RESOLUTION NO. 2017-17

RELATIVE TO AUTHORIZING THE APPROVAL OF A BOND ISSUANCE TO
REFINANCE PORTION OF THE 2010 REVENUE BOND

WHEREAS, the Consolidated Commission on Utilities is a body corporate a politic,
organized and existing under the laws of the Government of Guam; and

WHEREAS, the Consolidated Commission on Utilities is the governing body of the
Guam Power Authority ("GPA"); and

WHEREAS, GPA has been pursuing strategies for reducing debt service payments; and

WHEREAS, one strategy that has emerged as a result of historically low interest rates
has been the concept of refunding portion of GPA’s 2010 Series A revenue bonds for interest
rate savings; and

WHEREAS, GPA expects that opportunities will arise from time to time to refund all or
a portion of its other then outstanding revenue bonds for debt service savings, which is expected
to result in potential savings to ratepayers; and

WHEREAS, low interest rate warrants action from the CCU; and

WHEREAS, after several months of reviewing this strategy with Barclays, GPA Bond
Counsel, and GEDA, GPA believes this strategy provides significant benefit for GPA ratepayers;
and

WHEREAS, this transaction will need the approval of the Guam Legislature, GEDA, the
PUC, and the Governor; and

WHEREAS, the CCU desires to pursue this plan for refinancing of GPA’s debt service
costs in order to provide a net present value savings to ratepayers; and
WHEREAS, the present value of debt service on the refunding bonds will 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; and

NOW THEREFORE, BE IT RESOLVED BY THE CONSOLIDATED COMMISSION ON UTILITIES, AS THE GOVERNING BODY OF THE GUAM POWER AUTHORITY, AS FOLLOWS:

1. The General Manager is authorized to proceed forward with the refund of outstanding revenue bonds.
2. The General Manager is authorized to petition the Public Utilities Commission for authorization to complete the bond refunding initiative.
3. The General Manager is authorized to submit the proposed bond refinancing legislation (see attached) to the Guam Legislature.
4. The General Manager is authorized to seek approval to GEDA to proceed with the proposed bond refunding.

RESOLVED, that the Chairman of the Commission certifies and the Secretary of the Commission attests the adoption of this Resolution.

Duly and Regularly Adopted and Approved this 23rd day of May 2017.

Certified by: Attested by:

[Signatures]

JOSEPH T. DUENAS J. GEORGE BAMBA
CHAIRMAN SECRETARY

I, J. George Bamba, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do hereby certifies as follows:
The foregoing is a full, true, and correct copy of a resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes:  

Nays:  

Absent:  

Abstain:  

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AN ACT TO APPROVE THE TERMS AND CONDITIONS OF  
GUAM POWER AUTHORITY REVENUE BONDS TO REFUND  
OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.  

BE IT ENACTED BY THE PEOPLE OF GUAM:  

Section 1. Legislative Findings and Intent.  

(a) I Liheslaturan Guåhan finds that § 8203 of Title 12 of the Guam Code  
Annotated provides that Guam Power Authority ("GPA") is authorized to incur  
indebtedness by the issuance of revenue bonds with the approval of I Maga‘lai (the  
Governor) to raise funds for the purpose of establishing the electric power system of  
GPA, 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.
(b) § 12105 of Title 12 of the Guam Code Annotated provides that the GPA 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 (the “GPUC”).

(c) § 50103 of Title 12 of the Guam Code Annotated provides that public corporations of the government of Guam, including GPA, 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 Guahan of the terms and conditions of the bonds.

(d) Based on historical low interest rates and current market conditions, GPA expects to be able to refund certain maturities of its outstanding 2010 Series A revenue bonds for debt service savings. In addition, GPA expects that opportunities will arise from time to time to refund all or a portion of its other then outstanding revenue bonds for debt service savings, which is expected to result in potential savings to ratepayers.

(e) In order to benefit ratepayers, I Liheslaturan Guahan has determined to approve the issuance of revenue bonds by GPA for the purpose described in the above immediately preceding paragraph, all subject to approval by the Consolidated Commission on Utilities (“CCU”), I Maga’lahen Guahan, the GPUC, and the Board of Directors of GEDA in accordance with law.

Section 2. Approval of the Terms and Conditions of GPA Refunding Bonds.

I Liheslaturan Guahan, pursuant to §50103(k) of Title 12 of the Guam Code Annotated, hereby approves the terms and conditions of the issuance of senior revenue bonds in one or more series or issues by GPA for the purpose of refunding all or a portion of its currently outstanding 2010 Series A revenue bonds, as well as GPA’s other then outstanding revenue bonds from time to time (such refunded revenue bonds being
referred to herein as the "prior 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 (i) the amount determined in accordance with Section 8229 of Title 12 of the Guam Code Annotated, plus (ii) 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 obligation of GPA 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 GPA's existing bond indenture.

(c) The final maturity of the refunding bonds shall not exceed the final maturity of the prior 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 such prior bonds is not exceeded.

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

(e) 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 and the terms and conditions of the issuance of the bonds shall be approved by the GPUC as provided by Chapter 12 of Title 12 of the Guam Code Annotated.
(f) that 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) Promptly following the approval of the issuance of refunding bonds by GPA under this Section by the CCU, the CCU shall provide I Liheslaturan Guahan a copy of the resolution providing for such approval.

Section 3. Severability. If any provision of this Act or its application to any person or circumstances 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 provisions or application, and to this end the provisions of this Act are severable.