



**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

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2           **WHEREAS**, the present value of debt service on the refunding bonds will be at least two  
3 percent (2%) less than the present value of debt service on the prior bonds, using the yield on the  
4 refunding bonds as the discount rate; and  
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6           **NOW THEREFORE, BE IT RESOLVED BY THE CONSOLIDATED**  
7 **COMMISSION ON UTILITIES, AS THE GOVERNING BODY OF THE GUAM POWER**  
8 **AUTHORITY, AS FOLLOWS:**  
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- 10           1.     The General Manager is authorized to proceed forward with the refund of outstanding  
11 revenue bonds.  
12           2.     The General Manager is authorized to petition the Public Utilities Commission for  
13 authorization to complete the bond refunding initiative.  
14           3.     The General Manager is authorized to submit the proposed bond refinancing  
15 legislation (see attached) to the Guam Legislature.  
16           4.     The General Manager is authorized to seek approval to GEDA to proceed with the  
17 proposed bond refunding.  
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19           **RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the  
20 Commission attests the adoption of this Resolution.  
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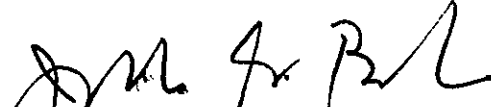
22           **DULY AND REGULARLY ADOPTED AND APPROVED** this 23<sup>rd</sup> day of May  
23 **2017.**  
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25 Certified by:

Attested by:

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29 **JOSEPH T. DUENAS**  
30 **CHAIRMAN**  
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29 **J. GEORGE BAMBA**  
30 **SECRETARY**  
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33           **I, J. George Bamba**, Secretary for the Consolidated Commission on Utilities  
34 (CCU), as evidenced by my signature above do hereby certifies as follows:

1           The foregoing is a full, true, and correct copy of a resolution duly adopted at a  
2 regular meeting of the members of Guam Consolidated Commission on Utilities, duly and  
3 legally held at a place properly noticed and advertised at which meeting a quorum was  
4 present and the members who were present voted as follows:

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6           Ayes:           4

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8           Nays:           0

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10          Absent:        1

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12          Abstain:       0

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2 ***I MINA 'TRENTAI KUATRO NA LIHESLĀTURAN GUĀHAN***  
3 **2017 (FIRST) Regular Session**  
4

5 **Bill No.** \_\_\_\_\_

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7 Introduced by:  
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13 **AN ACT TO APPROVE THE TERMS AND CONDITIONS OF**  
14 **GUAM POWER AUTHORITY REVENUE BONDS TO REFUND**  
15 **OUTSTANDING GUAM POWER AUTHORITY REVENUE BONDS.**

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

17 **Section 1. Legislative Findings and Intent.**

18 (a) *I Liheslaturan Guåhan* finds that § 8203 of Title 12 of the Guam Code  
19 Annotated provides that Guam Power Authority (“GPA”) is authorized to incur  
20 indebtedness by the issuance of revenue bonds with the approval of *I Maga’lahi* (the  
21 Governor) to raise funds for the purpose of establishing the electric power system of  
22 GPA, or of acquiring lands for the system, or of acquiring, constructing, improving,  
23 equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the  
24 system, or any part thereof, or for the purpose of refunding any such bonds, or for any  
25 combination of such purposes.

1 (b) § 12105 of Title 12 of the Guam Code Annotated provides that the GPA  
2 shall not enter into any contractual agreements or obligations (including bonds) which  
3 could increase rates and charges prior to the written approval of the Guam Public Utilities  
4 Commission (the “GPUC”).

5 (c) § 50103 of Title 12 of the Guam Code Annotated provides that public  
6 corporations of the government of Guam, including GPA, shall issue bonds and other  
7 obligations only by means of, and through the agency of the Guam Economic  
8 Development Authority (“GEDA”), and that GEDA shall not sell any bond without the  
9 approval by *I Liheslaturan Guahan* of the terms and conditions of the bonds.

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

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

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

21 *I Liheslaturan Guahan*, pursuant to §50103(k) of Title 12 of the Guam Code  
22 Annotated, hereby approves the terms and conditions of the issuance of senior revenue  
23 bonds in one or more series or issues by GPA for the purpose of refunding all or a portion  
24 of its currently outstanding 2010 Series A revenue bonds, as well as GPA’s other then  
25 outstanding revenue bonds from time to time (such refunded revenue bonds being

1 referred to herein as the “prior bonds”), in accordance with the following requirements,  
2 limitations, terms and conditions:

3 (a) The aggregate principal amount of the refunding bonds shall not  
4 exceed the sum of (i) the amount determined in accordance with Section 8229 of Title 12  
5 of the Guam Code Annotated, plus (ii) any additional amount needed to provide for a  
6 deposit to the debt service reserve in connection with the issuance of the refunding bonds.

7 (b) All obligation of GPA to pay debt service on, and the redemption  
8 price of, the prior bonds shall be discharged concurrently with the issuance of the  
9 refunding bonds. Thereafter, the prior bonds shall be payable solely from and secured  
10 solely by an escrow established for such purpose in accordance with GPA’s existing bond  
11 indenture.

12 (c) The final maturity of the refunding bonds shall not exceed the final  
13 maturity of the prior bonds. For clarity, the final maturity of the refunding bonds may  
14 exceed the maturity of an individual series of prior bonds so long as the final maturity of  
15 all such prior bonds is not exceeded.

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

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

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

4 (g) Promptly following the approval of the issuance of refunding bonds  
5 by GPA under this Section by the CCU, the CCU shall provide *I Liheslaturan Guahan* a  
6 copy of the resolution providing for such approval.

7 **Section 3. Severability.** If any provision of this Act or its application to any  
8 person or circumstances is found to be invalid or contrary to law, such invalidity *shall not*  
9 affect other provisions or applications of this Act that can be given effect without the  
10 invalid provisions or application, and to this end the provisions of this Act are severable.

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