

I MINA'TRENTA NA LIHESLATURAN GUÅHAN
2010 (SECOND) Regular Session

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Bill No. 365-30(COR)

Introduced by:

T.C. Ada 

**AN ACT TO AMEND SECTION 4 OF PUBLIC LAW
28-71 RELATIVE TO APPROVING THE TERMS
AND CONDITIONS OF THE ISSUANCE OF GUAM
WATERWORKS AUTHORITY REVENUE BONDS**

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

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3 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
4 that in order for Guam Waterworks Authority (“GWA”) to finance the
5 projects necessary to continue to make progress in implementing the projects
6 described in the Stipulated Order with the United States Environmental
7 Protection Agency which outlines the corrective actions that GWA shall
8 undertake, it may be advantageous for GWA to issue “Build America
9 Bonds” under which GWA would pay taxable interest and receive interest
10 subsidy payments from the federal government rather than paying tax-
11 exempt interest. In addition, whether or not the GWA bonds are Build
12 America Bonds, the net interest rates available to GWA in the financial
13 markets may exceed the interest rate limit established in GWA’s 2005 bond
14 approval.

15 **Section 2.** Section 4 of Public Law 28-71 is hereby amended to read as
16 follows:

17 “Section 4. Approval of Guam Waterworks Authority Revenue Bonds. The
18 Legislature, *I Liheslaturan Guåhan*, pursuant to Section 50103 of Title 12 of

1 the Guam Code Annotated, hereby approves the issuance and sale by the
2 Authority of revenue bonds pursuant to Article 2, Chapter 14, Title 12,
3 Guam Code Annotated (the “Act”) in one or more series or issues; provided
4 that the issuance, terms and conditions of the bonds shall have been
5 approved by the Guam Public Utilities Commission, and further provided
6 that such bonds shall have a principal amount not to exceed Two Hundred
7 Twenty Million Dollars (\$220,000,000), shall have a final maturity not later
8 than 2055, shall bear interest at such rate or rates and shall be sold for such
9 price or prices as shall result in a net yield to the bondholders not exceeding
10 ~~Six and One half percent (6.5%)~~ seven and one-half percent (7.5%) per
11 annum, ~~(treating payments and receipts under any interest rate hedging~~
12 ~~contracts as if they were payments to and receipts from the bondholders)~~
13 shall be issued and sold in the manner, for the purposes and subject to the
14 requirements and limitations provided in Article 2, Chapter 14, Title 12,
15 Guam Code Annotated, and shall be issued pursuant to an Indenture in
16 substantially the form as attached to this Act as Exhibit A. Net yield to
17 the bondholders shall be calculated by subtracting any interest subsidy
18 amounts to be received from the United States in connection with such
19 bonds from the amount of interest to be paid to bondholders.”

20 **Section 3. Severability.** If any provision of this law or its application to
21 any person or circumstance is found to be invalid or contrary to law, such
22 invalidity shall not affect other provisions or applications of this law which
23 can be given effect without the invalid provisions or application, and to this
24 end the provisions of this law are severable.