



FILE COPY

***I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN***  
THIRTY THIRD GUAM LEGISLATURE  
155 Hesler Place, Hagåtña, Guam 96910

July 20, 2016

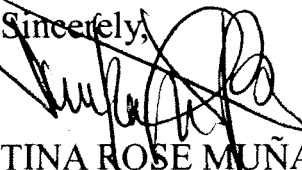
The Honorable Edward J.B. Calvo  
*I Maga'låhen Guåhan*  
*Ufisinan I Maga'låhi*  
*Hagåtña, Guam*

Dear *Maga'låhi* Calvo:

Transmitted herewith are Substitute Bill No. 340-33 (COR), and Bill No. 345-33 (COR), which were passed by *I Mina'Trentai Tres Na Liheslaturan Guåhan* on July 20, 2016.

Received: 20 July 2016  
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11:57 pm #679

Sincerely,

  
TINA ROSE MUÑA BARNES  
Legislative Secretary

Enclosure (2)

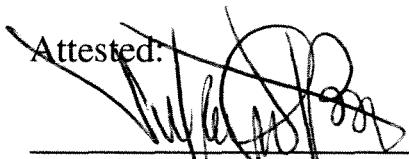
**I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN  
2016 (SECOND) Regular Session**

**CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'LÅHEN GUÅHAN**

This is to certify that Substitute Bill No. 340-33 (COR), "AN ACT TO ADD A NEW § 80125 TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS TO REFINANCE ALL OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS, SERIES 2009A, TO REFINANCE THE OUTSTANDING LOAN OF THE BANK OF GUAM TO THE GUAM MEMORIAL HOSPITAL AUTHORITY, AND TO REFINANCE ALL OF THE GOVERNMENT'S OBLIGATIONS WITH RESPECT TO THE SERIES 2013B GUAM EDUCATION FINANCING FOUNDATION II, INC. CERTIFICATES OF PARTICIPATION (OKKODO HIGH SCHOOL EXPANSION PROJECT), AND TO PAY OFF THE OUTSTANDING GUAM MEMORIAL HOSPITAL AUTHORITY VENDOR PAYABLES THAT SHALL NOT EXCEED FORTY-FIVE MILLION DOLLARS (\$45,000,000)", was on the 20<sup>th</sup> day of July 2016, duly and regularly passed.



**Judith T. Won Pat, Ed.D.  
Speaker**

Attested: 

**Tina Rose Muña Barnes  
Legislative Secretary**

This Act was received by *I Maga'låhen Guåhan* this 20<sup>th</sup> day of July,  
2016, at 11:51 o'clock P.M.



**Assistant Staff Officer  
Maga'låhi's Office**

APPROVED:

**EDWARD J.B. CALVO  
*I Maga'låhen Guåhan***

Date: \_\_\_\_\_

Public Law No. \_\_\_\_\_

***I MINA'TRENTAI TRES NA LIHESLATURAN GUAHAN***  
**2016 (SECOND) Regular Session**

**Bill No. 340-33 (COR)**

As substituted by the Committee on Health,  
Economic Development, Homeland Security,  
and Senior Citizens; and amended in the Committee of the Whole.

Introduced by:

Dennis G. Rodriguez, Jr.

V. Anthony Ada

R. J. Respicio

T. C. Ada

FRANK B. AGUON, JR.

Frank F. Blas, Jr.

B. J.F. Cruz

James V. Espaldon

Brant T. McCreadie

Tommy Morrison

T. R. Muña Barnes

Mary Camacho Torres

N. B. Underwood, Ph.D.

Judith T. Won Pat, Ed.D.

**AN ACT TO ADD A NEW § 80125 TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS TO REFINANCE ALL OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS, SERIES 2009A, TO REFINANCE THE OUTSTANDING LOAN OF THE BANK OF GUAM TO THE GUAM MEMORIAL HOSPITAL AUTHORITY, AND TO REFINANCE ALL OF THE GOVERNMENT'S OBLIGATIONS WITH RESPECT TO THE SERIES 2013B GUAM EDUCATION FINANCING FOUNDATION II, INC. CERTIFICATES OF PARTICIPATION (*OKKODO* HIGH SCHOOL EXPANSION PROJECT), AND TO PAY OFF THE**

**OUTSTANDING GUAM MEMORIAL HOSPITAL  
AUTHORITY VENDOR PAYABLES THAT *SHALL NOT*  
EXCEED FORTY-FIVE MILLION DOLLARS  
(\$45,000,000).**

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

**Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds that under current market conditions, all of the outstanding Government of Guam Limited Obligation (Section 30) Bonds, Series 2009A (the 2009A Bonds) can be refunded with Government of Guam Limited Obligation (Section 30) Bonds, with significant savings for the General Fund.

It is the intent of *I Liheslaturan Guåhan* to authorize a transaction that would assist in facilitating the financial sustainability and flexibility of the government of Guam by taking advantage of present favorable market conditions, as provided in this Act, in a manner so as not to violate bond covenants.

In addition, the Guam Memorial Hospital Authority has to date incurred vendor payables of approximately Thirty Million Dollars (\$30,000,000). As a result, *I Liheslaturan Guåhan* further intends to authorize one or more series of Government of Guam Limited Obligation (Section 30) Bonds, to refund all of the 2009A Bonds, to refinance the Bank of Guam loan to the Guam Memorial Hospital Authority, to refinance all of the Government's obligations with respect to the Series 2013B Guam Education Financing Foundation II, Inc. Certificates of Participation (*Okkodo* High School Expansion Project) (the 2013 Certificates), and to pay off outstanding Guam Memorial Hospital Authority vendor payables in an amount not to exceed the sum of Forty-Five Million Dollars (\$45,000,000).

**Section 2.** A new § 80125 is hereby *added* to Chapter 80, Division 4 of Title 10, Guam Code Annotated, to read as follows:

1           **“§ 80125. Authorization of One or More Series of Limited**  
2           **Obligation (Section 30) Bonds.**

3           (a) *I Liheslaturan Guåhan*, pursuant to § 50103(k) of Article 1,  
4 Chapter 50 of Title 12, Guam Code Annotated, hereby authorizes *I*  
5 *Maga'låhen Guåhan* to issue one or more additional series of tax-exempt  
6 and/or taxable Limited Obligation (Section 30) Bonds of the government of  
7 Guam, as provided in this Section, in an aggregate principal amount *not to*  
8 *exceed* (1) Forty-five Million Dollars (\$45,000,000) for the following: (A)  
9 up to Thirty Million Dollars (\$30,000,000) for the express authorization of  
10 paying off Guam Memorial Hospital Authority account payables; and (B)  
11 Fifteen Million Dollars (\$15,000,000) for Guam Memorial Hospital  
12 Authority Fiscal Year 2017 account payables subject to legislative  
13 authorization and appropriation in the General Appropriations Act of FY  
14 2017; (2) the principal amount necessary in order to provide for one or  
15 more of the following purposes: (A) to finance a reserve fund; (B) to  
16 refund all of the 2009A Bonds with a final maturity that does not  
17 exceed the existing final maturity of the 2009A Bonds; (C) to refinance  
18 the outstanding loan of the Bank of Guam to the Guam Memorial Hospital  
19 Authority currently outstanding in the approximate principal amount of 20.1  
20 Million Dollars, with a final maturity that does not exceed the existing  
21 final maturity of the outstanding loan of the Bank of Guam to the  
22 Guam Memorial Hospital; (D) to refinance all of the Government's  
23 obligations with respect to the Series 2013B Guam Education Financing  
24 Foundation II, Inc. Certificates of Participation (*Okkodo* High School  
25 Expansion Project) (the 2013 Certificates), with a final maturity that  
26 does not exceed the existing final maturity of the 2013B  
27 Certificates; and (E) to pay expenses relating to the authorization, sale and

1 issuance of the bonds, including without limitation, printing costs, costs of  
2 reproducing documents, credit enhancement fees, underwriting, legal,  
3 feasibility, financial advisory and accounting fees and charges, fees paid to  
4 banks or other financial institutions providing credit enhancement, costs of  
5 credit ratings and other costs, charges and fees in connection with the  
6 issuance, sale and delivery of the bonds, *not* to exceed 1.5% of the PAR and  
7 subject to the following additional conditions:

8 (i) The terms and conditions of the bonds *shall* be as  
9 determined by *I Maga'låhen Guåhan* by the execution of a certificate  
10 or indenture authorizing the issuance of the bonds, prior to the  
11 issuance of the bonds and *shall* be issued under the master indenture  
12 pursuant to which the 2009A Bonds were issued (including any  
13 amendments thereto) or under a new master indenture; provided,  
14 however, that such terms and conditions *shall* be consistent with this  
15 Section, that the bonds *shall* mature not later than thirty-one (31)  
16 years after their date of issuance, *shall* bear interest at such rates and  
17 be sold for such price or prices as shall result in a yield to the  
18 bondholders that does not exceed five percent (5%) per annum; and  
19 that the combined present value of debt service on the bonds issued to  
20 refund the 2009A Bonds, the above-referenced Bank of Guam loan  
21 and the 2013B Certificates *shall* be at least two percent (2%) less than  
22 the present value of debt service on the bonds and loan being refunded  
23 or refinanced.

24 (ii) The proceeds from such bonds *shall* be used and are  
25 hereby appropriated (aa) to finance the payment of the Guam  
26 Memorial Hospital Authority outstanding vendor payables; (bb) to  
27 fund a reserve fund; (cc) to refund all of the 2009A Bonds and the

1 2013B Certificates; (dd) to refinance the outstanding loan of the Bank  
2 of Guam to the Guam Memorial Hospital Authority, currently  
3 outstanding in the approximate principal amount of 20.1 Million  
4 Dollars; and (ee) to pay expenses relating to the authorization, sale  
5 and issuance of the bonds including, without limitation, printing costs,  
6 costs of reproducing documents, credit enhancement fees,  
7 underwriting, legal, feasibility, financial advisory and accounting fees  
8 and charges, fees paid to banks or other financial institutions  
9 providing credit enhancement, costs of credit ratings and other costs,  
10 charges and fees in connection with the issuance, sale and delivery of  
11 the bonds.

12 (iii) No bonds authorized by this Section shall be sold until  
13 the Board of Directors of Guam Economic Development Authority  
14 has approved the sale by resolution.

15 (iv) The issuance of bonds pursuant to this Section *shall not*  
16 be subject to the approval of the voters of Guam.

17 All bonds issued pursuant to this Section *shall* be secured by a  
18 statutory lien on all revenues derived by the government of Guam  
19 under Section 30 of the Organic Act (Section 30 revenues). This lien  
20 *shall* arise automatically without the need for any action or  
21 authorization by *I Maga'låhen Guåhan*, the government of Guam, or  
22 any other person or entity. Such lien *shall* be valid and binding from  
23 the time such bonds are issued. The Section 30 revenues *shall*  
24 immediately be subject to such lien, and the lien *shall* automatically  
25 attach to the Section 30 revenues and be effective, binding, and  
26 enforceable against *I Maga'låhen Guåhan*, the government of Guam,  
27 their successors, assignees, and creditors, and all others asserting the

1 rights therein, irrespective of whether those parties have notice of the  
2 lien and without the need for any physical delivery, recordation,  
3 filing, or further Act. Section 30 revenues that are not required to  
4 make payments on the bonds *shall* automatically, and without the  
5 need for any further action, be released from such lien and shall be  
6 available for appropriation for any other lawful purpose of the  
7 government. The statutory lien described in this Subsection *shall not*  
8 be subject to Division 9 of Title 13, Guam Code Annotated, or any  
9 successor statute. The Section 30 revenues received by the  
10 government of Guam or by any trustee, depository or custodian *shall*  
11 be deposited in accordance with the provisions of the applicable  
12 indenture.

13 In addition to the statutory lien provided for above, all or any  
14 part of the Section 30 revenues may be pledged, if and to the extent  
15 determined by *I Maga'låhen Guåhan*, to secure the payment of any  
16 bonds issued pursuant to this Section. Any such pledge *shall* be valid  
17 and binding against all parties in accordance with its terms and have  
18 priority against all parties in accordance with its terms from the time  
19 the pledge is made, and property so pledged *shall* immediately be  
20 subject to the lien of the pledge without the need for physical delivery,  
21 recordation, filing, or other further Act. The pledge *shall not* be  
22 subject to Division 9 of Title 13, Guam Code Annotated, or any  
23 successor statute. The indenture by which such pledge is created need  
24 not be recorded. All Section 30 revenue so pledged is hereby  
25 appropriated for the purpose for which it has been pledged.  
26 Indebtedness issued by the government pursuant to this Section and  
27 that is payable from Section 30 revenue may not be issued in an



1 amount that would cause a violation of the debt limitation provisions  
2 of Section 11 of the Organic Act.”

3 **Section 3.** All elements contained in Section 2 of this Act *shall* be  
4 included in the indenture pursuant to this Act. Additionally, the trustee *shall* not  
5 release the Fifteen Million Dollars (\$15,000,000) until such authorization and  
6 appropriation in the General Appropriation Act of FY 2017 is duly passed by *I*  
7 *Liheslaturan Guåhan*.

8 **Section 4.** Any fee(s) to be paid to the Guam Economic Development  
9 Authority for their assistance in refinancing the Series 2009 A Limited Obligation  
10 (Section 30) Bonds, the Series 2013B Guam Education Financing Foundation II,  
11 Inc. Certificates of Participation (*Okkodo* High School Expansion Project), and the  
12 Guam Memorial Hospital Authority Bank of Guam Loan shall be from the source  
13 of debt service for these bonds, certificates and loan.

14 **Section 5. Severability.** If any provision of this Act or its application to  
15 any person or circumstance is held invalid, the invalidity does not affect other  
16 provisions or applications of the Act that can be given effect without the invalid  
17 provision or application, and to this end the provisions of this Act are severable.