

I MINA'TRENTAI SIETTE NA LIHESLATURAN GUÅHAN

2024 (SECOND) Regular Session

VOTING RECORD

| | |
|---|---|
| Bill No. 274-37 (COR) As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning. | Speaker Antonio R. Unpingco Legislative Session Hall Guam Congress Building May 31, 2024 |
|---|---|

| NAME | Aye | Nay | Not Voting/ Abstained | Out During Roll Call | Absent | Excused |
|------------------------------------|-----|-----|--------------------------|-------------------------|--------|---------|
| Senator Chris Barnett | ✓ | | | | | |
| Senator Frank Blas, Jr. | ✓ | | | | | |
| Senator Joanne Brown | ✓ | | | | | |
| Senator Christopher M. Dueñas | ✓ | | | | | |
| Senator Thomas J. Fisher | ✓ | | | | | |
| Senator Jesse A. Lujan | ✓ | | | | | |
| Vice Speaker Tina Rose Muña Barnes | ✓ | | | | | |
| Senator William A. Parkinson | ✓ | | | | | |
| Senator Sabina Flores Perez | ✓ | | | | | |
| Senator Roy A. B. Quinata | ✓ | | | | | |
| Senator Joe S. San Agustin | ✓ | | | | | |
| Senator Dwayne T. D. San Nicolas | ✓ | | | | | |
| Senator Amanda L. Shelton | ✓ | | | | | |
| Senator Telo T. Taitague | ✓ | | | | | |
| Speaker Therese M. Terlaje | ✓ | | | | | |

TOTAL

15

0

0

0

Aye

Nay

Not
Voting/
Abstained

Out
During
Roll Call

Absent

Excused

CERTIFIED TRUE AND CORRECT:



JOAQUIN P. TAITAGUE
Clerk of the Legislature

I = Pass

IMINA'TRENTAISJETTE NA LIHESLATURAN GUÅHAN
2024 (SECOND) Regular Session

Bill No. 274-37 (COR)

As amended by the Committee on Environment,
Revenue and Taxation, Labor, Procurement, and
Statistics, Research, and Planning.

*

Introduced by:

Sabina Flores Perez
Therese M. Terlaje
Chris Barnett

**AN ACT TO *ADD* NEW §§ 14242 AND 14243 TO
ARTICLE 2 OF CHAPTER 14, TITLE 12, GUAM CODE
ANNOTATED, RELATIVE TO CREATING A
COMMERCIAL PAPER PROGRAM FOR THE GUAM
WATERWORKS AUTHORITY, APPROVING THE
TERMS AND CONDITIONS OF THE ISSUANCE OF
GUAM WATERWORKS AUTHORITY REVENUE
BONDS, AND AUTHORIZING GUAM WATERWORKS
AUTHORITY TO OBTAIN LOANS FROM TIME TO
TIME THROUGH THE WATER INFRASTRUCTURE
FINANCE AND INNOVATION ACT OF 2014 (WIFIA)
PROGRAM, AND RELATED MATTERS.**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that while the Guam Waterworks Authority (GWA) has made major investments in
4 the island's water and wastewater infrastructure, the condition of much of that
5 infrastructure remains seriously deteriorated due to under-investment over the last
6 seventy (70) years. GWA addresses its long-term needs through its twenty (20)-year
7 Water Resources Master Plan and has submitted a draft of its fourth (4th) five (5)-
8 year Financial Plan to the Public Utilities Commission. The current plan includes a

1 \$898 Million Dollar investment in the GWA Capital Improvement Program (CIP),
2 of which \$780 Million Dollars will need to be borrowed. There are three (3) main
3 initiatives within the five (5)-year CIP: (1) addressing the 2024 Partial Consent
4 Decree compliance requirements and remediation of emerging contaminants; (2)
5 reducing water loss; and (3) Supervisory Control and Data Acquisition (SCADA)
6 systems implementation and general plant and miscellaneous projects.

7 *I Liheslaturan Guåhan* acknowledges the significance of the 2024 Partial
8 Consent Decree negotiated with the U.S. Department of Justice and the U.S.
9 Environmental Protection Agency (USEPA) to address GWA’s alleged violations of
10 the Clean Water Act. Additionally, GWA is facing new impending regulatory
11 requirements for emerging contaminants such as per- and polyfluoroalkyl substances
12 (PFAS) and dieldrin, because USEPA has concluded these contaminants can lead to
13 a range of health issues, including high cholesterol, liver toxicity, immune system
14 suppression, developmental effects, and cancer. The estimated cost to address the
15 USEPA compliance requirements for water and wastewater in the current five (5)-
16 year CIP is \$561 Million Dollars or sixty-two percent (62%) of the total CIP
17 investment.

18 *I Liheslaturan Guåhan* further finds that GWA’s water distribution system,
19 consisting of approximately six hundred (600) miles of piping, is a collection of
20 legacy systems beginning with the U.S. Navy installations during the era of the
21 Second World War. Some of these constructed distribution systems were turned over
22 to the government of Guam and are still in operation today and are primary
23 contributors to GWA’s high levels of real water loss due to corrosion and the
24 exceedance of their useful service life. The estimated cost in the current five (5)-
25 Year CIP to replace this piping and reduce water loss is \$203 Million Dollars or
26 twenty-three percent (23%) of the total CIP investment. Reducing real water losses
27 is essential for GWA to operate a sustainable, efficient, and cost-effective system,

1 while also ensuring the reliability, future capacity, and resilience of the Northern
2 Guam Lens Aquifer for current and future generations.

3 *I Liheslaturan Guåhan* further finds that GWA’s water and wastewater
4 systems lack adequate Supervisory Control and Data Acquisition (SCADA) systems
5 needed for remote monitoring and control. SCADA systems provide real-time data
6 on water flow rates, pressure levels, tank levels, valve positions, and other critical
7 parameters from a centralized control center. This remote capability enables faster
8 response times to operational issues which improves system efficiency and
9 reliability. SCADA is also used to detect anomalies, leaks, and equipment failure.
10 Early detection enables rapid intervention to prevent service disruptions and mitigate
11 potential damage to infrastructure and the environment. The estimated cost in the
12 five (5)-year CIP to implement SCADA for water and wastewater systems is \$36
13 Million Dollars or four percent (4%) of the total CIP investment. The remaining \$98
14 Million Dollars or eleven percent (11%) of the total CIP investment is for general
15 plant facility improvements and equipment replacement.

16 *I Liheslaturan Guåhan* further finds that GWA’s five (5)-year Financial Plan
17 requires a cumulative 71.5% rate increase primarily to fund debt-financing of the
18 needed CIP investments under existing legislative authorization. *I Liheslaturan*
19 *Guåhan* further acknowledges that in March of 2021, GWA completed an Analytical
20 Study on Capital Financing Alternatives for the express purpose of reducing the cost
21 of financing for its CIP. As recommended in that 2021 study, if GWA is authorized
22 to access short-term financing instruments, such as tax-exempt commercial paper
23 (TECP) borrowing or similar short-term instruments, rate increases could be
24 significantly reduced. TECP will allow GWA to issue short-term debt instruments
25 (commercial paper) to finance capital needs for GWA’s CIP on an “as-needed” basis
26 while projects are in design and construction, deferring issuance and payment of
27 long-term debt (bonds) until projects are completed and in use. Under normal market

1 conditions, TECP has lower borrowing costs compared to long-term bonds because
2 it only requires GWA to pay interest on funds drawn for the work as it is constructed
3 rather than borrowing and paying for capital and interest on larger bond issuances
4 up front. Such short-term financing alternatives can be an important part of a
5 carefully considered financing program which analyzes market conditions and
6 regulatory requirements to deploy different borrowing options with the goal of
7 reducing overall capital financing costs. If GWA is authorized to use short term
8 financing alternatives such as TECP, the required cumulative rate increase would be
9 50% or 21.5% lower.

10 The Water Infrastructure Finance and Innovation Act (WIFIA) loans are
11 another alternative to long-term bond borrowing. WIFIA loans typically offer low,
12 fixed-interest rates, often lower than those available through traditional municipal
13 bond financing. These low rates help reduce borrowing costs for eligible projects,
14 ultimately saving money for borrowers. Like TECP, WIFIA loans can be a valuable
15 financing tool for addressing GWA's needs through low-cost, flexible financing
16 options for its CIP that improve water quality, reliability, and resilience.

17 In addition, the United States Department of Agriculture (USDA), from time
18 to time, offers loans to borrowers, including, but not limited to, through its Rural
19 Utility Services, Rural Development and its Community Facilities Programs, for
20 projects such as GWA's CIP projects at often competitive and attractive interest
21 rates.

22 *I Liheslaturan Guåhan* is determined to minimize the financial impact to
23 ratepayers and supports GWA's required borrowing needs to support the
24 implementation of critical capital improvement projects identified in Guam
25 Waterworks Authority's five (5)-year financial plan and CIP. These projects are
26 essential for ensuring the reliability, efficiency, and compliance of Guam's water

1 and wastewater infrastructure while addressing emerging regulatory requirements
2 and mitigating environmental risks.

3 *I Liheslaturan Guåhan* affirms that authorizing GWA to use a combination of
4 short-term and traditional financial tools such as TECP or similar short term debt
5 instrument, WIFIA loans and Municipal Bonds provides the best options for
6 minimizing rate increases needed to align GWA’s long-term planning objectives and
7 regulatory compliance obligations. By providing the necessary funding and support,
8 *I Liheslaturan Guåhan* aspires to safeguard public health, protect the environment,
9 and ensure the sustainable management of Guam’s water resources for future
10 generations.

11 **Section 2.** A new § 14242 is hereby *added* to Article 2 of Chapter 14, Title
12 12, Guam Code Annotated, to read:

13 **“§ 14242. Approval of Guam Waterworks Authority Commercial**
14 **Paper Program; Refunding Bonds.**

15 (a) *I Liheslaturan Guåhan*, pursuant to § 50103 of Chapter 50, Title
16 12, Guam Code Annotated, hereby approves the terms and conditions of a
17 borrower or financing program referred to as Commercial Paper (CP) to be
18 issued by GWA. From time to time, the CP may be issued in one (1) or more
19 series or issues, together with any related reimbursement obligations;
20 provided, that the issuance, terms, and conditions of the CP, the indenture,
21 trust agreement and/or issuing and paying agent agreement pursuant to which
22 the CP is to be issued, and any reimbursement agreement, dealer agreement
23 and/or issuing and paying agreement shall have been approved by the Guam
24 Public Utilities Commission and the Guam Consolidated Commission on
25 Utilities; and further provided, that such CP may be issued in the principal
26 amount from time to time necessary to provide interim financing for projects
27 identified in GWA’s Capital Improvement Program, to fund GWA’s required

1 operating account and operating reserve account balances, to pay operating
2 expenses incurred by GWA, and to pay expenses incurred in connection with
3 the issuance of such CP but not to exceed an aggregate principal outstanding
4 amount at any time of Three Hundred Sixty Million Dollars (\$360,000,000),
5 and provided, that such CP shall have a final maturity not later than two
6 hundred seventy (270) days after its date of issuance, shall bear interest at
7 such rate or rates and be sold for such price or prices in such parameters as
8 may be approved by the Guam Public Utilities Commission and the Guam
9 Consolidated Commission on Utilities, and shall have such other terms and
10 conditions as are consistent with the requirements and limitations provided in
11 this Section; provided, however, that the principal of and interest on CP may
12 be paid with “rolling” CP from time to time; and, provided further, however,
13 that the CP shall bear interest at such interest rates that are necessary for the
14 applicable dealer(s) of the CP to issue or roll the CP, as applicable, at then
15 current applicable market conditions.

16 (b) Approval of Guam Waterworks Authority Refunding Bonds to
17 Refinance Commercial Paper. *I Liheslaturan Guåhan*, pursuant to § 50103 of
18 Chapter 50, Title 12, Guam Code Annotated, hereby approves the issuance
19 and sale of fixed rate revenue bonds in one or more series or issues from time
20 to time to refinance outstanding CP issued pursuant to this Section; provided,
21 that the issuance, terms and conditions of the refinancing bonds shall have
22 been approved by the Guam Public Utilities Commission and the Guam
23 Consolidated Commission on Utilities, and that the sale of the bonds shall be
24 approved by the Board of Directors of GEDA; and further provided that such
25 refinancing bonds shall have a principal amount sufficient to provide funds
26 for the payment of all CP to be refinanced thereby (the “prior CP”) and in

1 addition for the payment of all expenses incident to the calling, retiring or
2 paying of such prior CP and the issuance of such refinancing bonds, including:

3 (1) the difference in amount between the par value of the
4 refinancing bonds and any amount less than par for which the
5 refinancing bonds are sold;

6 (2) any amount necessary to be made available for the
7 payment of interest upon such refinancing bonds from the date of sale
8 thereof to the date of payment of the prior CP or to the date upon which
9 the prior CP will be paid pursuant to the call thereof or agreement with
10 the holders thereof;

11 (3) the premium, if any, necessary to be paid in order to call
12 or retire the prior CP and the interest accruing thereon to the date of the
13 call or retirement; and

14 (4) any additional amount needed to provide for a deposit to
15 the debt service reserve in connection with the issuance of the
16 refinancing bonds;

17 and further provided that such refinancing bonds shall be issued
18 in compliance with the provisions of Chapter 14 of Title 12, Guam
19 Code Annotated, and further provided that all obligation of the
20 Authority to pay debt service on, and the redemption price of, the prior
21 CP shall be discharged concurrently with the issuance of the
22 refinancing bonds.”

23 **Section 3. Approval of Guam Waterworks Authority Revenue Bonds.**

24 (a) The Guam Legislature (*I Liheslaturan Guåhan*) pursuant to §
25 50103 of Chapter 50, Title 12, Guam Code Annotated, hereby approves the
26 issuance and sale by the Authority of revenue bonds pursuant to Article 2,
27 Chapter 14, Title 12, Guam Code Annotated (the “Act”) in one or more series

1 or issues, from time to time, issued privately or through the public capital
2 markets; provided, that the issuance, terms and conditions of the bonds shall
3 have been approved by the Guam Public Utilities Commission; and further
4 provided, that such bonds shall have a principal amount not to exceed Five
5 Hundred Sixty Million Dollars (\$560,000,000), shall have maturity dates not
6 to exceed forty (40) years from the respective issuance dates thereof, shall
7 bear interest at such rate or rates and shall be sold for such price or prices as
8 shall result in a net yield to the bondholders not exceeding seven percent
9 (7.00%) per annum for fixed rate bonds sold through the public capital
10 markets, and shall be issued and sold in the manner, for the purposes and
11 subject to the requirements and limitations provided in Article 2, Chapter 14,
12 Title 12, Guam Code Annotated. In order to be able to take advantage of any
13 current or future federally subsidized bond program, net yield to the
14 bondholders shall be calculated by subtracting any interest subsidy amounts
15 to be received from the United States in connection with such bonds from the
16 amount of interest to be paid to bondholders. In addition, such bonds shall be
17 issued for the purpose of (1) financing capital improvement projects necessary
18 for compliance with regulatory enforcement actions, including any Consent
19 Decree entered into between the Authority and the U.S. Environmental
20 Protection Agency and U.S. Department of Justice; (2) financing capital
21 improvement projects referenced in the Authority's twenty (20)-year master
22 plan, five (5)-year Financial Plan and capital improvement program or other
23 studies contemplating additional capital improvement projects from time to
24 time; (3) financing capitalized interest with respect to the bonds; (4) funding
25 a reserve fund deposit with respect to the bonds; and/or (5) paying expenses
26 relating to the authorization, sale and issuance of such new bonds, including
27 without limitation, printing costs, costs of reproducing documents, credit

1 enhancement fees, underwriting, legal, feasibility, financial advisory and
2 accounting fees and charges, fees paid to banks or other financial institutions
3 providing credit enhancement, costs of credit ratings and other costs, charges
4 and fees in connection with the issuance, sale and delivery of the bonds.

5 (b) The Guam Legislature (*I Liheslaturan Guåhan*), pursuant to §
6 50103 of Chapter 50, Title 12, Guam Code Annotated, hereby approves the
7 issuance and sale by the Guam Waterworks Authority of fixed rate revenue
8 bonds in one or more series or issues to refinance the outstanding revenue
9 bonds of the Authority pursuant to § 14226 of Article 2, Chapter 14, Title 12,
10 Guam Code Annotated, and Subsection (a) of this Section; provided, that the
11 issuance, terms and conditions of the refinancing bonds shall have been
12 approved by the Guam Public Utilities Commission and the Guam
13 Consolidated Commission on Utilities, and that the sale of the bonds shall be
14 approved by the Board of Directors of GEDA; and further provided, that such
15 refinancing bonds shall have a principal amount sufficient to provide funds
16 for the payment of all bonds to be refinanced thereby (the “prior bonds”) and
17 in addition for the payment of all expenses incident to the calling, retiring or
18 paying of such prior bonds and the issuance of such refinancing bonds,
19 including:

20 (1) the difference in amount between the par value of the
21 refinancing bonds and any amount less than par for which the
22 refinancing bonds are sold;

23 (2) any amount necessary to be made available for the
24 payment of interest upon such refinancing bonds from the date of sale
25 thereof to the date of payment of the prior bonds or to the date upon
26 which the prior bonds will be paid pursuant to the call thereof or
27 agreement with the holders thereof;

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

4 (4) any additional amount needed to provide for a deposit to
5 the debt service reserve in connection with the issuance of the
6 refinancing bonds;

7 and further provided that such refinancing bonds shall have a
8 final maturity not later than the final maturity of the prior bonds, that
9 such refinancing bonds shall be issued and sold pursuant to the
10 Authority's existing bond indenture and in compliance with the
11 provisions of Chapter 14 of Title 12, Guam Code Annotated, and that
12 (A) the present value of debt service on the refinancing bonds shall be
13 at least two percent (2%) less than the present value of debt service on
14 the bonds being refinanced, using the yield on the refinancing bonds as
15 the discount rate; and/or (B) the refunding of the prior bonds is
16 undertaken for restructuring purposes, including to provide cash flow
17 relief; and further provided, that all obligation of the Authority to pay
18 debt service on, and the redemption price of, the prior bonds shall be
19 discharged concurrently with the issuance of the refinancing bonds, and
20 thereafter, the prior bonds shall be payable solely from and secured
21 solely by an escrow established for such purpose in accordance with the
22 Authority's existing bond indenture.

23 (c) The Authority shall undertake its best efforts to cause a
24 portion of any bonds issued referenced above, to be offered for sale in
25 Guam, as well as in other jurisdictions, if and to the extent that such
26 offer and any sales resulting from such offer do not increase the cost to
27 the Authority of issuing and repaying such bonds.

1 **Section 4.** A new § 14243 is hereby *added* to Article 2 of Chapter 14, Title
2 12, Guam Code Annotated, to read:

3 **“§ 14243. Approval of Guam Waterworks Authority WIFIA, USDA**
4 **and Commercial Bank Loans.**

5 (a) *I Liheslaturan Guåhan*, pursuant to § 50103 of Chapter 50, Title
6 12, Guam Code Annotated, hereby authorizes the Guam Waterworks
7 Authority (GWA) to obtain financial assistance from the United States
8 Environmental Protection Agency, an agency of the United States of America,
9 acting by and through the Administrator of the Environmental Protection
10 Agency, with an address at 1200 Pennsylvania Avenue NW, Washington,
11 D.C. 20460 (the “WIFIA Credit Provider”), under the Water Infrastructure
12 Finance and Innovation Act, as amended by Section 1445 of the Fixing
13 America’s Surface Transportation Act of 2015, as further amended by Section
14 5008 of the Water Infrastructure Improvements For the Nation Act of 2016
15 and by Section 4201 of America’s Water Infrastructure Act of 2018
16 (collectively, as the same may be amended from time to time, the “WIFIA
17 Act”), which is codified as 33 U.S.C. §§ 3901-3914, in one (1) or more series
18 or issues of loans; provided, that the issuance, terms and conditions of the
19 debt, the indenture or loan agreement (in either event, a “WIFIA Credit
20 Agreement”) pursuant to which the loans are to be issued, and any shall have
21 been approved by the Guam Public Utilities Commission; and further
22 provided, that such loans may be obtained in the principal amount necessary
23 to fund any eligible GWA project costs under the WIFIA Act including, but
24 not limited to, financing capital improvement projects referenced in GWA’s
25 master plan or other studies contemplating additional capital improvement
26 projects from time to time, but not to exceed an aggregate principal amount
27 of Four Hundred Million Dollars (\$400,000,000). Such loans shall each have

1 a final maturity not later than thirty-five (35) years after the first draw date
2 applicable to such loan or loans, shall bear interest at such rate or rates and be
3 sold for such price or prices as may be approved by the Guam Public Utilities
4 Commission. In addition, any such indebtedness may be incurred subject and
5 subordinate or parity to any contractual obligation of the Authority to the
6 holders of any bonds and the principal thereof and interest thereon may be
7 repaid:

8 (1) from revenues; or

9 (2) if incurred for a purpose for which bonds may be issued,
10 from revenues or from the proceeds of sale of bonds, but may be on a
11 parity with other subordinate obligations.

12 (b) *I Liheslaturan Guåhan*, pursuant to § 50103 of Chapter 50, Title
13 12, Guam Code Annotated, hereby authorizes GWA to issue bond anticipation
14 notes to be issued in anticipation of the issuance of the loans referenced in
15 Subsection (a) hereof and of the receipt of the proceeds of issuance thereof,
16 for the purposes for which such loans have been authorized. The maximum
17 principal amount of the notes shall not exceed an aggregate principal amount
18 of Five Hundred Sixty Million Dollars (\$560,000,000) and, provided that the
19 issuance, terms and conditions of the bond anticipation notes shall have been
20 approved by the Guam Public Utilities Commission and the Guam
21 Consolidated Commission on Utilities, that the sale of the bonds shall be
22 approved by the Board of Directors of GEDA. The authorization, issuance,
23 and details of the notes shall be governed by this Chapter with respect to bonds
24 insofar as the same may be applicable, provided that:

25 (1) each note, together with all renewals and extensions
26 thereof, or refundings thereof by other notes issued under this Section,
27 shall mature within five (5) years from the date of the original note; and

1 (2) each note shall be secured proceeds from draws from the
2 loan or loans referenced in Subsection (a) hereof.

3 (c) In the alternative to or in connection with the WIFIA loan
4 referenced herein, the *I Liheslaturan Guåhan*, pursuant to § 50103 of Chapter
5 50, Title 12, Guam Code Annotated, hereby authorizes GWA to obtain
6 financial assistance from the United States Department of Agriculture
7 (USDA), from time to time through loan programs offered by the USDA,
8 including, but not limited to, through its Rural Utility, Rural Development and
9 its Community Facilities Programs, in one (1) or more series or issues of
10 loans; provided, that the issuance, terms and conditions of the debt, the
11 indenture or loan agreement (in either event, a “USDA Credit Agreement”)
12 pursuant to which the loans are to be issued, and any shall have been approved
13 by the Guam Public Utilities Commission, and further provided, that such
14 loans may be obtained in the principal amount necessary to fund any eligible
15 GWA project costs authorized by the USDA including, but not limited to,
16 financing capital improvement projects referenced in GWA’s master plan or
17 other studies contemplating additional capital improvement projects from
18 time to time, but not to exceed an aggregate principal amount of Four Hundred
19 Million Dollars (\$400,000,000). Such loans shall each have a final maturity
20 not later than thirty-five (35) years after the first draw date applicable to such
21 loan or loans, shall bear interest at such rate or rates, and be sold for such price
22 or prices as may be approved by the Guam Public Utilities Commission. In
23 addition, any such indebtedness may be incurred subject and subordinate or
24 parity to any contractual obligation of the Authority to the holders of any
25 bonds and the principal thereof and interest thereon may be repaid:

26 (1) from revenues; or

1 (2) if incurred for a purpose for which bonds may be issued,
2 from revenues or from the proceeds of sale of bonds, but may be on a
3 parity with other subordinate obligations.

4 (d) In the alternative to or in connection with the WIFIA loan
5 referenced herein, the *I Liheslaturan Guåhan*, pursuant to § 50103 of Chapter
6 50, Title 12, Guam Code Annotated, hereby authorizes GWA to obtain
7 financial assistance from commercial banks operating in Guam, in one (1) or
8 more series or issues of loans; provided, that the issuance, terms and
9 conditions of the debt, the indenture or loan agreement (in either event, a
10 “Credit Agreement”) pursuant to which the loans are to be issued, and any
11 shall have been approved by the Guam Public Utilities Commission, and
12 further provided, that such loans may be obtained in the principal amount
13 necessary to fund any eligible GWA project costs, including, but not limited
14 to, financing capital improvement projects referenced in GWA’s master plan
15 or other studies contemplating additional capital improvement projects from
16 time to time, but not to exceed an aggregate principal amount of Four Hundred
17 Million Dollars (\$400,000,000). Such loans shall each have a final maturity
18 not later than thirty-five (35) years after the first draw date applicable to such
19 loan or loans, and shall bear interest not exceeding seven percent (7%) per
20 annum. In addition, any such indebtedness may be incurred subject and
21 subordinate or parity to any contractual obligation of the Authority to the
22 holders of any bonds and the principal thereof and interest thereon may be
23 repaid:

24 (1) from revenues; or

25 (2) if incurred for a purpose for which bonds may be issued,
26 from revenues or from the proceeds of sale of bonds, but may be on a
27 parity with other subordinate obligations.”

1 **Section 5. Local Bank Participation in GWA Capital Improvement**

2 **Program Financing.** GWA’s financial advisors, in collaboration with the Guam
3 Economic Development Authority (GEDA), will make diligent efforts to pursue
4 other financial products, such as commercial paper, bonds, loans, and letters of
5 credit, that may be made available by commercial banks operating in Guam;
6 provided, however, that the execution of such financial products is contingent upon
7 the condition that such offerings are at the discretion of the Authority and GEDA, at
8 competitive and reasonable cost to the Authority in the financing or refinancing of
9 any its capital improvements or other financing.

10 **Section 6. Limitation.** Notwithstanding anything to the contrary contained

11 herein, the aggregate principal amount of revenue bonds, WIFIA loans, USDA loans
12 and Commercial Bank loans that GWA is authorized to issue or borrow, as
13 applicable, shall not exceed Five Hundred Sixty Million Dollars (\$560,000,000).

14 **Section 7. Severability.** If any provision of this Act or its application to any

15 person or circumstance is found to be invalid or inorganic, such invalidity shall not
16 affect other provisions or applications of this Act that can be given effect without
17 the invalid provision or application, and to this end the provisions of this Act are
18 severable.

19 **Section 8. Effective Date.** This Act shall be effective upon enactment.