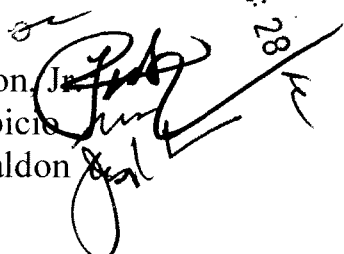


I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2009 (FIRST) Regular Session

Bill No. 30 - 30-183(COR)

Introduced by:

T.C. Ada
F.B. Aguon, Jr.
R.J. Respicio
J.V. Espaldon

2009 JUL 20 PM 3:28


AN ACT TO *AMEND* SECTION 14235 OF ARTICLE 2 OF CHAPTER 14 OF TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE GUAM WATERWORKS AUTHORITY TO INCUR SHORT TERM INDEBTEDNESS SUBORDINATE TO ITS BONDS; TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE OF SUCH INDEBTEDNESS TO FUND CERTAIN OPERATING ACCOUNTS AS REQUIRED BY ITS BOND INDENTURE, TO PAY PAST DUE EXPENSES AND TO PROVIDE INTERIM FINANCING FOR COSTS OF THE MORATORIUM PROJECT; AND TO *AMEND* SECTION 4 OF PUBLIC LAW 28-71 RELATIVE TO INCREASING THE MAXIMUM AUTHORIZED INTEREST RATE ON CERTAIN REVENUE BONDS TO BE ISSUED BY GUAM WATERWORKS AUTHORITY

1 **Section 1. Legislative Intent.** *I Liheslaturan Guåhan* finds that pursuant to
2 Public Law 29-130, Guam Waterworks Authority (the “Authority”) has utilized an
3 expedited procurement process to commence the implementation of the
4 “moratorium project” to alleviate the conditions that result in sewage overflows
5 that pose a threat to human health and to ensure compliance with the Clean Water
6 Act.

1 *I Liheslaturan Guåhan* further finds that to implement the long term
2 financing of the moratorium project, the Authority needs to obtain short term
3 financing for the purpose of adequately funding its operating reserves and
4 providing interim financing for the initial costs of the moratorium project, subject
5 to regulatory oversight from the Guam Economic Development Authority and the
6 Guam Public Utilities Commission.

7 **Section 2. Amendment of Section 14235 of Chapter 14 of Title 12 of**
8 **the Guam Code Annotated.** Section 14235 of Article 2, Chapter 14, Title 12,
9 Guam Code Annotated is hereby *amended* to read:

10 **“§ 14235. Short Term Borrowing.**

11 Pursuant to the agency of GEDA, the Board may at any time or from
12 time to time, by resolution adopted by a majority of the members of the
13 Board, authorize the Authority to incur indebtedness, with the approval of I
14 Maga’lahi (the Governor), for any lawful purpose for any period not
15 exceeding five (5) years evidenced by contract with any person. Any such
16 indebtedness shall be incurred subject and subordinate to any contractual
17 obligation of the Authority to the holders of any bonds and the principal
18 thereof and interest thereon may be repaid:

19 (a) from revenues; or

20 (b) if incurred for a purpose for which bonds may be issued,
21 from revenues or from the proceeds of sale of bonds.

22 The total cumulative amount borrowed pursuant to this Section shall not
23 exceed ~~Five Million Dollars (\$5,000,000)~~Thirty Million Dollars
24 (\$30,000,000.00).”

25 **Section 3. Approval of Guam Wastewater Authority Short Term**
26 **Indebtedness.** *I Liheslaturan Guåhan*, pursuant to Section 50103 of Chapter 50,
27 Title 12, Guam Code Annotated, hereby approves the terms and conditions of short

1 term debt to be issued by the Guam Wastewater Authority (“GWA”) pursuant to
2 Section 14235, Article 2, Chapter 14, Title 12, Guam Code Annotated, in one (1)
3 or more series or issues (together with any related reimbursement obligations);
4 provided that the issuance, terms and conditions of the debt, the indenture or loan
5 agreement pursuant to which the bonds are to be issued, and any reimbursement
6 agreement shall have been approved by the Guam Public Utilities Commission,
7 and further provided that such debt may be issued in the principal amount
8 necessary to fund GWA’s required operating account and operating reserve
9 account balances, to pay past due operating expenses incurred by GWA, to provide
10 interim financing for a portion of the costs of the moratorium project as defined in
11 Section 14241(g), Article 2, Chapter 14, Title 12, Guam Code Annotated, and to
12 pay expenses incurred in connection with the issuance of such debt not already
13 included in an existing appropriation for or in the regular budget of any
14 government agency or instrumentality or public corporation providing any service
15 in connection with the issuance of such bonds, but not to exceed an aggregate
16 principal amount of Thirty Million Dollars (\$30,000,000). Such debt shall have a
17 final maturity not later than five years after its date of issuance, shall bear interest
18 at such rate or rates and be sold for such price or prices as may be approved by the
19 Guam Public Utilities Commission, and shall have such other terms and conditions
20 as are consistent with the requirements and limitations provided in said Section
21 14235.

22 **Section 4. Amendment of Section 4 of Public Law 28-71.** Section 4 of
23 Public Law 28-71 is hereby *amended* to read:

24 **“Section 4. Approval of Guam Waterworks Authority Revenue**
25 **Bonds.** ~~The Guam Legislature, I Liheslaturan Guåhan,~~ pursuant to Section
26 50103 of Chapter 50, Title 12 of the Guam Code Annotated, hereby
27 approves the issuance and sale by the Guam Waterworks Authority of

1 revenue bonds pursuant to Article 2, Chapter 14, Title 12, Guam Code
2 Annotated (the "Act") in one or more series or issues; provided that the
3 issuance, terms and conditions of the bonds shall have been approved by the
4 Guam Public Utilities Commission, and further provided that such bonds
5 shall have a principal amount not to exceed Two Hundred Twenty Million
6 Dollars (\$220,000,000), shall have a final maturity not later than 2055, shall
7 bear interest at such rate or rates and shall be sold for such price or prices as
8 shall result in a yield to the bondholders not exceeding ~~Six and One half~~
9 ~~percent (6.5%)~~ Nine percent (9%) per annum (treating payments and receipts
10 under any interest rate hedging contracts as if they were payments to and
11 receipts from the bondholders), shall be issued and sold in the manner, for
12 the purposes and subject to the requirements and limitations provided in
13 Article 2, Chapter 14, Title 12, Guam Code Annotated, and shall be issued
14 pursuant to an Indenture in substantially the form as attached to this Act as
15 Exhibit A.”