

I Mina'trentai Singko Na Liheslaturan Guåhan
BILL STATUS

| BILL NO. | SPONSOR | TITLE | DATE INTRODUCED | DATE REFERRED | CMTE REFERRED | PUBLIC HEARING DATE | DATE COMMITTEE REPORT FILED | FISCAL NOTES | NOTES |
|--------------|---|--|----------------------|---------------|---------------|---------------------|-----------------------------|--------------|-------|
| 396-35 (COR) | Therese M. Terlaje Clynton E. Ridgell Joe S. San Agustin Tina Rose Muña Barnes | AN ACT TO APPROVE THE TERMS AND CONDITIONS TO REFUND ALL OR A PORTION OF THE GOVERNMENT OF GUAM HOTEL OCCUPANCY TAX REVENUE BONDS, SERIES 2011A. | 9/9/20 10:39 a.m. | | | | | | |

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2020 (SECOND) Regular Session

Bill No. 396-35 (COR)

Introduced by:

Therese M. Terlaje 

Clynton E. Ridge 

Joe S. San Agustin 

Tina Rose Muña Barnes 

**AN ACT TO APPROVE THE TERMS AND CONDITIONS
TO REFUND ALL OR A PORTION OF THE
GOVERNMENT OF GUAM HOTEL OCCUPANCY TAX
REVENUE BONDS, SERIES 2011A.**

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Authorization of Hotel Occupancy Tax Revenue Bonds. A new §1515.1 is hereby *added* to Article 5 of Chapter 1 of Title 5, Guam Code Annotated, to read as follows:

“§1515.1.

(a) Authorization of One or More Series of Hotel Occupancy Tax Revenue Bonds. *I Liheslaturan Guåhan*, pursuant to §50103(k) of Title 12 of the Guam Code Annotated, hereby authorizes *I Maga'hågan Guåhan* to issue one or more additional series of tax-exempt and/or taxable Government of Guam Hotel Occupancy Tax Revenue Bonds, as provided in this Section, in an aggregate principal amount *not to exceed* Seventy-Five Million Dollars (\$75,000,000) for the following purposes: (1) to refund all or a portion of the outstanding Government of Guam Hotel Occupancy Tax Revenue Bonds, Series 2011A (the "2011A Bonds"), (2)

1 to fund a deposit to a debt service reserve fund, and (3) to pay expenses
2 relating to the authorization, sale and issuance of the bonds, including
3 without limitation, printing costs, costs of reproducing documents, credit
4 enhancement fees, underwriting, legal, feasibility, financial advisory and
5 accounting fees and charges, fees paid to banks or other financial
6 institutions providing credit enhancement, costs of credit ratings and other
7 costs, charges and fees in connection with the issuance, sale and delivery
8 of the bonds, subject to the following additional conditions:

9 (1) The terms and conditions of the bonds shall be as
10 determined by *I Maga'hāgan Guāhan* by the execution of a
11 certificate or indenture authorizing the issuance of the bonds,
12 prior to the issuance of the bonds and shall be issued under the
13 master indenture pursuant to which the 2011A Bonds were
14 issued (including any amendments thereto); provided, however,
15 that such terms and conditions shall be consistent with this
16 Section, that the bonds shall have a final maturity not later than
17 the final maturity of the 2011A Bonds; and that the present value
18 of debt service on the bonds issued to refund the 2011A Bonds
19 shall be at least two percent (2%) less than the present value of
20 debt service on the bonds being refunded or refinanced, inclusive
21 of all fees for bond counsel and bond underwriters and other
22 costs of issuance.

23 (2) The proceeds from such bonds shall be used and are
24 hereby appropriated (i) to refund all or a portion of the 2011A
25 Bonds, (ii) to fund a deposit to a debt service reserve fund, and
26 (iii) to pay expenses relating to the authorization, sale and
27 issuance of the bonds including, without limitation, printing

1 costs, costs of reproducing documents, credit enhancement fees,
2 underwriting, legal, feasibility, financial advisory and
3 accounting fees and charges, fees paid to banks or other financial
4 institutions providing credit enhancement, costs of credit ratings
5 and other costs, charges and fees in connection with the issuance,
6 sale and delivery of the bonds.

7 (3) No bonds authorized by this Section shall be sold
8 until the Board of Directors of Guam Economic Development
9 Authority has approved the sale by resolution, as provided by
10 Chapter 50 of Title 12, Guam Code Annotated.

11 (4) The issuance of bonds pursuant to this Section shall
12 not be subject to the approval of the voters of Guam.

13 (b) All bonds issued pursuant to §1515 and §1515.1 to Article 5 of
14 Chapter 1 of Title 5, Guam Code Annotated, as may be amended from time to
15 time, as well as any bonds (“Hotel Occupancy Tax Bonds”) issued pursuant
16 to that certain indenture, dated as of April 1, 2011, by and among the
17 government of Guam, Bank of Guam, as trustee, and U.S. Bank National
18 Association, as co-trustee, as amended or supplemented from time to time in
19 accordance with its terms (the “Hotel Occupancy Tax Bond Indenture”) shall
20 be secured by a statutory lien on all revenues derived by the government of
21 Guam from taxes imposed by Section 30101 of Chapter 30 of Title 11 of the
22 Guam Code Annotated, as may be amended from time to time (“Hotel
23 Occupancy Tax Revenues”). This lien shall arise automatically without the
24 need for any action or authorization by *I Maga’hågan Guåhan*, the
25 government of Guam, or any other person or entity. Such lien shall be valid
26 and binding from the time such Hotel Occupancy Tax Bonds are issued. The
27 Hotel Occupancy Tax Revenues shall immediately be subject to such lien, and

1 the lien shall automatically attach to the Hotel Occupancy Tax Revenues and
2 be effective, binding, and enforceable against *I Maga'hågan Guåhan*, the
3 government of Guam, their successors, assignees, and creditors, and all others
4 asserting rights therein, irrespective of whether those parties have notice of
5 the lien and without the need for any physical delivery, recordation, filing, or
6 further act. Hotel Occupancy Tax Revenues that are not required to make
7 payments on the Hotel Occupancy Tax Bonds shall automatically, and without
8 the need for any further action, be released from such lien and shall be
9 available for appropriation for any other lawful purpose of the government.
10 The statutory lien described in this paragraph shall not be subject to Division
11 9 of Title 13 of the Guam Code Annotated or any successor statute. The Hotel
12 Occupancy Tax Revenues received by the government of Guam or by any
13 trustee, depository or custodian shall be deposited in accordance with the
14 provisions of the applicable indenture.

15 In addition to the statutory lien provided for above, all or any part of
16 the Hotel Occupancy Tax Revenues may be pledged, if and to the extent
17 determined by *I Maga'hågan Guåhan*, to secure the payment of any Hotel
18 Occupancy Tax Bonds. Any such pledge shall be valid and binding against all
19 parties in accordance with its terms and have priority against all parties in
20 accordance with its terms from the time the pledge is made, and property so
21 pledged shall immediately be subject to the lien of the pledge without the need
22 for physical delivery, recordation, filing, or other further act. The pledge shall
23 not be subject to Division 9 of Title 13 of the Guam Code Annotated or any
24 successor statute. The indenture by which such pledge is created need not be
25 recorded. All Hotel Occupancy Tax Revenue so pledged is hereby
26 appropriated for the purpose for which it has been pledged. Indebtedness
27 issued by the government pursuant to this Article and that is payable from

1 Hotel Occupancy Tax Revenue may not be issued in an amount that would
2 cause a violation of the debt limitation provisions of Section 11 of the Organic
3 Act.”

4 **Section 2. Local Sale of Bonds.** *I Maga'hågan Guåhan* shall undertake her
5 best efforts to cause a portion of any bonds issued pursuant to §1515.1 to Article 5,
6 Chapter 1, Title 5, Guam Code Annotated, to be offered for sale in Guam, as well as
7 in other jurisdictions, if and to the extent that such offer and any sales resulting from
8 such offer do not increase the cost to the government of Guam of issuing and
9 repaying such bonds.

10 **Section 3. Additional Funding Appropriated to the Guam Visitors**
11 **Bureau (GVB) for the Fiscal Year ending September 30, 2021.** In addition to
12 other funding appropriated to the GVB for the Fiscal Year ending September 30,
13 2021, *I Liheslaturan Guåhan* hereby appropriates to the GVB for the Fiscal Year
14 ending September 30, 2021 the sum that corresponds to the dollar amount of debt
15 service savings that the Government’s Tourist Attraction Fund realizes in the Fiscal
16 Year ending September 30, 2021 that results from the refunding of the 2011A Bonds.