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M&C Fwd: Call for Special Session on Bill No. 429-35 (COR) - An Act to Amend § 1216 of Article 2, Chapter 1, Title 12, Guam Code Annotated, Relative to Authorizing the Issuance of Revenue Bonds of The A.B. Won Pat International Airport Authority

1 message

Speaker's Office <speaker@guamlegislature.org> Tue, Dec 29, 2020 at 5:57 PM
To: Clerks Office <clerks@guamlegislature.org>
Cc: Rennae Meno <rennae@guamlegislature.org>

12/29/20	5:52 PM	12/29/20	Call to Special Session on Bill 429-35 (COR).*	Office of the Governor of Guam	35GL-20-2551

Sinseru yan Minagâhet,

Office of the Speaker • Tina Rose Muña Barnes
Committee on Public Accountability, Human Resources & the Guam Buildup

35th Guam Legislature
I Mina'trentai Singko na Liheslaturan Guåhan

Guam Congress Building | 163 Chalan Santo Papa | Hagatna, GU 96910
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Gumai pribilehu yan konfedensia este siha na mensåhi. Solo espesiåtmente para hågu ma entensioña pat ma aturisa para unrisibi. Sen prubidu kumu ti un ma aturisa para manribisa, na'setbe, pat mandespåtcha. Yanggen lachi rinisibu-mu nu este na mensåhi , put fabot ago' guatu gi I numa'huyong gi as speaker@guamlegislature.org yan despues destrosa todu siha I kopian mensåhi. Si Yu'os ma'åse'.

---------- Forwarded message ---------
From: <june.borja@guam.gov>
Date: Tue, Dec 29, 2020 at 5:52 PM
Subject: Call for Special Session on Bill No. 429-35 (COR) - An Act to Amend § 1216 of Article 2, Chapter 1, Title 12, Guam Code Annotated, Relative to Authorizing the Issuance of Revenue Bonds of The A.B. Won Pat International Airport Authority
To: <speaker@guamlegislature.org>
Cc: Governor Lourdes A. Leon Guerrero <governor@guam.gov>, Lt. Governor Joshua F. Tenorio <joshua.tenorio@guam.gov>, Jon Calvo (DCOS) <jon.calvo@guam.gov>, <alice.taijeron@guam.gov>, SSD (Legal) <sophia.diaz@guam.gov>, Leslie Travis <leslie.travis@guam.gov>, <carlo.branch@guam.gov>, Krystal J. Paco <krystal.paco@guam.gov>, <lester.carlson@bbmr.guam.gov>, BERTHA <bertha.duenas@guam.gov>, Eliza G. Dames (Chamber) <eliza.dames@guam.gov>, Shamra L.A. Chargualaf (Chamber) <shamra.chargualaf@guam.gov>, Josephine C. Cepeda (Chamber) <josephine.cepeda@guam.gov>, Kathleen C. Cepeda (DCOS) <kathleen.cepeda@guam.gov>, Richard B. Arroyo <richard.arroyo@guam.gov>, <admin@bbmr.guam.gov>, <analyn.eustaquio@bbmr.guam.gov>, Michael D. Weakley <michael.weakley@guam.gov>, Rhea Chang <rhea.chang@guam.gov>, Caleb Skvaril <caleb.skvaril@guam.gov>, <ahernandez@guamairport.net>, Mel Mendiola <mel.mendiola@investguam.com>

Hafa Adai Madame Speaker:

Please find attached copy of the following transmittal dated December 29, 2020 from the ***Honorable*** **Lourdes A. Leon Guerrero, Governor of Guam** regarding Call for Special Session on Bill 429-35 (COR) tomorrow, Wednesday, December 30, 2020 at 10:30AM. The original transmittal will be delivered to your office today.

- **Bill No. 429-35 (COR) – An Act to Amend § 1216 of Article 2, Chapter 1, Title 12, Guam Code Annotated, Relative to Authorizing the Issuance of Revenue Bonds of The A.B. Won Pat International Airport Authority, Guam, to Refund All or a Portion of its Outstanding General Revenue Bonds, 2013 Series A, General Revenue Bonds, 2013 Series B, and 2013 Series C and to Authorize Further Refunding Bonds**

Thank you.

Respectfully,

June M.C. Borja
Administrative Services Officer

OFFICE OF THE GOVERNOR OF GUAM
Office of Legal Counsel
Ricardo J. Bordallo Governor's Complex
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20.1229 GOV to Speaker re Bill No. 429-35 (COR) - Call to Special Session.pdf
320K

LOURDES A. LEON GUERRERO
GOVERNOR

JOSHUA F. TENORIO
LT. GOVERNOR

UFISINAN I MAGA'HÅGAN GUÅHAN
OFFICE OF THE GOVERNOR OF GUAM

December 29, 2020

HONORABLE TINA ROSE MUÑA BARNES
Speaker
I Mina'trentai Singko Na Liheslaturan Guåhan
35th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Re: **Bill No. 429-35 (COR) – An Act to Amend § 1216 of Article 2, Chapter 1, Title 12, Guam Code Annotated, Relative to Authorizing the Issuance of Revenue Bonds of The A.B. Won Pat International Airport Authority, Guam, to Refund All or a Portion of its Outstanding General Revenue Bonds, 2013 Series A, General Revenue Bonds, 2013 Series B, and 2013 Series C and to Authorize Further Refunding Bonds**

Dear Madame Speaker:

I write to you requesting that the Guam Legislature act on a bill that aims to assist our only commercial airport -- the A.B. Won Pat International Airport Authority, Guam (GIAA) -- by authorizing the refinancing of its outstanding revenue bonds so that it may achieve debt service reductions beginning in this fiscal year (FY) 2021. We are all aware of the devastating impact the 2019 Novel Coronavirus (COVID-19) has had on our island economy and this is no different for the GIAA. The reduction in enplanements from an average of 5,000 per day to 5,000 per month has negatively impacted airport finances and requires swift action to ensure our airport weathers this storm of uncertainty.

The GIAA has experienced significant reduction in airport revenues, with an approximate $30 million loss in FY 2020 and an uncertain future in FY 2021. The GIAA has performed its due diligence in reducing airport operational expenses by almost 20% in FY 2020 and continues this reduction in FY 2021, while continuing to improve upon its ability to reduce the risk of spread of COVID-19 through its operations. The GIAA has invested in the installation of thermal screening points at its terminal building, installation of transparent barriers at all passenger processing points, increased frequency and intensity of efforts with custodial services, installation of UV filtering in its air handling units, and installation of touchless technology in restrooms. Bill 429-35 aims to assist the airport even further by authorizing it to refinance its existing debt to reduce debt service costs--adding to the reduced operational expense footprint the GIAA has already achieved.

In order to welcome more visitors to Guam safely, we must ensure we provide the airport with the tools and flexibility necessary to manage the uncertainty in the air travel industry. Similar to the

Hotel Occupancy Tax refinancing, which sought to assist our ailing visitors bureau with operational funding as a result of savings achieved, Bill 429-35 would extend similar consideration to the GIAA.

As I understand it, Bill 429-35 had a public hearing on December 15, 2020, and a Committee Report was filed and posted on the Guam Legislature's website on December 17, 2020. Seeing that Bill 429-35 has gone through the legislative process, it is my hope that the Guam Legislature acts swiftly in passing Bill 429-35, so that we can empower our airport by ensuring the continuity of operations our economy needs. The path toward economic recovery travels through the GIAA's runways and walkways, and I urge the Guam Legislature to act favorably on Bill 429-35.

Therefore, pursuant to my authority under Section 1423h of the Organic Act of Guam, I am calling *I Liheslaturan Guahan* into special session on **Wednesday, December 30 at 10:30AM**, for the sole purpose of considering Bill 429-35, *An Act to Amend § 1216 of Article 2, Chapter 1, Title 12, Guam Code Annotated, Relative to Authorizing the Issuance of Revenue Bonds of the A.B. won Pat International Airport Authority, Guam, to Refund All or a Portion of its Outstanding General Revenue Bonds, 2013 Series A, General Revenue Bonds, 2013 Series B, and 2013 Series C and to Authorize Further Refunding Bonds.*

Thank you for your attention to this important matter.

Senseramente,

LOURDES A. LEON GUERRERO
I Maga'hågan Guåhan
Governor of Guam

Enclosure: Bill No. 429-35 (COR)

cc via email: *Sigundo Maga'låhen Guåhan*
Compiler of Laws

I Mina'trentai Singko Na Liheslaturan Guahan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	FISCAL NOTES	NOTES
429-35 (COR)	Joe S. San Agustin Tina Rose Muña Barnes Jose "Pedo" Terlaje Amanda L. Shelton	AN ACT TO *AMEND* § 1216 OF ARTICLE 2, CHAPTER 1, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF THE A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM, TO REFUND ALL OR A PORTION OF ITS OUTSTANDING GENERAL REVENUE BONDS, 2013 SERIES A, GENERAL REVENUE BONDS, 2013 SERIES B, AND 2013 SERIES C AND TO AUTHORIZE FURTHER REFUNDING BONDS.	12/3/20 2:50 p.m.						

I MINA'TRENTAI SINGKO NA LIHESLATURAN GUÅHAN
2020 (SECOND) REGULAR SESSION

Bill No. 429-35 (COR)

Introduced By: Joe S. San Agustin
Tina Rose Muña Barnes
Jose 'Pedo' Terlaje
Amanda L Shelton

AN ACT TO AMEND § 1216 OF ARTICLE 2, CHAPTER 1, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF REVENUE BONDS OF THE A.B. WON PAT INTERNATIONAL AIRPORT AUTHORITY, GUAM, TO REFUND ALL OR A PORTION OF ITS OUTSTANDING GENERAL REVENUE BONDS, 2013 SERIES A, GENERAL REVENUE BONDS, 2013 SERIES B, AND 2013 SERIES C AND TO AUTHORIZE FURTHER REFUNDING BONDS.

BE IT ENACTED BY THE PEOPLE OF GUAM:

Section 1. Legislative Findings and Intent. *I Liheslaturan Guåhan* finds that 12 GCA § 1216 provides that Antonio B. Won Pat International Airport Authority, Guam (the "Authority"), is authorized to incur indebtedness by the issuance of general revenue bonds for the purpose of refunding any general revenue bonds of the Authority then outstanding.

12 GCA § 1208 provides that no general revenue bonds of the Authority shall be issued unless authorized by the Board of the Authority in a bond resolution adopted by it and approved by *I Maga'hågan Guåhan* and unless *I Liheslaturan Guåhan* approves the terms and conditions of the bonds.

12 GCA § 50103 of Title 12 of the Guam Code Annotated 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 Liheslaturan Guåhan* of the terms and conditions of the bonds.

Based on low interest rates and current market conditions, the Authority expects to be able to refund all or a portion of its outstanding General Revenue Bonds, 2013 Series A (the "2013 Series A Bonds"), General Revenue Bonds, 2013 Series B (the "2013 Series B Bonds"), and/or its General Revenue Bonds, 2013 Series C (the "2013 C Bonds" and, together with the 2013 Series A Bonds and the 2013 Series B Bonds, the "2013 Bonds") for debt service savings through the issuance of taxable refunding revenue bonds of the Authority (the "Refunding Bonds").

There may in the future be the opportunity, subject to market conditions, to refund the Refunding Bonds on a tax-exempt basis for further debt service savings.

Therefore, in order to benefit the airport and the tourism industry that depends on the airport, *I Liheslaturan Guåhan* intends to approve (1) the issuance of the Refunding Bonds to refund all or a portion of its 2013 Bonds on a taxable basis, and (2) the issuance of revenue bonds of the Authority to refund the Refunding Bonds on a tax-exempt basis in the future, subject to market conditions, all subject to approval by *I Maga'hågan Guåhan* and the Board of Directors of GEDA in accordance with law.

Section 2. New subsections (d) and (e) are hereby added to § 1216 of Chapter 1, Title 12, Guam Code Annotated as follows:

"(d) *I Liheslaturan Guåhan*, pursuant to § 1208(a) and § 50103(k) of Title 12 of the Guam Code Annotated, hereby approves the terms and conditions of the issuance of one or more series of general revenue bonds by the Authority for the purpose of refunding all or a portion of the Authority's outstanding General Revenue Bonds, 2013 Series A, General Revenue Bonds, 2013 Series B and/or its General

Revenue Bonds, 2013 Series C (herein the "2013 Bonds"), in accordance with the requirements, limitations, terms and conditions:

(1) All obligations of the Authority to pay debt service on, and the redemption price of, the 2013 Bonds refunded shall be discharged concurrently with the issuance of the refunding bonds. Thereafter, such 2013 Bonds shall be payable solely from and secured solely by an escrow established for such purpose in accordance with the Authority's existing bond indenture or otherwise shall be redeemed on the closing date of the refunding bonds.

(2) Such bonds shall be issued and sold in compliance with the provisions of Article 2 of Chapter 1 of Title 12 of the Guam Code Annotated, including approval of the bond resolution by the Board of Directors of the Authority and by *I Maga'hågan Guåhan* as provided therein.

(3) The sale of the bonds shall be approved by the Board of Directors of GEDA as provided by Chapter 50 of Title 12 of the Guam Code Annotated.

(4) The debt service savings resulting from the issuance of the refunding bonds shall be not less than an amount equal to two percent (2%) of the principal amount of the 2013 Bonds refunded. Debt service savings is defined for this purpose to be the amount by which the present value of debt service on the 2013 Bonds exceeds the present value of debt service on the refunding bonds, using the yield on the refunding bonds as the discount rate for purposes of calculating present value.

(5) Such refunding bonds shall have a principal amount or principal amounts sufficient to provide funds for the payment of all or a portion of the 2013 Bonds refunded, and in addition, for the payment of all expenses incident to the calling, retiring or paying of such 2013 Bonds and the issuance of such refunding bonds, including:

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

(B) any amount necessary to be made available for the payment of interest upon such refunding bonds from the date of sale thereof to the date of payment of the 2013 Bonds or to the date upon which the 2013 Bonds will be paid pursuant to the call thereof or agreement with the holders thereof;

(C) the premium, if any, necessary to be paid in order to call or retire the 2013 Bonds and the interest accruing thereon to the date of the call or retirement; and

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

(6) Such refunding bonds may be issued on a federally taxable or tax-exempt basis.

(e) *I Liheslaturan Guåhan,* pursuant to § 1208(a) and § 50103(k) of Title 12 of the Guam Code Annotated, hereby approves the terms and conditions of the issuance of one or more series of general revenue bonds by the Authority for the purpose of refunding all or a portion of the bonds authorized by subsection (d) hereof, in accordance with the following requirements, limitations, terms and conditions:

(1) All obligations of the Authority to pay debt service on, and the redemption price of, such bonds refunded shall be discharged concurrently with the issuance of the refunding bonds. Thereafter, such bonds shall be payable solely from and secured solely by an escrow established for such

purpose in accordance with the Authority's existing bond indenture or otherwise shall be redeemed on the closing date of the refunding bonds.

(2) Such bonds shall be issued and sold in compliance with the provisions of Article 2 of Chapter 1 of Title 12 of the Guam Code Annotated, including approval of the bond resolution by the Board of Directors of the Authority and by *I Maga'hågan Guåhan* as provided therein.

(3) The sale of the bonds shall be approved by the Board of Directors of GEDA as provided by Chapter 50 of Title 12 of the Guam Code Annotated.

(4) The debt service savings resulting from the issuance of the refunding bonds shall be not less than an amount equal to two percent (2%) of the principal amount of such bonds refunded. Debt service savings is defined for this purpose to be the amount by which the present value of debt service on such bonds exceeds the present value of debt service on the refunding bonds, using the yield on the refunding bonds as the discount rate for purposes of calculating present value.

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

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

(B) any amount necessary to be made available for the payment of interest upon such refunding bonds from the date of sale thereof to the date of payment of such bonds or to the date upon which

such bonds will be paid pursuant to the call thereof or agreement with the holders thereof;

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

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

(6) Such refunding bonds may be issued on a federally tax-exempt basis."

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

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