

I Mina'trentai Siette Na Liheslaturan Guåhan
BILL STATUS

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	CMTE REFERRED	FISCAL NOTES	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	NOTES
274-37 (COR) As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	Sabina Flores Perez Therese M. Terlaje Chris Barnett	AN ACT TO <i>ADD</i> 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 (WIFA) PROGRAM, AND RELATED MATTERS.	4/17/24 3:59 p.m.	4/19/24	Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning	Request: 4/19/24 4/29/24	5/1/24 9:00 a.m.	5/15/24 3:30 p.m.	As amended by the Committee on Environment, Revenue and Taxation, Labor, Procurement, and Statistics, Research, and Planning
	SESSION DATE	TITLE	DATE PASSED	TRANSMITTED	DUE DATE	PUBLIC LAW NO.	DATE SIGNED	NOTES	
	5/28/24	AN ACT TO <i>ADD</i> 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 (WIFA) PROGRAM, AND RELATED MATTERS.	5/31/24	5/31/24	6/12/24	37-103	6/5/24	Received: 6/5/24 Messages and Communications Doc. No. 37GL-24-2175	

LOURDES A. LEON GUERRERO
GOVERNOR



JOSHUA F. TENORIO
LT. GOVERNOR

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

Transmitted via Email to: officeofsenatorshelton@guamlegislature.org

June 5, 2024

THE HON. AMANDA SHELTON, *Acting Speaker*
I Mina'trentai Siette Na Liheslaturan Guåhan
37th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Doc Type: 37GL-24-2175
OFFICE OF THE SPEAKER
THERESE M. TERLAJE
JUN 06 2024
Time: 8:30 am
Received: [Signature]

Re: Bill No. 274-37 (COR) – 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

Håfa Adai Acting Speaker,

Bill No. 274-37 (COR) provides the Guam Waterworks Authority (“GWA”) with financial tools to strengthen our island’s waste and wastewater infrastructure. This measure will enable GWA to implement plans to enhance the safety of our drinking water, reduce water loss, and ensure our wastewater is properly treated to avoid polluting our island environment. The bill provides a prudent amount of flexibility to GWA to obtain the most cost-effective financing possible for these improvements. While the bill authorizes GWA to issue as much as \$560 million in revenue bonds, GWA is also permitted to explore financing for as much as \$400 million of that amount through commercial banks or the financial assistance programs sponsored by the US EPA and the USDA. The bill also allows GWA to take advantage of a short-term borrowing alternative to further reduce the overall cost of financing these improvements.

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RECEIVED
6/10/24 8:38am
B-J

RICARDO J. BORDALLO GOVERNOR'S COMPLEX
513 W. Marine Corps Drive Hagåtña, Guam 96910
governor.guam.gov | (671) 472-8931

received
6/5/24 6:25pm
Legislative Secretary
Jasna T. Jue

To: The Hon. Amanda Shelton, Acting Speaker
Fr: The Hon. Lourdes A. Leon Guerrero, Governor of Guam
Date: June 5, 2024
Re: Bill No. 274-37 (COR)

Page 2 of 2

This bill helps GWA deliver on its promise to protect the health our community by ensuring that our Island's environment is protected from the harmful effects of pollutants, while keeping rates as low as possible.

For this reason, I am signing Bill No. 274-37 (COR) into law as **Public Law No. 37-103**.

Senseramente,



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


Enclosure(s): Bill No. 274-37 (COR) nka P.L. 37-103

cc via email: *Honorable* Joshua F. Tenorio, *Sigundo Maga'låhen Guåhan*, Lt. Governor of Guam
Compiler of Laws

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

CERTIFICATION OF PASSAGE OF AN ACT TO I MAGA'HÅGAN GUÅHAN

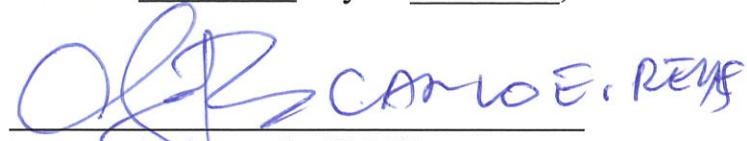
This is to certify that **Bill No. 274-37 (COR)**, "AN ACT TO *ADD* NEW §§ 14242 AND 14243 TO ARTICLE 2 OF CHAPTER 14, TITLE 12, GUAM CODE ANNOTATED, RELATIVE TO CREATING A COMMERCIAL PAPER PROGRAM FOR THE GUAM WATERWORKS AUTHORITY, APPROVING THE TERMS AND CONDITIONS OF THE ISSUANCE OF GUAM WATERWORKS 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," was on the 31st day of May 2024, duly and regularly passed.


Therese M. Terlaje
Speaker

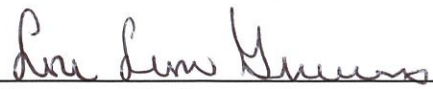
Attested:


Amanda L. Shelton
Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 31ST day of MAY,
2024, at 5:22 o'clock P.M.

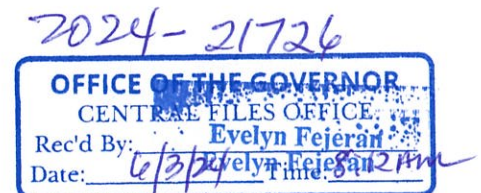

Assistant Staff Officer
Maga'håga's Office

APPROVED:


Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 6/5/2024

Public Law No. 37-103



I MINA'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
Frank Blas, Jr.
Joanne M. Brown
Christopher M. Dueñas
Thomas J. Fisher
Jesse A. Lujan
Tina Rose Muña Barnes
William A. Parkinson
Roy A. B. Quinata
Joe S. San Agustin
Dwayne T.D. San Nicolas
Amanda L. Shelton
Telo T. Taitague

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

1 the island's water and wastewater infrastructure, the condition of much of that
2 infrastructure remains seriously deteriorated due to under-investment over the last
3 seventy (70) years. GWA addresses its long-term needs through its twenty (20)-year
4 Water Resources Master Plan and has submitted a draft of its fourth (4th) five (5)-
5 year Financial Plan to the Public Utilities Commission. The current plan includes a
6 \$898 Million Dollar investment in the GWA Capital Improvement Program (CIP),
7 of which \$780 Million Dollars will need to be borrowed. There are three (3) main
8 initiatives within the five (5)-year CIP: (1) addressing the 2024 Partial Consent
9 Decree compliance requirements and remediation of emerging contaminants; (2)
10 reducing water loss; and (3) Supervisory Control and Data Acquisition (SCADA)
11 systems implementation and general plant and miscellaneous projects.

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

23 *I Liheslaturan Guåhan* further finds that GWA's water distribution system,
24 consisting of approximately six hundred (600) miles of piping, is a collection of
25 legacy systems beginning with the U.S. Navy installations during the era of the
26 Second World War. Some of these constructed distribution systems were turned over
27 to the government of Guam and are still in operation today and are primary

1 contributors to GWA’s high levels of real water loss due to corrosion and the
 2 exceedance of their useful service life. The estimated cost in the current five (5)-
 3 Year CIP to replace this piping and reduce water loss is \$203 Million Dollars or
 4 twenty-three percent (23%) of the total CIP investment. Reducing real water losses
 5 is essential for GWA to operate a sustainable, efficient, and cost-effective system,
 6 while also ensuring the reliability, future capacity, and resilience of the Northern
 7 Guam Lens Aquifer for current and future generations.

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

21 *I Liheslaturan Guåhan* further finds that GWA’s five (5)-year Financial Plan
 22 requires a cumulative 71.5% rate increase primarily to fund debt-financing of the
 23 needed CIP investments under existing legislative authorization. *I Liheslaturan*
 24 *Guåhan* further acknowledges that in March of 2021, GWA completed an Analytical
 25 Study on Capital Financing Alternatives for the express purpose of reducing the cost
 26 of financing for its CIP. As recommended in that 2021 study, if GWA is authorized
 27 to access short-term financing instruments, such as tax-exempt commercial paper

1 (TECP) borrowing or similar short-term instruments, rate increases could be
2 significantly reduced. TECP will allow GWA to issue short-term debt instruments
3 (commercial paper) to finance capital needs for GWA's CIP on an "as-needed" basis
4 while projects are in design and construction, deferring issuance and payment of
5 long-term debt (bonds) until projects are completed and in use. Under normal market
6 conditions, TECP has lower borrowing costs compared to long-term bonds because
7 it only requires GWA to pay interest on funds drawn for the work as it is constructed
8 rather than borrowing and paying for capital and interest on larger bond issuances
9 up front. Such short-term financing alternatives can be an important part of a
10 carefully considered financing program which analyzes market conditions and
11 regulatory requirements to deploy different borrowing options with the goal of
12 reducing overall capital financing costs. If GWA is authorized to use short term
13 financing alternatives such as TECP, the required cumulative rate increase would be
14 50% or 21.5% lower.

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

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

1 *I Liheslaturan Guåhan* is determined to minimize the financial impact to
2 ratepayers and supports GWA’s required borrowing needs to support the
3 implementation of critical capital improvement projects identified in Guam
4 Waterworks Authority’s five (5)-year financial plan and CIP. These projects are
5 essential for ensuring the reliability, efficiency, and compliance of Guam’s water
6 and wastewater infrastructure while addressing emerging regulatory requirements
7 and mitigating environmental risks.

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

16 **Section 2.** A new § 14242 is hereby *added* to Article 2 of Chapter 14, Title
17 12, Guam Code Annotated, to read:

18 “§ 14242. **Approval of Guam Waterworks Authority Commercial**
19 **Paper Program; Refunding Bonds.**

20 (a) *I Liheslaturan Guåhan*, pursuant to § 50103 of Chapter 50, Title
21 12, Guam Code Annotated, hereby approves the terms and conditions of a
22 borrower or financing program referred to as Commercial Paper (CP) to be
23 issued by GWA. From time to time, the CP may be issued in one (1) or more
24 series or issues, together with any related reimbursement obligations;
25 provided, that the issuance, terms, and conditions of the CP, the indenture,
26 trust agreement and/or issuing and paying agent agreement pursuant to which
27 the CP is to be issued, and any reimbursement agreement, dealer agreement

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

21 (b) Approval of Guam Waterworks Authority Refunding Bonds to
22 Refinance Commercial Paper. *I Liheslaturan Guåhan*, pursuant to § 50103 of
23 Chapter 50, Title 12, Guam Code Annotated, hereby approves the issuance
24 and sale of fixed rate revenue bonds in one or more series or issues from time
25 to time to refinance outstanding CP issued pursuant to this Section; provided,
26 that the issuance, terms and conditions of the refinancing bonds shall have
27 been approved by the Guam Public Utilities Commission and the Guam

1 Consolidated Commission on Utilities, and that the sale of the bonds shall be
2 approved by the Board of Directors of GEDA; and further provided that such
3 refinancing bonds shall have a principal amount sufficient to provide funds
4 for the payment of all CP to be refinanced thereby (the “prior CP”) and in
5 addition for the payment of all expenses incident to the calling, retiring or
6 paying of such prior CP and the issuance of such refinancing bonds, including:

7 (1) the difference in amount between the par value of the
8 refinancing bonds and any amount less than par for which the
9 refinancing bonds are sold;

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

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

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

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

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

1 (a) The Guam Legislature (*I Liheslaturan Guåhan*) pursuant to §
2 50103 of Chapter 50, Title 12, Guam Code Annotated, hereby approves the
3 issuance and sale by the Authority of revenue bonds pursuant to Article 2,
4 Chapter 14, Title 12, Guam Code Annotated (the “Act”) in one or more series
5 or issues, from time to time, issued privately or through the public capital
6 markets; provided, that the issuance, terms and conditions of the bonds shall
7 have been approved by the Guam Public Utilities Commission; and further
8 provided, that such bonds shall have a principal amount not to exceed Five
9 Hundred Sixty Million Dollars (\$560,000,000), shall have maturity dates not
10 to exceed forty (40) years from the respective issuance dates thereof, shall
11 bear interest at such rate or rates and shall be sold for such price or prices as
12 shall result in a net yield to the bondholders not exceeding seven percent
13 (7.00%) per annum for fixed rate bonds sold through the public capital
14 markets, and shall be issued and sold in the manner, for the purposes and
15 subject to the requirements and limitations provided in Article 2, Chapter 14,
16 Title 12, Guam Code Annotated. In order to be able to take advantage of any
17 current or future federally subsidized bond program, net yield to the
18 bondholders shall be calculated by subtracting any interest subsidy amounts
19 to be received from the United States in connection with such bonds from the
20 amount of interest to be paid to bondholders. In addition, such bonds shall be
21 issued for the purpose of (1) financing capital improvement projects necessary
22 for compliance with regulatory enforcement actions, including any Consent
23 Decree entered into between the Authority and the U.S. Environmental
24 Protection Agency and U.S. Department of Justice; (2) financing capital
25 improvement projects referenced in the Authority’s twenty (20)-year master
26 plan, five (5)-year Financial Plan and capital improvement program or other
27 studies contemplating additional capital improvement projects from time to

1 time; (3) financing capitalized interest with respect to the bonds; (4) funding
2 a reserve fund deposit with respect to the bonds; and/or (5) paying expenses
3 relating to the authorization, sale and issuance of such new bonds, including
4 without limitation, printing costs, costs of reproducing documents, credit
5 enhancement fees, underwriting, legal, feasibility, financial advisory and
6 accounting fees and charges, fees paid to banks or other financial institutions
7 providing credit enhancement, costs of credit ratings and other costs, charges
8 and fees in connection with the issuance, sale and delivery of the bonds.

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

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

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

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

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

6 **Section 4.** A new § 14243 is hereby *added* to Article 2 of Chapter 14, Title
7 12, Guam Code Annotated, to read:

8 **“§ 14243. Approval of Guam Waterworks Authority WIFIA, USDA**
9 **and Commercial Bank Loans.**

10 (a) *I Liheslaturan Guåhan*, pursuant to § 50103 of Chapter 50, Title
11 12, Guam Code Annotated, hereby authorizes the Guam Waterworks
12 Authority (GWA) to obtain financial assistance from the United States
13 Environmental Protection Agency, an agency of the United States of America,
14 acting by and through the Administrator of the Environmental Protection
15 Agency, with an address at 1200 Pennsylvania Avenue NW, Washington,
16 D.C. 20460 (the “WIFIA Credit Provider”), under the Water Infrastructure
17 Finance and Innovation Act, as amended by Section 1445 of the Fixing
18 America’s Surface Transportation Act of 2015, as further amended by Section
19 5008 of the Water Infrastructure Improvements For the Nation Act of 2016
20 and by Section 4201 of America’s Water Infrastructure Act of 2018
21 (collectively, as the same may be amended from time to time, the “WIFIA
22 Act”), which is codified as 33 U.S.C. §§ 3901-3914, in one (1) or more series
23 or issues of loans; provided, that the issuance, terms and conditions of the
24 debt, the indenture or loan agreement (in either event, a “WIFIA Credit
25 Agreement”) pursuant to which the loans are to be issued, and any shall have
26 been approved by the Guam Public Utilities Commission; and further
27 provided, that such loans may be obtained in the principal amount necessary

1 to fund any eligible GWA project costs under the WIFIA Act including, but
2 not limited to, financing capital improvement projects referenced in GWA's
3 master plan or other studies contemplating additional capital improvement
4 projects from time to time, but not to exceed an aggregate principal amount
5 of Four Hundred Million Dollars (\$400,000,000). Such loans shall each have
6 a final maturity not later than thirty-five (35) years after the first draw date
7 applicable to such loan or loans, shall bear interest at such rate or rates and be
8 sold for such price or prices as may be approved by the Guam Public Utilities
9 Commission. In addition, any such indebtedness may be incurred subject and
10 subordinate or parity to any contractual obligation of the Authority to the
11 holders of any bonds and the principal thereof and interest thereon may be
12 repaid:

13 (1) from revenues; or

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

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

1 and details of the notes shall be governed by this Chapter with respect to bonds
2 insofar as the same may be applicable, provided that:

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

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

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

1 addition, any such indebtedness may be incurred subject and subordinate or
2 parity to any contractual obligation of the Authority to the holders of any
3 bonds and the principal thereof and interest thereon may be repaid:

4 (1) from revenues; or

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

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

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

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

14 **Section 6. Limitation.** Notwithstanding anything to the contrary contained
15 herein, the aggregate principal amount of revenue bonds, WIFIA loans, USDA loans
16 and Commercial Bank loans that GWA is authorized to issue or borrow, as
17 applicable, shall not exceed Five Hundred Sixty Million Dollars (\$560,000,000).

18 **Section 7. Severability.** If any provision of this Act or its application to any
19 person or circumstance is found to be invalid or inorganic, such invalidity shall not
20 affect other provisions or applications of this Act that can be given effect without
21 the invalid provision or application, and to this end the provisions of this Act are
22 severable.

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