

I Mina'Trentai Kuáttro Na Liheslaturan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
139-34 (COR)	Telena C. Nelson William M. Castro Fernando B. Esteves	AN ACT TO APPROVE THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS	7/6/17 3:08 p.m.						

I MINA' TRENTAI KUATTRO NA LIHESLATURAN GUÅHAN
2017 (FIRST) Regular Session

Bill No. 139 -34 (COR)

Introduced by:

Telena Cruz Nelson
William M. Castro
Fernando Barcinas Esteves *F.B.E.*

**AN ACT TO APPROVE THE TERMS AND CONDITIONS OF
GUAM POWER AUTHORITY REVENUE BONDS TO
REFUND OUTSTANDING GUAM POWER AUTHORITY
REVENUE BONDS.**

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

2 **Section 1. Legislative Findings and Intent.**

3 (a) *I Liheslaturan Guåhan* finds that § 8203 of Title 12 of the Guam Code
4 Annotated provides that Guam Power Authority (“GPA”) is authorized to incur
5 indebtedness by the issuance of revenue bonds with the approval of *I Maga’lahi*
6 (the Governor) to raise funds for the purpose of establishing the electric power
7 system of GPA, or of acquiring lands for the system, or of acquiring, constructing,
8 improving, equipping, maintaining, repairing, renewing, replacing, reconstructing
9 or insuring the system, or any part thereof, or for the purpose of refunding any such
10 bonds, or for any combination of such purposes.

11 (b) § 12105 of Title 12 of the Guam Code Annotated provides that the
12 GPA shall not enter into any contractual agreements or obligations (including
13 bonds) which could increase rates and charges prior to the written approval of the
14 Guam Public Utilities Commission (the “GPUC”).

15 (c) § 50103 of Title 12 of the Guam Code Annotated provides that public
16 corporations of the government of Guam, including GPA, shall issue bonds and

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1 other obligations only by means of, and through the agency of the Guam Economic
2 Development Authority (“GEDA”), and that GEDA shall not sell any bond without
3 the approval by *I Liheslaturan Guahan* of the terms and conditions of the bonds.

4 (d) Based on historical low interest rates and current market conditions,
5 GPA expects to be able to refund certain maturities of its outstanding 2010 Series
6 A revenue bonds for debt service savings. In addition, GPA expects that
7 opportunities will arise from time to time to refund all or a portion of its other than
8 outstanding revenue bonds for debt service savings, which is expected to result in
9 potential savings to ratepayers.

10 (e) In order to benefit ratepayers, *I Liheslaturan Guahan* has determined
11 to approve the issuance of revenue bonds by GPA for the purpose described in the
12 above immediately preceding paragraph, all subject to approval by the
13 Consolidated Commission on Utilities (“CCU”), *I Maga’lahen Guahan*, the
14 GPUC, and the Board of Directors of GEDA in accordance with law.

15 **Section 2. Approval of the Terms and Conditions of GPA Refunding**
16 **Bonds.**

17 *I Liheslaturan Guahan*, pursuant to §50103(k) of Title 12 of the Guam Code
18 Annotated, hereby approves the terms and conditions of the issuance of senior
19 revenue bonds in one or more series or issues by GPA for the purpose of refunding
20 all or a portion of its currently outstanding 2010 Series A revenue bonds, in
21 accordance with the following requirements, limitations, terms and conditions:

22 (a) The aggregate principal amount of the refunding bonds shall not
23 exceed the sum of (i) the amount determined in accordance with Section 8229 of
24 Title 12 of the Guam Code Annotated, plus (ii) any additional amount needed to
25 provide for a deposit to the debt service reserve in connection with the issuance of
26 the refunding bonds.

1 (b) All obligation of GPA to pay debt service on, and the redemption
2 price of, the prior bonds shall be discharged concurrently with the issuance of the
3 refunding bonds. Thereafter, the prior bonds shall be payable solely from and
4 secured solely by an escrow established for such purpose in accordance with
5 GPA's existing bond indenture.

6 (c) The final maturity of the refunding bonds shall not exceed the final
7 maturity of the prior bonds. For clarity, the final maturity of the refunding bonds
8 may exceed the maturity of an individual series of prior bonds so long as the final
9 maturity of all such prior bonds is not exceeded.

10 (d) Such bonds shall be issued and sold pursuant to GPA's existing bond
11 indenture and in compliance with the provisions of Chapter 8 of Title 12 of the
12 Guam Code Annotated, including approval by the CCU and by *I Maga'laha*
13 *Guahan* as provided therein.

14 (e) The sale of the bonds shall be approved by the Board of Directors of
15 GEDA as provided by Chapter 50 of Title 12 of the Guam Code Annotated and the
16 terms and conditions of the issuance of the bonds shall be approved by the GPUC
17 as provided by Chapter 12 of Title 12 of the Guam Code Annotated.

18 (f) That the present value of debt service on the refunding bonds shall be
19 at least two percent (2%) less than the present value of debt service on the prior
20 bonds, using the yield on the refunding bonds as the discount rate.

21 (g) Promptly following the approval of the issuance of refunding bonds
22 by GPA under this Section by the CCU, the CCU shall provide *I Liheslaturan*
23 *Guahan* a copy of the resolution providing for such approval.

24 **Section 3. Severability.** If any provision of this Act or its application to
25 any person or circumstances is found to be invalid or contrary to law, such
26 invalidity *shall not* affect other provisions or applications of this Act that can be
27 given effect without the invalid provisions or application, and to this end the

1 provisions of this Act are severable.