

I Mina'trentai Siette Na Lihelaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
262-37 (LS)	William A. Parkinson	AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE ISSUANCE BY GUAM POWER AUTHORITY OF REVENUE BONDS TO REFUND OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.	3/25/24 2:41 p.m.						

I MINA' TRENTAI SIETTE NA LIHESLATURAN GUÅHAN
2024 (SECOND) Regular Session

Bill No. 262-37 (LS)

Introduced by:

William A. Parkinson 

**AN ACT TO APPROVE THE TERMS AND CONDITIONS
OF THE ISSUANCE BY GUAM POWER AUTHORITY
OF 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 Guahan* 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 *Maga'hagan Guahan* (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.

I Liheslaturan Guahan finds that 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).

I Liheslaturan Guahan finds that 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

1 without the approval by *I Liheslaturan Guahan* of the terms and conditions of the
2 bonds.

3 *I Liheslaturan Guahan* finds that based on low interest rates and current
4 market conditions, the Authority expects to be able to refund certain maturities of its
5 outstanding 2014 Series A revenue bonds for debt service savings.

6 Therefore, to benefit ratepayers, it is the intent of *I Liheslaturan Guahan* to
7 approve the issuance of revenue bonds by the Authority for the purpose described in
8 the immediately preceding paragraph, all subject to approval by the Consolidated
9 Commission on Utilities (CCU), *I Maga'håga Guahan*, the GPUC, and the Board of
10 Directors of GEDA in accordance with law.

11 **Section 2. Approval of the Terms and Conditions of the Guam Power**
12 **Authority Refunding Bonds.**

13 *I Liheslaturan Guahan*, pursuant to 12 GCA § 50103(k), hereby approves the
14 terms and conditions of the issuance of senior revenue bonds by the Guam Power
15 Authority from time to time, including, but not limited to, on a forward basis, for the
16 purpose of refunding all or a portion of its currently outstanding 2014 Series A
17 revenue bonds, in accordance with the following requirements, limitations,
18 terms and conditions:

19 (a) The aggregate principal amount of the refunding bonds shall not
20 exceed the sum of (1) the amount determined in accordance with 12 GCA §
21 8229, plus (2) any additional amount needed to provide for a deposit to the
22 debt service reserve in connection with the issuance of the refunding bonds.

23 (b) All obligations of the Authority to pay debt service on, and the
24 redemption price of, the prior bonds shall be discharged concurrently with the
25 issuance of the refunding bonds. Thereafter, the prior bonds shall be payable
26 solely from and secured solely by an escrow established for such purpose in
27 accordance with the Authority's existing bond indenture.

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

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

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

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

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

22 (1) the difference in amount between the par value of the
23 refunding bonds and any amount less than par for which the refunding
24 bonds are sold;

25 (2) any amount necessary to be made available for the
26 payment of interest upon such refunding bonds from the date of sale
27 thereof to the date of payment of the prior bonds or to the date upon

1 which the prior bonds will be paid pursuant to the call thereof or
2 agreement with the holders thereof;

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

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

9 (h) Savings in annual debt service payments from refunding shall be
10 utilized specifically for the direct benefit of the ratepayers. Within ninety (90)
11 days of the completion of the refinancing, the Guam Power Authority and the
12 Guam Public Utilities Commission shall notify *I Liheslaturan Guåhan* of their
13 intent and plan regarding the annual debt service payment savings achieved
14 from the refinancing.

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

20 **Section 4. Severability. Severability.** If any provision of this Act or its
21 application to any person or circumstance is found to be invalid or contrary to law,
22 such invalidity *shall* not affect other provisions or applications of this Act that can
23 be given effect without the invalid provision or application, and to this end the
24 provisions of this Act are severable.

25 **Section 5. Effective Date.** This Act *shall* be effective upon enactment.