


*I Mina'trentai Sais 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
212-36 (COR)	Joe S. San Agustin	AN ACT TO APPROVE THE TERMS AND CONDITIONS OF GUAM POWER AUTHORITY REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.	10/12/21 9:19 a.m.						

***I MINA'TRENTAI SAIS NA LIHESLATURAN GUÅHAN***  
**2021 (FIRST) REGULAR SESSION**

**BILL NO. 212-36 (COR)**

Introduced By:

Joe S. San Agustin 

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

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

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

*I Liheslaturan Guåhan* finds that 12 GCA § 8203 provides that Guam Power Authority (Authority) is authorized to incur indebtedness by the issuance of revenue bonds with the approval of *I Maga'hagan Guåhan* (the Governor) to raise funds for the purpose of establishing the electric power system of the Authority, or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds, or for any combination of such purposes.

12 GCA § 12105 provides that the Authority shall not enter into any contractual agreements or obligations (including bonds) which could increase rates and charges prior to the written approval of the Guam Public Utilities Commission (GPUC).

12 GCA § 50103 provides that public corporations of the government of Guam, including the Authority, shall issue bonds and other obligations only by means of, and through the agency of the Guam Economic Development Authority (GEDA), and that GEDA shall not sell any bond without the approval by *I*

1 *Liheslaturan Guåhan* of the terms and conditions of the bonds.

2 Based on historical low interest rates and current market conditions, the  
3 Authority expects to be able to refund certain maturities of its outstanding 2012 Series  
4 A revenue bonds for debt service savings. In addition, the Authority expects that  
5 opportunities will arise from time to time to refund all or a portion of its other then  
6 outstanding revenue bonds for debt service savings, which is expected to result in  
7 potential savings to ratepayers.

8 To benefit ratepayers, *I Liheslaturan Guåhan* has determined to approve the  
9 issuance of revenue bonds by the Authority for the purpose described in the above  
10 immediately preceding paragraph, all subject to approval by the Consolidated  
11 Commission on Utilities (“CCU”), *I Maga'hågan Guåhan*, the GPUC, and the Board  
12 of Directors of GEDA in accordance with law.

13 **Section 2. Approval of the Terms and Conditions of the Guam Power**  
14 **Authority Refunding Bonds.**

15 *I Liheslaturan Guåhan*, pursuant to 12 GCA § 50103(k), hereby approves the  
16 terms and conditions of the issuance of senior revenue bonds by the Authority from  
17 time to time, including, but not limited to, on a forward basis, for the purpose of  
18 refunding all or a portion of its currently outstanding 2012 Series A revenue bonds,  
19 as well as the Authority’s other then outstanding revenue bonds from time to time  
20 (such refunded revenue bonds being referred to in this Act as the “prior 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 12 GCA §  
24 8229, plus (ii) any additional amount needed to provide for a deposit to the  
25 debt service reserve in connection with the issuance of the refunding bonds.

26 (b) All obligations of the Authority to pay debt service on, and the  
27 redemption price of, the prior bonds shall be discharged concurrently with the

1 issuance of the refunding bonds. Thereafter, the prior bonds shall be payable  
2 solely from and secured solely by an escrow established for such purpose in  
3 accordance with the Authority's existing bond indenture.

4 (c) The final maturity of the refunding bonds shall not exceed the  
5 final maturity of the latest maturing then outstanding revenue bonds. For  
6 clarity, the final maturity of the refunding bonds may exceed the maturity of  
7 an individual series of prior bonds so long as the final maturity of all then  
8 outstanding revenue bonds is not exceeded.

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

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

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

20 (g) Such refunding bonds shall have a principal amount or principal  
21 amounts sufficient to provide funds for the payment of all or a portion of the  
22 prior bonds refunded, and in addition, for the payment of all expenses incident  
23 to the calling, retiring, or paying of such prior bonds and the issuance of such  
24 refunding bonds, including:

25 (1) the difference in amount between the par value of the  
26 refunding bonds and any amount less than par for which the refunding bonds  
27 are sold;

1                   (2) any amount necessary to be made available for the  
2 payment of interest upon such refunding bonds from the date of sale thereof  
3 to the date of payment of the prior bonds or to the date upon which the prior  
4 bonds will be paid pursuant to the call thereof or agreement with the holders  
5 thereof;

6                   (3) the premium, if any, necessary to be paid in order to call  
7 or retire the prior bonds and the interest accruing thereon to the date of the  
8 call or retirement; and

9                   (4) any additional amount needed to provide for a deposit to  
10 the debt service reserve in connection with the issuance of the refunding  
11 bonds.

12           **Section 3. Local Sale of Bonds.** The Authority shall undertake its best  
13 efforts to cause a portion of any bonds issued pursuant to this Act to be offered for  
14 sale in Guam, as well as in other jurisdictions, if and to the extent that such offer and  
15 any sales resulting from such offer do not increase the cost to the Authority of issuing  
16 and repaying such bonds.

17           **Section 4. Severability.** The provisions outlined in this Act are declared to  
18 be separate and severable. The invalidity of any clause, sentence, paragraph,  
19 subdivision, section or portion of this statute, or the invalidity of the application  
20 thereof to any person or circumstance shall not affect the validity of the remainder  
21 of this statute or the validity of its application to other persons or circumstances.