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9 **IN THE OFFICE OF PUBLIC ACCOUNTABILITY**
10 **PROCUREMENT APPEALS**

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12 IN RE THE APPEAL OF DFS GUAM L.P.,

APPEAL NO.: OPA-PA-13-006

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14 Appellant.
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DECLARATION OF
CARLOS BORDALLO

1 I, Carlos Bordallo, declare:

2 1. I am the Comptroller of the A.B. Won Pat International Airport Authority, Guam
3 (“GIAA” or the “Airport”). I have personal knowledge of the facts set forth below and, if called as
4 a witness, I could and would testify competently thereto.

5 **The Airport’s 2013 Bond Offering**

6 2. In September 2013, GIAA successfully sold two sets of general revenue bonds.
7 The first set of general revenue bonds is referred to as the “2013 Refunding Bonds”. These bonds
8 were issued for the purposes of: (i) refunding all or a portion of GIAA’s outstanding bonds issued
9 in 2003; and (ii) paying expenses incurred in connection with the issuance of the 2013 Refunding
10 Bonds.

11 3. The second set of general revenue bonds is referred to as the “2013 Tax-Exempt
12 Bonds”. These bonds were issued for the purposes of: (i) financing additions, extensions and
13 improvements to the Airport; and (ii) paying expenses incurred in connection with the issuance of
14 the 2013 Tax-Exempt Bonds. (Collectively the 2013 Refunding Bonds and the 2013 Tax-Exempt
15 Bonds are referred to as the “2013 Bonds”).

16 4. The 2013 Bonds are not general obligations of the Government of Guam (the
17 “Government”), but are limited obligations payable solely from and secured by a pledge of
18 specified Airport revenues, consisting primarily of all gross income and revenue received by
19 GIAA from the ownership or operation of the Airport, including such things as rents, fees and
20 charges received by GIAA for the use of the Airport. The ability of GIAA to pay the principal and
21 interest on the 2013 Bonds is dependent upon the receipt by GIAA of sufficient revenues; no other
22 source of repayment exists.

23 **Harm to GIAA if the Concession Agreement Between GIAA and**
24 **Lotte Duty Free Guam LLC (“Lotte”) is Invalidated**

25 5. On May 18, 2013, GIAA and Lotte entered into a Concession Agreement for the
26 specialty retail operations at the Airport (the “Agreement”). On July 20, 2013, Lotte took
27 possession of the premises described in the Agreement and commenced operations of its specialty
28 retail concession operations.

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6. To date, Lotte has paid GIAA a total of \$6,319,107.69 in rent as per the Agreement.

7. Under the Agreement, Lotte pays rent in the minimum monthly amount of \$1,180,074.33.

I declare under penalty of perjury under the laws of Guam that the aforementioned is true and accurate.

Executed this 19th day of December, 2013 at Hagatna, Guam, U.S.A.


CARLOS BORDALLO