



Office of the Governor of Guam

P.O. Box 2950 Hagåtña, Guam 96932
TEL: (671) 472-8931 • FAX: (671) 477-4826 • EMAIL: governor@mail.gov.gu

Felix Perez Camacho
Governor

Kaleo Scott Moylan
Lieutenant Governor

Office of the Speaker
Vicente C. Pangelinan

DEC 31 2004

TIME: 4:37 PM JAN 1 PM
RECEIVED: [Signature]

31 DEC 2004

The Honorable Vicente C. Pangelinan
Speaker
Mina' Bente Siete Na Liheslaturan Guåhan
155 Hessler Street
Hagåtña, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 395 (LS), "AN ACT TO APPROPRIATE NINE HUNDRED THOUSAND DOLLARS FROM THE GENERAL FUND TO THE PACIFIC ISLANDS DEVELOPMENT BANK FOR EXTENSIONS OF LOANS FOR GUAM BASED SMALL BUSINESSES," now designated as Public Law 27-145.

Sinseru yan Magåhet,

[Signature of Felix P. Camacho]

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

Attachment: copy attached of signed bill

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

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN  
2004 (SECOND) Regular Session

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

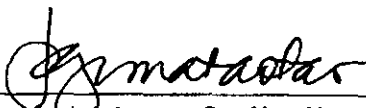
This is to certify that Bill No. 395 (LS), "AN ACT TO APPROPRIATE NINE HUNDRED THOUSAND DOLLARS FROM THE GENERAL FUND TO THE PACIFIC ISLANDS DEVELOPMENT BANK FOR EXTENSIONS OF LOANS FOR GUAM BASED SMALL BUSINESSES," was on the 20<sup>th</sup> day of December, 2004, duly and regularly passed.

Attested:

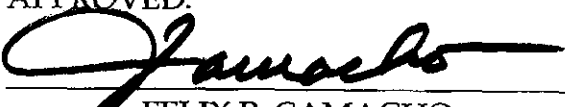
  
Tina Rose Muña Barnes  
Senator and Legislative Secretary

  
vicente (ben) c. pangelinan  
Speaker

-----  
This Act was received by *I Maga'lahaen Guåhan* this 20 day of December, 2004,  
at 5:50 o'clock P.M.

  
Assistant Staff Officer  
*Maga'lahaen's Office*

APPROVED:

  
FELIX P. CAMACHO  
*I Maga'lahaen Guåhan*

Date: December 30, 2004

Public Law No. 27-145

I MINA'BENTE SIETE NA LIHESLATURAN GUÅHAN  
2004 (SECOND) Regular Session

Bill No. 395 (LS)  
As amended.

Introduced by:

v. c. pangelinan  
F. B. Aguon, Jr.  
J. M.S. Brown  
F. R. Cunliffe  
Carmen Fernandez  
Mark Forbes  
L. F. Kasperbauer  
R. Klitzkie  
L. A. Leon Guerrero  
J. A. Lujan  
T. R. Muña Barnes  
J. M. Quinata  
R. J. Respicio  
Toni Sanford  
Ray Tenorio

AN ACT TO APPROPRIATE NINE HUNDRED  
THOUSAND DOLLARS FROM THE GENERAL FUND TO  
THE PACIFIC ISLANDS DEVELOPMENT BANK FOR  
EXTENSIONS OF LOANS FOR GUAM BASED SMALL  
BUSINESSES.

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan*  
3 finds that in 1989, the Pacific Islands Development Bank (hereinafter "PIDB")  
4 was established by the Articles of Agreement (hereinafter "Agreement"), at  
5 the initiation of the Association of Pacific Island Legislatures, in which Guam  
6 is a member of. In 1994, Public Law 22-148 authorized *I Maga'lahi* to sign

1 PIDB's Agreement, demonstrating Guam's acceptance of membership to the  
2 bank.

3 Under the Agreement, the required number of shares of capital stock to  
4 be subscribed by each PIDB member was one thousand (1,000) shares at a cost  
5 of One Million Dollars USD (\$1,000,000.00 USD). Public Law 22-148  
6 appropriated One Hundred Thousand Dollars USD (\$100,000.00 USD) for the  
7 payment of the initial subscription to the capital stock of PIDB; however, after  
8 almost ten (10) years of membership, there were no subsequent  
9 appropriations made to complete the contribution.

10 The success of PIDB greatly relies on its members having the ability to  
11 fulfill its obligation to the bank. The cost of Guam's contribution through the  
12 purchase of capital stocks and the benefits that PIDB has to offer Guam, as the  
13 bank's fundamental mission *is to contribute to the acceleration of the process of*  
14 *economic and social development of the member States and nations, individually and*  
15 *collectively, and to promote economic cooperation among them*, is essential to the  
16 development and advancement of the region. To accomplish its objective,  
17 PIDB promotes the investment of public and private capital for development  
18 purposes, and finances projects and programs contributing to the  
19 development of the bank's members, among others. The fulfillment of  
20 members' commitment to fully subscribe its stock purchase commitment will  
21 allow the bank to access international funding from the developed economies  
22 of the region and leverage the member contribution many times over in  
23 additional capital for regional economic expansion.

24 Therefore, it is the intent of *I Liheslatura* to ensure that PIDB is not  
25 plagued with its chronic problems of inadequate funding, by providing the

1 bank with Guam's long overdue payment for its purchase of the required  
2 shares of capital stocks in PIDB. This Act shall be known as the "Small  
3 Business Financing Assistance Act".

4 **Section 2. Small Business Financing Assistance. (a) Appropriation.**

5 There is hereby appropriated the sum of Nine Hundred Thousand Dollars  
6 USD (\$900,000.00 USD) from the General Fund to the Pacific Islands  
7 Development Bank for the purpose of providing the remaining payment for  
8 the purchase of one thousand (1,000) shares of capital stock in the Pacific  
9 Islands Development Bank, as authorized in Public Law 22-148.

10 **(b) Limitation.** The Pacific Islands Development Bank shall use the  
11 appropriation authorized in Section 2(a) of this Act for the purposes  
12 enumerated in Subsection (h) of Section 1 of Public Law 22-148; *provided* that  
13 such activities shall directly contribute to the development of Guam.

14 **Section 3. Severability.** *If* any provision of this Act or its application  
15 to any person or circumstances is found to be invalid or contrary to law, such  
16 invalidity shall *not* affect other provisions or applications of this Act which  
17 can be given effect without the invalid provisions or applications, and to this  
18 end the provisions of this Act are severable.



**FRANK B. AGUON, JR.**

*Vice Speaker*

December 15, 2004

**MEMORANDUM**

The Honorable ben c. pangelinan  
Speaker, *I Mina' Bente Siete Na Liheslaturan Guåhan*  
155 Hesler Street  
Hagåtña, Guam 96910

Via: Honorable Senator Lou Leon Guerrero, Committee on Rules & Health

Dear Speaker pangelinan:

The Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform, to which was referred, Bill No. 395 (LS) - An act to appropriate the sum of Nine Hundred Thousand Dollars (\$900,000.00) from the General Fund to the Pacific Islands Development Bank for the extensions of loans for Guam-based small businesses, has had the same under consideration, and now wishes to report back the same with the recommendation **TO DO PASS**.

The voting record is as follows:

TO PASS	<u>6</u>
NOT TO PASS	<u>0</u>
TO ABSTAIN DUE TO POTENTIAL CONFLICT	<u>0</u>
TO PLACE IN INACTIVE FILE	<u>0</u>

Copies of the Committee Report and other pertinent documents are attached. Thank you for your attention to this matter. **Dangkolo' Na Si Yu'os Ma'ase.**

Respectfully,

**FRANK BLAS AGUON, JR.**

Vice Speaker/Senator  
*I Mina' Bente Siete Na Liheslaturan Guåhan*



*Respetu Para Todu (Respect for All)*

I Mina Bente-Siete Na Liheslaturan Guåhan \* Twenty-Seventh Guam Legislature  
Suite 101-A \* Ada's Commercial and Professional Center \* 118 East Marine Drive \* Hagåtña, Guam 96910  
Phone (671) 479-4GUM (4486/4828) \* Fax (671) 479-4827





## FRANK B. AGUON, JR.

*Vice Speaker*

December 15, 2004

### MEMORANDUM

TO: Members, Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform

FROM: Vice Speaker Frank B. Aguon, Jr.  
Chairman, Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform

SUBJECT: Committee Report – Bill No. 395 (LS): An act to appropriate the sum of Nine Hundred Thousand Dollars (\$900,000.00) from the General Fund to the Pacific Islands Development Bank for the extensions of loans for Guam-based small businesses.

Transmitted herewith for your information and action is the report on Bill No. 395 (LS) from the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform.

This memorandum is accompanied by the following:

1. Committee Voting Sheet
2. Committee Report
3. Bill 395 (LS)
4. Public Hearing Sign-in Sheet
5. Notice of Public Hearing

Please take the appropriate action on the attached voting sheet. Your attention and cooperation in this matter is greatly appreciated.

Should you have any questions regarding the report or accompanying documents, please do not hesitate to contact me. **Dangkolo' Na Si Yu'os Ma'ase.**

Respectfully,

**FRANK BLAS AGUON, JR.**

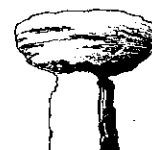
Vice Speaker/Senator

*I Mina Bente-Siete Na Liheslaturan Guåhan*



*Respetu Para Todu (Respect for All)*

I Mina Bente-Siete Na Liheslaturan Guåhan \* Twenty-Seventh Guam Legislature  
Suite 101-A \* Ada's Commercial and Professional Center \* 118 East Marine Drive \* Hagåtña, Guam 96910  
Phone (671) 479-4GUM (4486/4828) \* Fax (671) 479-4827





# FRANK B. AGUON, JR.

*Vice Speaker*

## Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform VOTING SHEET

**Bill No. 395 (LS)** An act to appropriate the sum of Nine Hundred Thousand Dollars (\$900,000.00) from the General Fund to the Pacific Islands Development Bank for the extensions of loans for Guam-based small businesses.

Committee Members	To Pass	Not to Pass	To Abstain due to potential Conflict	To place in Inactive File
 FRANK B. AGUON, JR. Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 ANTOINETTE D. SANFORD Vice Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 LON LEON GUERRERO Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 TINA R. MUÑA-BARNES Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 JOHN M. QUINATA Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 RORY J. RESPICIO Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 CARMEN FERNANDEZ Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 MARK FORBES Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 LAWRENCE F. KASPERBAUER Member	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*Respetu Para Todu (Respect for All)*

I Mina Bente-Siete Na Liheglaturan Guahan \* Twenty-Seventh Guam Legislature  
Suite 101-A \* Ada's Commercial and Professional Center \* 118 East Marine Drive \* Hagatña, Guam 96910  
Phone (671) 479-4GUM (4486/4828) \* Fax (671) 479-4827







**FRANK B. AGUON, JR.**

*Vice Speaker*

---

***I MINA' BENTE SIETE NA LIHESLATURAN GUÅHAN***

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

**VICE SPEAKER FRANK B. AGUON, JR.  
CHAIRMAN**

Committee Report  
On  
Bill No. 395 (LS)

**"AN ACT TO APPROPRIATE THE SUM OF NINE HUNDRED THOUSAND DOLLARS (\$900,000.00) FROM THE GENERAL FUND TO THE PACIFIC ISLANDS DEVELOPMENT BANK FOR THE EXTENSIONS OF LOANS FOR GUAM-BASED SMALL BUSINESSES."**

---

*Respetu Para Todu (Respect for All)*

I Mina Bente-Siete Na Liheslaturan Guåhan \* Twenty-Seventh Guam Legislature  
Suite 101-A \* Ada's Commercial and Professional Center \* 118 East Marine Drive \* Hagåtña, Guam 96910  
Phone (671) 479-4GUM (4486/4828) \* Fax (671) 479-4827



## **I. Overview**

The Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform held a public hearing on Bill No. 395 (LS) at 8:00 a.m. on Monday, December 13, 2004 in the Public Hearing Room, *I Liheslaturan Guåhan*. Public notice for this hearing was made on: Friday, December 3, 2004 and Thursday, December 9, 2004 in the Pacific Daily News in the form of a paid advertisement. A press article also appeared in the Marianas Variety on December 10.

### **Senators present at the public hearing were:**

Vice Chair Antoinette D. Sanford (presiding), member senators Tina R. Muña-Barnes and Carmen Fernandez, and non-members Speaker pangelinan and senators Robert Klitzkie and Joanne M. Brown.

## **II. Summary of testimony**

Mr. Joseph Bradley, member of the PIDB Board of Directors, appeared in support of Bill 395. He is the member of the PIDB Board, who has seen the institution transformed from poor to generating net revenues. Guam has not made a contribution to PIDB equity for ten years, so no additional funds have been loaned within Guam. Mr. Bradley stressed that regional development generates growth in the market for Guam-based businesses. Other sources (such as the World Bank) are willing to lend to PIDB, however, the Japan Bank for International Cooperation) will do so after all PIDB members pay in pledged base equity funds. Because the PIDB is headquartered on Guam, over \$2.5 million of PIDB operating funds have been expended on Guam to date. Guam's reluctance in remitting its equity share has led to attempts in the APIL to move the PIDB to another member jurisdiction.

Mr. Aren Palik, President and Chairman of the PIDB Board, appeared in support of Bill 395. He distributed copies of a formal presentation detailing the PIDB's recent fund profile (attached) and verbally explained each point made. For example, investments declined when the bank adopted a strategic plan to increase lending. The PIDB is concentrating on direct lending services, guarantees and scholarship program. Also to be addressed are the formal structure (articles and by-laws), the cost impact of large number of directors, and controlling operational costs.

In response to questioning, the witnesses admitted that more could be done to improve the public perception of PIDB, but promotion is limited with so few loans made to Guam businesses. More loans will be made when Guam pays in as intended by Bill 395.

Most Guam involvement is with the Small Business Development Center at UOG and their scholarship program. One high-profile loan recipient is Real Woman magazine; delinquencies totaled \$3,000 including interest. While this is small, the amount is significant in proportion to the small equity contribution of Guam.

In response to concerns about historical delinquent loans outside of Guam, the witnesses assured the Committee that these loans were made under previous management. The PIDB is more prudent now, requiring security in excess of loan amount, and assessing applicants using the "five 'C's of credit", especially Character.

Discussion continued on the added value of Guam's contribution, as regional development lenders would make low-interest loans to PIDB. The PIDB does not have a single definition of "small" business; \$5,000 to \$500,000 could be small to medium considering the member jurisdiction.

Senators in attendance thanked the witnesses for a thorough presentation.

### **III. Findings and recommendation**

The Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform finds that Bill No. 395 (LS) would complete funding for the government of Guam's paid-in equity share to the Pacific Islands Development Bank, as pledged over ten years ago. PIDB funding was most recently approved with passage of the fiscal year 2005 budget bill, Bill 268 (COR) as Substituted by the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform and Amended by the Committee of the Whole, in Chapter IV, Section 31. That bill was vetoed in its entirety. Bill 395 seeks once again to appropriate these funds.

Accordingly, the Committee on Appropriations and Budgeting, General Governmental Operations, Reorganization and Reform, to which Bill No. 395 (LS) was referred does hereby recommend to *I Mina' Bente Siete Na Liheslaturan Guåhan* **TO DO PASS** Bill No. 395 (LS): "An act to appropriate the sum of Nine Hundred Thousand Dollars (\$900,000.00) from the General Fund to the Pacific Islands Development Bank for the extensions of loans for Guam-based small businesses".