LOURDES A. LEON GUERRERO
GOVERNOR

JOSHUA F. TENORIO
LT. GOVERNOR

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

March 10, 2022

HONORABLE THERESE M. TERLAJE
Speaker
I Mina'trentai Sais Na Liheslaturan Guåhan
36th Guam Legislature
Guam Congress Building
163 Chalan Santo Papa
Hagåtña, Guam 96910

Re: BILL NO. 212-36 (COR) – 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

Hafa Adai Madame Speaker,

This time last year, I signed Public Law No. 36-9, which enabled Guam to capitalize on favorable market conditions to refinance Business Privilege Tax bonds and maximize savings on our debt service, resulting in over $64M in General Fund savings. Bill No. 212-36 seeks to similarly leverage record low bond interest rates into approximately $15.3 million in net present value savings from the refinance of Guam Power Authority's ("GPA") 2012 Series A bond, which will reduce GPA's operational costs, and ultimately allow GPA to consider a reduction in the base rate for ratepayers. This measure is both timely and time-sensitive – the window to take advantage of the current market may close in the coming months, and this refinance has the potential to yield lower power bills for our people in the near future, as our community continues to weather the devastating economic impact of the pandemic. For these reasons, I sign Bill No. 212-36 into law. It is now known as ***Public Law No. 36-80***.

Senseremente,

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

Enclosure: Bill No. 212-36 (COR) *nka P.L. No. 36-80*

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

RICARDO J. BORDALLO GOVERNOR'S COMPLEX
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Doc No. 36GL-22-0737

I MINA'TRENTAI SAIS NA LIHESLATURAN GUÅHAN
2022 (SECOND) Regular Session

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

This is to certify that **Bill No. 212-36 (COR), "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,"** was on the 25th day of February 2022, duly and regularly passed.

Therese M. Terlaje

Therese M. Terlaje
Speaker

Attested:

Amanda Shelton

Amanda L. Shelton
Legislative Secretary

This Act was received by *I Maga'hågan Guåhan* this 4th day of Feb., 2022, at 4 o'clock p.M.

Marilyn Tablante

Assistant Staff Officer
Maga'håga's Office

APPROVED:

Lou L Leon Guerrero

Lourdes A. Leon Guerrero
I Maga'hågan Guåhan

Date: 3/10/2022

Public Law No. 36-80

2022-15953

I MINA'TRENTAI SAIS NA LIHESLATURAN GUÅHAN
2021 (FIRST) Regular Session

Bill No. 212-36 (COR)
As amended by the Committee on Economic Development, Agriculture, Power and Energy Utilities, and the Arts; and further amended in the Committee of the Whole.

Introduced by: Joe S. San Agustin
V. Anthony Ada
Frank Blas Jr.
Joanne Brown
Christopher M. Dueñas
James C. Moylan
Tina Rose Muña Barnes
Telena Cruz Nelson
Sabina Flores Perez
Clynton E. Ridgell
Amanda L. Shelton
Telo T. Taitague
Jose "Pedo" Terlaje
Therese M. Terlaje
Mary Camacho Torres

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 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'hågan 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.

I Liheslaturan Guåhan 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 Guåhan 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 without the approval by *I Liheslaturan Guåhan* of the terms and conditions of the bonds.

I Liheslaturan Guåhan finds that based on historical low interest rates and current market conditions, the Authority expects to be able to refund certain maturities of its outstanding 2012 Series A revenue bonds for debt service savings.

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

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

I Liheslaturan Guåhan, pursuant to 12 GCA § 50103(k), hereby approves the terms and conditions of the issuance of senior revenue bonds by the Guam Power Authority from time to time, including, but not limited to, on a forward basis, for the purpose of refunding all or a portion of its currently outstanding 2012 Series A

revenue bonds, in accordance with the following requirements, limitations, terms and conditions:

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

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

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

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

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

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

(g) 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 prior bonds refunded, and in addition, for the payment of all expenses incident to the calling, retiring, or paying of such prior bonds and the issuance of such refunding bonds, including:

(1) 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;

(2) 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 prior bonds or to the date upon which the prior bonds will be paid pursuant to the call thereof or agreement with the holders thereof;

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

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

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

Section 3. Local Sale of Bonds. The Guam Economic Development Authority shall undertake its best efforts to cause a portion of any bonds issued

pursuant to this Act 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. If any provision of this Act or its application to any person or circumstance is found to be invalid or contrary to law, such invalidity shall not affect other provisions or applications of this Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.