
21 the bonds and for the holding thereof by such trustee
22 in one or more separate funds or accounts in said
23 Revenue Fund. All money in each such fund or account
24 shall be disbursed only as provided herein and in the
25 indenture.

26 Section 14065. Duties and powers of trustee. The
27 duties and powers of the trustee may be prescribed in an
28 indenture with respect to the issuance, authentication, sale
29 and delivery of the bonds provided for therein and with res-
30 pect to the payment of principal of and interest on such
31 bonds, and redemption thereof, the registration and dis-

1 charge from registration thereof, and the management of any
2 and all funds provided as security therefor.

3 Section 14066. Guam Port Authority Development Fund.

4 The proceeds from the sale of all bonds authorized by this
5 Chapter shall be deposited forthwith to the credit of a
6 fund to be designated as the Guam Port Authority Development
7 Fund, which fund is hereby created, and shall be expended
8 for the purposes authorized by this Chapter and the inden-
9 ture subject to any limitations provided therein. This
10 fund shall be a separate account within the Port Authority
11 Fund (See Section 14007(b)).

12 Section 14067. Use of balances of funds and of sur-
13 plus money in funds. After all bonds shall have been fully
14 paid and discharged, or provision for their payment and
15 discharge irrevocable made, any surplus moneys in any fund
16 or account created by this Chapter or any indenture shall,
17 subject to the limitations and restrictions in any inden-
18 ture, be transferred to the Authority. After payment of
19 all costs, expenses, and charges required or authorized to
20 be expended therefrom, any balance remaining in any of the
21 funds or accounts created by this Chapter or any indenture,
22 may be allocated and used for such other purposes, as the
23 Board may determine, subject to limitations and restrictions
24 in any indenture.

25 Section 14068. Preparation of bonds and documents.

26 The Authority shall prepare or procure the requisite number
27 of suitable bonds and appurtenant coupons of the denomina-
28 tions and in accordance with the specifications contained
29 in the indenture. The Authority shall prepare or procure
30 the printing, engrossing or publication of any indentures,
31 notices, contracts, agreements or other documents required

1 or convenient for or pertaining to the issuance or sale
2 of bonds.

3 Section 14069. Execution and authentication of bonds.
4 An indenture may provide for the execution and authenti-
5 cation of bonds and coupons by the manual, lithographed or
6 printed facsimile signature of any one or more officers of
7 the Board and by additional authentication by endorsement
8 by the manual signature or a signature stamp of any agent
9 designated as trustee, and for a like impressing of the
10 seal of the Authority. If any officer or agent whose
11 signature, counter-signature or endorsement appears upon
12 the bonds or coupons ceases to be an officer or agent be-
13 fore the delivery of the bonds or coupons his signature,
14 counter-signature or endorsement is nevertheless valid and
15 of the same force and effect as if he has remained such
16 officer or agent until the delivery of the bonds and
17 coupons.

18 Section 14070. Sale of bonds; Maximum discount. Bonds
19 authorized to be issued under this Chapter shall be sold
20 by the Board for cash, in accordance with the provisions
21 of a resolution providing for such sale adopted by the
22 Board and approved by the Governor. Such resolution may
23 provide that the bonds shall be sold at either public or
24 private sale upon such notice as shall be specified in such
25 resolution, may fix terms and conditions for the sale or
26 other disposition of the bonds and may provide that the
27 bonds shall be sold less than their par or face value, except
28 that the discount on any bonds so sold shall not exceed
29 five percent (5%) of the par value thereof. Before any
30 bonds are delivered to the purchaser thereof, all coupons,
31 if any, which have matured on or before the date of such

1 delivery shall be detached therefrom and cancelled.

2 Section 14071. Payment of bonds from sources other
3 than revenues. The Board may use and expend all or any
4 part of any funds other than revenues, or proceeds of any
5 property owned by it, whether received by gift, appropria-
6 tion or otherwise (if not restricted as to the use of such
7 funds or proceeds of property by the terms of gift or
8 trust or provision of law) for the payment of bonds issued
9 pursuant to the provisions of this Chapter and of interest
10 due thereon.

11 Section 14072. Payments which may be made out of
12 proceeds of sale of bonds. The proceeds of sale of any
13 bonds may be expended for any one or more of the following
14 purposes, all as provided in the indenture relating to such
15 bonds:

16 (a) For the acquisition or construction of
17 harbor improvement set forth in the indenture;

18 (b) For the payment of legal and fiscal fees and
19 costs relating to the issuance and sale of the bonds;

20 (c) For payment of any other costs or expenses
21 relating to the authorization, issuance or sale of
22 bonds;

23 (d) For payment of interest on bonds during the
24 period of actual acquisition or construction;

25 (e) For payment of trustees' fees and costs and
26 fees incurred by it;

27 (f) For payment of the principal of and interest
28 on any indebtedness incurred pursuant to Section 14052
29 that is by its terms repayable from the proceeds of
30 sale of bonds.

31 Section 14073. Temporary bonds. An indenture may

1 provide that pending the actual issuance or delivery of
2 definitive bonds, the Board may issue temporary or interim
3 bonds, certificates or receipts of any denomination what-
4 soever, and with or without coupons, to be exchanged for
5 definitive bonds when ready for delivery.

6 Section 14074. Replacement of bonds or coupons. The
7 indenture may provide for the replacement of lost, destroyed
8 or mutilated bonds or coupons.

9 Section 14075. Tax exemptions. Bonds issued pursuant
10 to the provisions of this Chapter and the interest or in-
11 come therefrom are exempt from taxation in accordance with
12 the provisions of the last sentence of Section 11 of the
13 Organic Act. (Section 1423a, Title 48, U. S. Code.)

14 Section 14076. Bonds as legal investments and as
15 security for performance of any act. Notwithstanding any
16 other provision of law, all bonds sold and delivered pur-
17 suant to the provisions of this Chapter are legal invest-
18 ments for all trust funds and for the funds of all banks,
19 both commercial and savings, and may be deposited as secu-
20 rity for the performance of any act whenever any evidence
21 of indebtedness of the territory may be so deposited, and
22 may also be used as security for the deposit of public
23 moneys in banks in the territory.

24 Section 14077. Refunding bonds: The Board, with the
25 approval of the Governor, may provide for the issuance,
26 sale, or exchange of refunding bonds for the purpose of
27 redeeming or retiring any bonds issued under the provisions
28 of this Chapter. All provisions of this Chapter applicable
29 to the issuance of bonds are applicable to the funding or
30 refunding bonds and to the issuance, sale or exchange
31 thereof.

1 Section 14078. Principal amount in which refunding
2 bonds may be issued. Refunding bonds may be issued in a
3 principal amount sufficient to provide funds for the pay-
4 ment of all bonds to be refunded thereby, and in addition
5 for the payment of all expenses incident to the calling,
6 purchasing, retiring or paying of such outstanding bonds,
7 and the issuance of such refunding bonds. These expenses
8 include (i) the difference in amount between the par value
9 of the refunding bonds are sold, (ii) any amount necessary
10 to be made available for the payment of the interest upon
11 such refunding bonds from the date of sale thereof to the
12 date of payment of the bonds to be refunded or to the date
13 upon which the bonds to be refunded will be paid pursuant
14 to the call thereof or agreement with the holders thereof,
15 and (iii) the premium, if any, necessary to be paid in
16 order to call or retire the outstanding bonds and the in-
17 terest accruing thereon to the date of the call or retire-
18 ment.

19 Section 14079. Title in Authority subject to trust
20 in favor of bondholders. Title to port facilities, floating
21 equipment, land areas and all property assigned or acquired
22 by or for the Authority and the revenues and income there-
23 from is in the Authority. The title to any moneys,
24 revenues, bond reserve funds and other funds and accounts
25 created by this Chapter or any indenture and the income
26 thereof pledged to the payment of the principal or interest
27 of any bonds is subject to any trusts declared in favor of
28 the bondholders.

29 Section 14080. Use of other funds. In addition to
30 the proceeds of any bonds issued and sold pursuant to this
31 Chapter, the Board may use for the same purpose or purposes

1 any available money or funds of the Authority and any money
2 or funds made available to the Authority by any person or
3 provided from any sources which may be expended for the
4 accomplishing of the purposes set forth in this Chapter or
5 in Guam Port Authority Act of 1971.

6 Section 14081. Insurance. The Board may insure
7 against loss of revenues from any cause whatsoever, the pro-
8 ceeds of which shall be used solely for the payment or
9 security of bonds and the interest thereon. An indenture
10 may provide for the carrying of such insurance or any other
11 insurance in such amount and of such insurance or any other
12 insurance in such amount and of such character as shall
13 be specified in such indenture, for the payment of the pre-
14 miums thereon and for the disposition of all proceeds
15 received from any such insurance. At the option of the
16 Board, or as provided in any indenture, any insurance may
17 be provided by funded reserves or any other means.

18 Section 14082. Right of bondholders to bring action.
19 The holder of any bond issued pursuant to this Chapter may
20 by accounting, injunction, mandamus or other appropriate
21 proceeding require and compel the performance of any of
22 the duties imposed upon or assumed by the Authority, the
23 Board, the Governor, the trustee, or any other officer or
24 agency of the Authority or the Board or the territory, or
25 any employee thereof, or the collection, deposit, invest-
26 ment, application and disbursement of all revenues or in
27 connection with the deposit, investment and disbursement
28 of the proceeds received from the sale of bonds issued pur-
29 suant to this Chapter. The enumeration of such rights and
30 remedies does not, however, exclude the exercise or
31 prosecution of any other rights or remedies available to the

1 holders of bonds issued pursuant to this Chapter. All
2 remedies are alternative and cumulative and the use of one
3 shall not exclude any other remedy.

4 Section 14083. Appropriation of money in funds. All
5 money in the funds and accounts created by this Chapter
6 or any indenture is hereby appropriated for expenditure in
7 carrying out the purpose herein and therein provided.

8 Section 14084. Validity of bonds, recital or issuance
9 pursuant to Chapter. Any indenture authorizing bonds shall
10 recite that they are issued pursuant to this Chapter and
11 bonds containing such recital are conclusively deemed
12 valid and issued in conformity with this Chapter.

13 Section 14085. Publication of notice of adoption of
14 resolution. Statute of limitations on actions involving
15 bonds. Within fifteen (15) days of the adoption of a
16 resolution by the Board constituting an indenture pro-
17 viding for the issuance of bonds under this Chapter, the
18 Board shall publish notice of adoption of the resolution,
19 stating the aggregate principal amount of bonds proposed
20 to be issued, once in a newspaper of general circulation
21 in Guam. No action attacking, questioning or affecting in
22 any way the validity of any bonds issued under such a
23 resolution, or seeking to enjoin the issuance of such bonds,
24 may be commenced by any person more than sixty (60) days
25 after the date of publication of the notice of adoption of
26 such resolution.

27 Section 14085. Short term borrowing. The Board may
28 at any time or from time to time, by ordinance adopted by
29 a majority of all the members of the Board and approved
30 by the Governor, incur indebtedness for any lawful purpose
31 for any period not exceeding ten (10) years evidenced by

1 contract with any person or by one or more promissory notes.
2 Any such indebtedness shall be incurred subject and sub-
3 ordinate to any contractual obligation of the Board to the
4 holders of any bonds and the principal thereof and interest
5 thereon may be repaid (a) from revenues, or (b) if incurred
6 for a purpose for which bonds may be issued, from revenues
7 or from the proceeds of sale of bonds."

8 Section 2. Title V, Section 4004, Government Code of Guam
9 first paragraph is hereby amended to read as follows:

10 "Section 4004, Departmental personnel rules. Rules
11 and regulations, subject to criteria established by this
12 Chapter governing selection, promotion, performance evalua-
13 tion, demotion, suspension and other disciplinary action,
14 shall be adopted by the Board of Directors of the Guam
15 Port Authority, Board of Directors of the Guam Power
16 Authority, the Board of Education, the Board of Regents of
17 the University of Guam, and by the Board of Trustees of
18 Guam Memorial Hospital, with respect to personnel matters
19 within their respective agencies or departments, and by the
20 Director of Administration as to all other government
21 employment. Such regulations shall, to the extent practi-
22 cable, provide standard conditions for entry into, and
23 other matters concerning the government service, and shall
24 take effect upon their approval by the Civil Service Commis-
25 sion and by Executive Order of the Governor. Such rules
26 shall include the following provisions..."

27 Section 3. Transfer of Commercial Port of Guam.

28 (a) At 3:00 A.M. on the fifteenth day after the
29 manager's appointment pursuant to Section 14003:

30 (1) All the assets and property, real,
31 personal and mixed, tangible and intangible, of

1 the Commercial Port of Guam are transferred to
2 the Authority.

3 (ii) The Commercial Port of Guam is there-
4 upon dissolved.

5 (b) The values of all properties so transferred
6 shall be entered on the books of the Authority at the
7 values shown on the books of the Commercial Port of
8 Guam.

9 (c) The Government of Guam shall pay the out-
10 standing debts and obligations incurred for the
11 rehabilitation of the Commercial Port of Guam, and all
12 funds due the General Fund as of June 30, 1975. The
13 Authority shall assume and discharge all other debts,
14 obligations and liabilities of the Commercial Port
15 of Guam.

16 (d) Each employee of the Commercial Port of
17 Guam shall be offered employment by the Authority in
18 the same category, status and rate of pay held with
19 the Commercial Port of Guam if not excess to the needs
20 of the Authority.

21 Section 4. Effective Date. This bill shall be effective
22 upon its enactment into law. However, the Commercial Port shall
23 continue to operate until 3:00 A.M. on the fifteenth day after
24 the Manager's appointment. During this interim period the
25 existing Commercial Port Manager shall give the new Board and
26 Manager every assistance in preparing for the transfer of
27 assets, powers, and responsibilities to the Port Authority of
28 Guam.