

de



EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

December 28, 2012

Honorable Judith T. Won Pat, Ed.D.
Speaker
I Mina'trentai Unu Na Liheslaturan Guåhan
155 Hesler Street
Hagåtña, Guam 96910

31-12-2046
Office of the Speaker
Judith T. Won Pat, Ed. D.
Date 12/28/12
Time 5:04 pm
Received by *[Signature]*

Dear Madame Speaker:

Transmitted herewith is Bill No. 524-31 (COR) "AN ACT TO AMEND SUBSECTIONS (a) AND (b) OF §1512.3, AND TO ADD A NEW SUBPARAGRAPH (3) TO §1512.2(j), ALL OF ARTICLE 5, CHAPTER 1 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF BONDS AND OTHER OBLIGATIONS OF THE GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF REFUNDING PRIOR BONDS AND OTHER OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS", which I signed into law on December 28, 2012 as **Public Law 31-276**.

Senseramente,

[Signature]
EDDIE BAZA CALVO

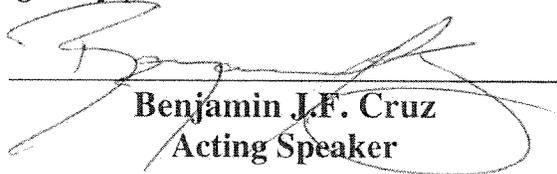
Attachment: copy of Bill

2046

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) Regular Session

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

This is to certify that Substitute Bill No. 524-31 (COR), "AN ACT TO AMEND SUBSECTIONS (a) AND (b) OF §1512.3, AND TO ADD A NEW SUBPARAGRAPH (3) TO §1512.3(j), ALL OF ARTICLE 5, CHAPTER 1 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF BONDS AND OTHER OBLIGATIONS OF THE GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF REFUNDING PRIOR BONDS AND OTHER OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS", was on the 14th day of December, 2012, duly and regularly passed.


Benjamin J.F. Cruz
Acting Speaker

Attested: 

Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'lahaen Guåhan* this 17 day of Nov, 2012, ^{Dec 28}
at
11:40 o'clock A.M.



Assistant Staff Officer
Maga'lahaen's Office

APPROVED:


EDWARD J.B. CALVO
I Maga'lahaen Guåhan

Date: DEC 28 2012

Public Law No. 31-276

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) REGULAR SESSION

Bill No. 524-31 (COR)

As substituted by the Author, and amended on the Floor.

Introduced by:

J. T. Won Pat, Ed.D.
T. R. Muña Barnes
Sam A. Mabini, Ph.D.
Aline A. Yamashita, Ph.D.
V. C. Pangelinan
Judith P. Guthertz, DPA
T. C. Ada
V. Anthony Ada
F. F. Blas, Jr.
B. J.F. Cruz
Chris M. Dueñas
Adolpho B. Palacios, Sr.
R. J. Respicio
Dennis G. Rodriguez, Jr.
M. Silva Taijeron

AN ACT TO AMEND SUBSECTIONS (a) AND (b) OF §1512.3, AND TO ADD A NEW SUBPARAGRAPH (3) TO §1512.3(j), ALL OF ARTICLE 5, CHAPTER 1 OF TITLE 5, GUAM CODE ANNOTATED, RELATIVE TO THE ISSUANCE OF BONDS AND OTHER OBLIGATIONS OF THE GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF REFUNDING PRIOR BONDS AND OTHER OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS.

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

1 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
2 that on September 13, 2012, the Board of Governors of the Federal Reserve System
3 released a statement stating that:

4 “Consistent with its statutory mandate, the Committee seeks to foster maximum
5 employment and price stability. The Committee is concerned that, without
6 further policy accommodation, economic growth might not be strong enough to
7 generate sustained improvement in labor market conditions. Furthermore,
8 strains in global financial markets continue to pose significant downside risks to
9 the economic outlook.

10 The statement continued:

11 “To support continued progress toward maximum employment and price
12 stability, the Committee expects that a highly accommodative stance of
13 monetary policy will remain appropriate for a considerable time after the
14 economic recovery strengthens. In particular, the Committee also decided today
15 to keep the target range for the federal funds rate at 0 to 1/4 percent and
16 currently anticipates that exceptionally low levels for the federal funds rate are
17 likely to be warranted at least through mid-2015.”

18 *I Liheslaturan Guåhan* further finds that such a commitment by the Federal
19 Reserve Board may positively affect government of Guam operations by allowing the
20 government to refinance or restructure its debt.

21 It is, therefore, the intent of *I Liheslaturan Guåhan* to authorize the Guam
22 Economic Development Authority (GEDA), within certain limitations, to arrange for
23 the refinancing and/or restructuring of the government of Guam General Obligation
24 Bonds, Series 1993 A.

1 **Section 2. Authorization to Refinance and Restructure Existing**
2 **Obligations.** §1512.3(a) of Article 5, Chapter 1, Title 5, Guam Code Annotated is
3 hereby *amended* to read as follows:

4 "(a) **Authorization of Issuance of Bonds.** *I Maga'lahen Guåhan* is
5 authorized to issue three (3) series of bonds of the government of Guam as
6 provided in this Section, in an aggregate principal amount *not to exceed* Three
7 Hundred Forty-Three Million Seven Hundred Thousand Dollars (\$343,700,000)
8 plus such principal amount as may be necessary for the purposes of the
9 refunding of Government of Guam General Obligation Bonds, 1993 Series A,
10 as provided in and subject to the conditions of Paragraph (2)(B)(iv) of this
11 Subsection (a), to provide the following:

12 (1) For the first bond series, in the following order of priority:

13 (A) up to One Hundred Ninety-Eight Million Dollars
14 (\$198,000,000) for payment of unpaid income tax refunds plus
15 interest to include for 2010 and prior;

16 (i) Set-aside for Tax Refunds for Humanitarian
17 Purposes. Of the total amount of proceeds available to issue
18 tax refund payments, the sum of Twenty Million Dollars
19 (\$20,000,000) *shall* be set aside and appropriated to the
20 Department of Revenue and Taxation for the purpose of
21 paying tax refunds for humanitarian purposes. The
22 provisions of this Section *shall* supplement other guiding
23 provisions of law regarding the processing of emergency tax
24 refund payments. Requests submitted for the following
25 humanitarian purposes *shall* qualify to be processed from
26 this Twenty Million Dollars (\$20,000,000) set-aside:

1 (aa) off-island medical treatment, inclusive of
2 the need to purchase medication; or death of a family
3 member, within two (2) degrees of consanguinity;

4 (bb) delinquent billing payments owed to the
5 Guam Power Authority, the Guam Waterworks
6 Authority, the Guam Housing and Urban Renewal
7 Authority, and the Judiciary of Guam, which have
8 become delinquent due to financial hardships;

9 (cc) delinquent loan payments owed to the
10 Guam Housing and Urban Renewal Authority, which
11 have become delinquent due to financial hardships;
12 and

13 (dd) delinquent loan payments owed to legally
14 qualified and licensed lenders, which have become
15 delinquent due to financial hardships. For the
16 purposes of this Section, a request for tax refunds
17 *shall* be submitted by the taxpayer to the Director of
18 Revenue and Taxation. All such requests are subject
19 to the review and approval of the Director.

20 (ii) Twenty Million Dollars (\$20,000,000) for the
21 payment of cost of living allowance to certain retired
22 government of Guam employees pursuant to the case known
23 as *Rios v. Camacho*;

24 (iii) Twenty-Six Million Four Hundred Thousand
25 Dollars (\$26,400,000) for payments owed to the
26 Government of Guam Retirement Fund for the Guam

1 Department of Education and the Guam Memorial Hospital
2 Authority principal and interest pursuant to Public Law 28-
3 38, as amended by Public Law 31-74; and

4 (iv) if no alternate source of funding is available, for
5 the payment of health insurance premiums for Fiscal Year
6 2012.

7 (2) For the second bond series:

8 (A) *no less than* Twenty-Five Million One Hundred
9 Thousand Dollars (\$25,100,000) for payments owed to the
10 Government of Guam Retirement Fund for the Guam Department
11 of Education, the Guam Memorial Hospital Authority, and the
12 *Health Insurance Bailout Agreement of FY2011* principal and
13 interest pursuant to Public Law 28-38, as amended by Public Law
14 31-74, such that the sums owed to the GGRF by the government of
15 Guam pursuant to Public Law 28-38, as amended, *shall* be
16 extinguished in its entirety;

17 (B) the remaining balance of bond proceeds such that the
18 debt to the GGRF identified in §1512.3(a)(2)(A) of Article 5,
19 Chapter 1, Title 5, Guam Code Annotated is paid, *shall* be used, in
20 any amount, for any of the following:

21 (i) the design, construction, re-construction,
22 rehabilitation, maintenance, or renovation of government of
23 Guam or Guam Department of Education-owned school
24 facilities, and/or the procurement and preventive
25 maintenance of school buses. A "School Facility" *shall*
26 mean school campus facilities, including any structure or

1 structures, together with all ancillary facilities, including
2 parking facilities, utilities, infrastructure and equipment
3 associated with providing the educational or related services
4 required by the Guam Department of Education and may
5 include an existing school facility being rehabilitated; and/or

6 (ii) the payment of unpaid income tax refunds for tax
7 year 2011; and/or

8 (iii) if no alternate source of funding is available, the
9 payment of health insurance premiums for Fiscal Year 2012.

10 (3) For the third bond series, to fund an escrow to pay principal,
11 interest and redemption price of Government of Guam General
12 Obligation Bonds, 1993 Series A and to pay expenses relating to the
13 authorization, sale and issuance of the bonds, including, without
14 limitation, printing costs, costs of reproducing documents, credit
15 enhancement fees, underwriting, legal, feasibility, financial advisory and
16 accounting fees and charges, fees paid to banks *or* other financial
17 institutions providing credit enhancement, costs of credit ratings and
18 other costs, charges and fees in connection with the issuance, sale and
19 delivery of the bonds; *provided, however,* that bonds may *not* be issued
20 for this purpose unless (a) all obligation of the government to pay debt
21 service on, and the redemption price of, the bonds being refunded *shall*
22 be discharged concurrently with the issuance of the refunding bonds, (b)
23 thereafter, the refunded bonds *shall* be payable solely from and secured
24 solely by the escrow established for such purpose, (c) the present value of
25 debt service on the refunding bonds *shall* be *at least* two percent (2%)
26 less than the present value of debt service on the bonds being refunded,

1 inclusive of all fees, for bond counsel and bond underwriters and other
2 cost of issuance, and (d) the issuance of the refunding bonds *shall not*
3 result in any increase in the aggregate amount of the government's
4 outstanding "public indebtedness" as that term is used in 48 USC 1423a
5 (§11 of the Organic Act of Guam).

6 (4) For the first and second bond series, such amount as may be
7 needed to capitalize and pay from bond proceeds interest on the bonds
8 due, accruing or required to be set aside in Fiscal Years 2012 and 2013;
9 and

10 (5) expenses incurred in connection with the issuance of such
11 bonds *not* already included in an existing appropriation for or the regular
12 budget of any government agency or instrumentality or public
13 corporation providing any service in connection with the issuance of such
14 bonds; *provided, however*, that bonds may *not* be issued in an amount
15 that would cause a violation of the debt limitation provisions of 48 USC
16 1423a (§11 of the Organic Act of Guam).

17 (6) *I Maga'lahaen Guåhan shall utilize the 2011 Real Property Tax*
18 *Assessment Roll as certified by the Board of Equalization in accordance*
19 *with §24518 of Chapter 24, Title 11, Guam Code Annotated, in*
20 *calculating the amount available for future debt obligation under the Debt*
21 *Limit (Ceiling) for the bond issuance authorized in this §1512.3(a) of*
22 *Article 5 of Chapter 1 of Title 5, Guam Code Annotated."*

23 **Section 3. Terms and Conditions of Bonds.**

24 § 1512.3(b) of Article 5, Chapter 1, Title 5, Guam Code Annotated is hereby
25 *amended* to read as follows:

1 "(b) Terms and Conditions Determined by Certificate *or* Indenture. The
2 terms and conditions of the bonds *shall* be as approved by *I Liheslaturan*
3 *Guåhan*, and as determined by *I Maga'lahen Guåhan* by the execution of a
4 certificate *or* indenture authorizing the issuance of the bonds, prior to the
5 issuance of the bonds; *provided, however*, that such terms and conditions *shall*
6 be consistent with this Section, that the first and second series of the bonds *shall*
7 mature *not later than* thirty-five (35) years after their date of issuance, *shall*
8 bear interest at such rates and be sold for such price or prices as shall result in a
9 yield to the bondholders that *does not exceed* six and one half percent (6.5%)
10 per annum, *shall* require interest only payments for Fiscal Years 2012, 2013
11 and 2014 and *shall not* require bond principal payments until after such Fiscal
12 Years, and that the third series of the bonds *shall* mature *not later than*
13 December 31, 2018, and *shall* bear interest at such rates and be sold for such
14 price *or* prices as shall result in the present value of debt service on the third
15 series of the bonds being *at least* two percent (2%) less than the present value of
16 debt service on the bonds being refunded, using the yield on the third series of
17 the bonds as the discount rate."

18 **Section 4. Authorization of Use of Proceeds for Refunding.**

19 A new Subparagraph (3) is hereby *added* to § 1512.3(j) of Article 5, Chapter 1,
20 Title 5, Guam Code Annotated, to read as follows:

21 "(3) The proceeds from the sale of the third bond series *shall* be used and
22 are hereby appropriated to (i) fund an escrow to pay principal, interest and
23 redemption price of Government of Guam General Obligation Bonds, 1993
24 Series A; and (ii) pay expenses relating to the authorization, sale and issuance
25 of the bonds, including, without limitation, printing costs, costs of reproducing
26 documents, credit enhancement fees, underwriting, legal, feasibility, financial

1 advisory and accounting fees and charges, fees paid to banks *or* other financial
2 institutions providing credit enhancement, costs of credit ratings and other
3 costs, charges and fees in connection with the issuance, sale and delivery of the
4 bonds."

5 **Section 5. Appropriation of Reduction in Debt Service from the**
6 **Refinancing and Restructuring of the General Obligation Bond Series 1993 A**
7 **Bond.** To the extent that there is a reduction in the annual debt service on the
8 refunding bond as compared to the debt service on the prior bond for the fiscal years
9 ending 2013 through 2019, then the resulting difference in debt service *shall* be
10 appropriated to the following entities and purpose:

11 (a) One Million Four Hundred Seventy Thousand Dollars (\$1,470,000) in Fiscal
12 Year 2013 to the University of Guam to prevent tuition increases for the Spring 2013
13 and Summer 2013 semesters and One Million Four Hundred Seventy Thousand
14 Dollars (\$1,470,000) in Fiscal Year 2014 to the University of Guam to prevent tuition
15 increases for the Fall 2013, Spring 2014, and Summer 2014 semesters;

16 (b) The remainder of the savings realized *shall* be equally distributed between
17 the Mayors' Council of Guam to be utilized as matching funds for federal grants for
18 capital improvement projects and the Tax Refund Reserve.

19 **Section 6. Severability.** If a provision of this act or its application to any
20 person or circumstance is held invalid, the invalidity does not affect other provisions
21 or applications of the act that can be given effect without the invalid provision or
22 application, and to this end the provisions of this act are severable.

6

I MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN

2011 (SECOND) Regular Session

Date: 12/14/12

VOTING SHEET

SBill No. 524-31(COR)

Resolution No. _____

Question: _____

NAME	<u>YEAS</u>	<u>NAYS</u>	<u>NOT VOTING/ ABSTAINED</u>	<u>OUT DURING ROLL CALL</u>	<u>ABSENT</u>
ADA, Thomas C.	✓				
ADA, V. Anthony	✓				
BLAS, Frank F., Jr. III		*			
CRUZ, Benjamin J. F.	✓				
DUENAS, Christopher M.	✓				
GUTHERTZ, Judith Paulette	✓				
MABINI, Sam					EA
MUNA-BARNES, Tina Rose	✓				
PALACIOS, Adolpho Borja, Sr.	✓				
PANGELINAN, vicente (ben) cabrera	✓				
RESPICIO, Rory J.	✓				
RODRIGUEZ, Dennis G., Jr.	✓				
SILVA TAIJERON, Mana	✓				
WON PAT, Judith T.	✓				
YAMASHITA, Aline A.	✓				

TOTAL 13 1 0 0 1

CERTIFIED TRUE AND CORRECT:


Clerk of the Legislature

* 3 Passes = No vote
EA = Excused Absence



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

DEC 10 2012

2012 DEC 11 AM 11:02

WV

The Honorable Judith T. Won Pat, Ed.D.

Speaker

I Mina'trentai Una Na Liheslaturan Guåhan

155 Hesler Place

Hagåtña, Guam 96910

VIA: The Honorable Rory J. Respicio
Chairperson, Committee on Rules

RE: Committee Report on Bill No 524-31 (COR), As Substituted

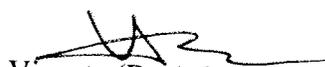
Dear Speaker Won Pat:

Transmitted herewith is the Committee Report on **Bill No. 524-31 (COR), as substituted, "An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service saving"**, sponsored by Speaker Judith T. Won Pat, which was referred to the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land.

Committee votes are as follows:

5 TO PASS
0 NOT TO PASS
1 TO REPORT OUT ONLY
0 TO ABSTAIN
0 TO PLACE IN INACTIVE FILE

Si Yu'os Ma'åse',


Vicente (Ben) Cabrera Pangelinan
Chairman

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

**COMMITTEE REPORT
ON**

**Bill No. 524-31 (COR), As Substituted
Sponsored by Speaker Judith T. Won Pat**

**An Act to add Chapter 51A to Title 12,
Guam Code Annotated regarding the
issuance of bonds and other obligations of
the government of Guam for the sole
purpose of refunding prior bonds and
other obligations to achieve debt service
savings.**



Office of

the People

I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

DEC 10 2012

MEMORANDUM

To: All Members
Committee on Appropriations, Taxation, Public Debt, Banking,
Insurance, Retirement, and Land

From: Speaker Judith T. Won Pat
Acting Committee Chair

Subject: Committee Report on Bill No. 524-31 (COR), As Substituted

Transmitted herewith for your consideration is the Committee Report on Bill No. 524-31 (COR), as substituted, "An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings." sponsored by Speaker Judith T. Won Pat.

This report includes the following:

1. Committee Voting Sheet
2. Committee Report Narrative
3. Copy of Bill No. 524-31 (COR), As Introduced
4. Copy of Bill No. 524-31 (COR), As Substituted
5. Public Hearing Sign-in Sheet
6. Copies of Written Testimonies
7. Copy of Fiscal Note
8. Copy of COR referral Bill No. 524-31 (COR)
9. Notices of Public Hearing
10. Copy of the Public Hearing Agenda

Please take the appropriate action on the attached voting sheet. Your attention to this matter is greatly appreciated. Should you have any questions or concerns, please do not hesitate to contact my office.

Si Yu'os Ma'åse',

Vicente (Ben) Cabrera Pangelinan
Chairman

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

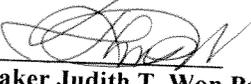
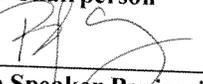
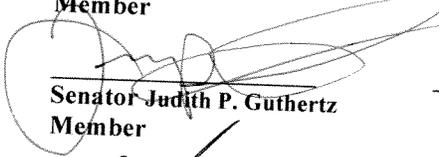
Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

I MINA' TRENTAI UNU NA LIHESLATURAN GUÅHAN

Committee Voting Sheet
Committee on Appropriations, Taxation, Banking, Public Debt, Insurance,
Retirement, and Land

Bill No. 524-31 (COR), as substituted, "An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings."

Committee Members	To Pass	Not To Pass	Report Out Only	Abstain	Inactive File
 Senator Vicente (ben) Cabrera Pangelinan Chairman	✓ 12/10/12	_____	_____	_____	_____
 Speaker Judith T. Won Pat, Ed.D Vice Chairperson	_____	_____	_____	_____	_____
 Vice Speaker Benjamin J. F. Cruz Member	12/12/12	_____	_____	_____	_____
 Senator Tina Rose Muña-Barnes Member	12/10/12	_____	_____	_____	_____
 Senator Judith P. Guthertz Member	2 9	_____	_____	_____	_____
 Senator Dennis Rodriguez, Jr. Member	_____	_____	✓ 12/10	_____	_____
_____ Senator V. Anthony Ada Member	_____	_____	_____	_____	_____
_____ Senator Christopher M. Duenas Member	_____	_____	_____	_____	_____
_____ Senator Mana Silva Taijeron Member	_____	_____	_____	_____	_____



the People

I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

Committee Report

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

I. OVERVIEW

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land convened a public hearing on November 19, 2012 at 5:00 pm in *I Liheslatura's* public hearing room.

Public Notice Requirements

Notices were disseminated via hand-delivery and e-mail to all senators and all main media broadcasting outlets on November 9, 2012 (5-Day Notice), and again on November 16, 2012 (48 Hour Notice).

(a) Committee Members and Senators Present

Speaker Judith T. Won Pat, Acting Chair
Senator Tina Muna-Barnes, Member
Senator V. Anthony Ada, Member
Senator Tom Ada
Senator Sam Mabini, Ph. D.

(b) Appearing before the Committee

Dr. Robert A. Underwood, President, University of Guam
Mr. Derick Baza Hills, Senator, UOG Student Government
Association
Mr. Anthony Quenga, Student Member, Board of Regents
Mr. Jesse Quenga, President, UOG Student Government
Association

(c) Written Testimonies Submitted

Dr. Robert Underwood, President, University of Guam
Mr. Derick Baza Hills, Senator, UOG 51st SGA
Mr. Anthony Quenga, Student Member, Board of Regents
Mr. Karl Pangelinan, Administrator, Guam Economic
Development Authority

324 W. Soledad Ave. Suite 100, Hagåtña, Guam 96910

Tel: (671) 473-(4BEN) 4236 - Fax: (671) 473-4238 - Email: senbenp@guam.net

Website: <http://senbenp.com>

II. COMMITTEE PROCEEDINGS

Acting Chair Judith T. Won Pat: As the Vice-Chair on the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement and Land, I will be holding a hearing this evening and several bills are on the agenda. Bill 523-31 (COR), "An Act relative to the appropriation of funds to the University of Guam;" Bill No. 524-31 (COR), "An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings;" and Bill 527-31 (COR), "An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds."

This evening I would like to thank my colleagues that are joining me this evening, Senator Tom Ada, Senator Sam Mabini, Senator Tony Ada and Senator Tina-Rose Muna Barnes.

We have the following individuals signed up for the first two bills: Anthony Quenga, Derick Baza Hills, Dr. Robert Underwood, and Jesse Quenga. We have four chairs; you are welcome to come forward.

(a) Bill Sponsor Summary

Acting Chair Judith T. Won Pat: I would like to briefly discuss some changes that have been made. I know we have Bill 523, which was the first bill, to respond to advertizing UOG's tuition increase. That was the first bill which we noticed in all the bonds and the series that were available with the loans that the government had entered into, that this short term loan was going to mature in 2013 and that was the very first idea in which we wanted to appropriate \$1.47 million of the \$1.7 million debt service to UOG. The problem, at that time, with that particular loan is that it would not take place until the end of the fiscal year. We were thinking it would be something very similar to what the Governor did when we appropriated the University \$1.47 million the first time and the University did not get it until the end of the fiscal year and almost into the new fiscal year.

We were thinking if that was done then this would help but you would need to fork out the money beforehand and I understand there has been so many other discussions at the University as to where you were going to make the cuts. This second bill, Bill 524 will refinance and restructure the government finance series, the 1993 series, to realize a cost savings of, from the first calculation, of \$1.8 million annually which would be appropriated to assist the University again for the aversion of the increase of the student tuition, the mayor council of Guam for any capital improvement projects and for tax refund reserve.

Then as more developments took place another bill was introduced that would take place of the first funding source of Bill 523 for the school bus. Of course, I have

been in communication with GEDA and have worked with the authors of Bill 528 (Senator Mabini and Senator Yamashita) in consolidating both bills.

I would like to open the floor now for testimonies and would like to ask the young gentlemen if they wouldn't mind if we had the President of the University start off.

(b) Testimony

1. Dr. Robert A. Underwood, President – University of Guam

Dr. Underwood: Read written testimony – verbatim.

I fully appreciate the outline you have given Madam speaker and that is our understanding of the situation, were we to go ahead with Bill 524 as worked out with some of the concerns with GEDA if we are to secure enough funding to cover the anticipated short fall which would be \$1.3/\$1.4 million. That is my understanding and we fully endorse that and we like that people are working collaboratively on behalf of the University of Guam.

Thank you for the opportunity to present my testimony.

Vice Chair Judith T. Won Pat: Thank you very much Dr. Underwood.

2. Mr. Derick Baza Hills, Senator – 51st UOG SGA.

Mr. Hills: Read written testimony – verbatim.

Acting Chair Judith T. Won Pat: Thank you very much.

3. Mr. Anthony Quenga, Student Member – UOG Board of Regents

Mr. Quenga: Hafa Adai and good evening. I have provided testimony but I would like the panel to know that the testimony has been changed, it was printed in error and I will provide one later.

Ultimately there are excerpts that I want to re-iterate. For the students attending the University, the administration has been very open about how the University is funded and where the issues lie. In the EIS, the economic statement that was provided by the administration, it says 73% of the total student population receives some form of student aid; of that 53% receive Pell Grant directly. The argument that other schools have raised their tuition significantly doesn't discredit that most of our students can't afford to have any form of increase, it would just discourage them from going to school. With that discouragement, we won't raise the revenue we need to meet the operation costs or the education cost at the University.

I really appreciate the effort of the legislature and the administration for allowing us to stay at the rate we have had for the past three years and we are only requesting the same relief. We hope we can work together to work something out. We appreciate the solutions you have provided, it takes a lot of effort, and the students appreciate it. We see the efforts of our leaders are really towards education. Thank you for that.

Acting Chair Judith T. Won Pat: Thank you very much.

4. Mr. Jesse Quenga, President – UOG SGA

Mr. Quenga: Thank you madam Speaker. Thank you, members of the Legislature for having us today and for giving us the opportunity to speak on this bill. My testimony is oral as well. A little bit of history; just about this time last year the University was going through the same process. The tuition was at a proposed rate increase and we were fortunate enough to get the gift from the Department of Interior along with the legislature's pro-activeness in allocating those funds to the University which prevented the increase last year.

When we were going through this whole process, when we understood the University was short on funds, the call was on the students to develop where we as students stand. Through interaction with the media, getting on the radio and interaction with our lawmakers, we realized different sides of the argument and we acknowledge that. There are also points that we do want to share, there are those who are with me the students of the University, who acknowledge and are truly grateful for the responsiveness of the authors. Most especially Speaker Won Pat and Senator Mabini whose two bills helped the University and showed that there are still hope for the students. We are grateful for that and we are still following the process and we hope to get the legislative support and hopefully the administration to give us that funding.

Just know, it's the students stories that are being told today and those that haven't been told but have that story is what fuels this engine, what pushes us to continue to spread this message that relief is needed. The cost goes up and the financial aid that is given to us, to sustain our education, doesn't. Cost goes up and our salary stays the same. We are truly looking for a nice medium where we all can be happy and respect what is needed from the students. I appreciate the effort and I support Bills 524 and 523.

Acting Chair Judith T. Won Pat: Thank you very much. I am going to open it now for any questions or comments from my colleagues.

Senator Tom Ada: I'm still trying to understand all these numbers that are being thrown around. I understand that as a result of the refinancing that Bill 524 accepts to accomplish; it would provide a debt service savings of \$1.8 million for the next couple of years. To defer the tuition increase, the University would need \$1.4 million

that begs to question what happens to the other \$400,000 at least for those next two years? My question is: if the entire debt service savings was given to the University, \$1.4 million would avert the tuition for two years (three years), then next year we're right back in here again dealing with the issue? But if you get the full debt service savings, is that something the University could utilize wisely?

Dr. Underwood: Well, of course Senator, that's a policy issue. I'm not fully conversant on all the details of the bill but I understand that some of the mechanisms that are being proposed by GEDA and Senator Mabini's bill that the money that would be re-cooped would be over \$3 million. Then we would be asking for half of that. That would avert the tuition increase for the next year.

Acting Chair Judith T. Won Pat: There are actually several scenarios that we were looking at; one is the extension from six years to ten years and then we would go from paying each year \$4.8 million (debt obligation) and then by the refinancing and refunding at a lower interest rate, we are at 5.4%, if we can get it down to 4% or less then our obligation would be \$3 million a year rather than the \$4.8 million. Then having the savings of \$1.8 million (Bill 524) yielding for six years and if we extend it, it ends there and then we pay the \$3 million a year until the tenth year.

The other scenario provided brings the savings all up front to \$3.2 million and keep it at the six years and every year after that it is \$200 or \$4,000 until it is completely paid off. In my conversation with GEDA, just this afternoon, there could be different scenarios depending on what we would like to do. One of my concerns was giving UOG the opportunity to be able to determine how then you would be able to make your cuts and how you would be able to stabilize the University. What I was looking at with GEDA, instead of the full \$3 million up front, there could be a smaller amount to address what you need and give you smaller amounts to stabilize the University's finances rather than all at one time and you find yourself here again.

Dr. Underwood: While we enjoy coming down here we don't want to come down here again next year for the same issue. I entirely agree with that but just the way the bill is written it says that the funds that you will re-coop will be divided in three ways equally. I'm sure you'll amend that.

Acting Chair Judith T. Won Pat: Absolutely. The details of this will be worked out with GEDA.

Dr. Underwood: Okay, I appreciate that.

Senator Mabini: In reference to that last comment regarding the vision of the proceeds, my bill is not being heard today but the proposal to give a large portion to the University to augment and defray the tuition increase but there was also be a large amount that would help one of your schools for research. I was just wondering, do you have any thoughts or feedbacks as to what would that proposal be to add as an amendment to this bill?

Dr. Underwood: I'd have to say, while I appreciate the money going to one particular unit at the University, speaking on behalf of the University we would appreciate that that decision is made at the University level to see where those funds are going to go. The immediate issue in front of us is tuition and that affects all the colleges and all the schools. That would be our preference.

Senator Tony Ada: Thank you Mr. President. When was the last time we had a tuition hike at the University?

Dr. Underwood: Three years ago.

Senator Tony Ada: If we have a tuition hike this year, how much would that be?

Dr. Underwood: It would be 10%.

Senator Tony Ada: My only concern is we keep deferring a tuition hike and there will come a point where the government will not be able to provide that relief, how much down the road will we need to increase it by? 15%?

Dr. Underwood: It depends on our financial situation at that time. Quite obviously the push and pull on this is by keeping tuition very affordable we get more students and we get more revenue. That may obviate the need for it. I can only assume that part of the Speaker's earlier comment is that if we have at least two years to deal with it then you'll have a chance to plan it out and that makes sense. This approach on how to deal with tuition is not enjoyable and we're not trying to push people into, it's just a real life situation. We are hoping that the government of Guam will see better days ahead and that the overall appropriation to the University is flat and has declined in real dollars and in a couple of years if the appropriation goes up a little bit then we will not see an increase in tuition in any event.

The question for us is stability and planning and that is why I'm very excited about the emerging arrangement that is coming out of this.

Acting Chair Judith T. Won Pat: GEDA has provided written testimony, which I would like to read it for the public.

[Read written testimony verbatim for Bill No. 524 from Mr. Karl Pangelinan, GEDA Administrator - see attached]

Senator Muna-Barnes: [Read written testimony verbatim for Bill No 523 from Mr. Karl Pangelinan, GEDA Administrator - see attached]

Acting Chair Judith T. Won Pat: Dr. Underwood, a couple of years ago we brought up this subject about parents purchasing a tuition rate at a specific time until

the child or grandchild is ready to attend the University. Is that still available to students?

Dr. Underwood: No and that has fallen in general disfavor among the Universities due to the galloping costs of running a University. Although, there are some places that continue it as an alternative. What we would like to explore with the students, is to lock in their tuition, assuming they graduate within a certain period of time, as long as they are making progress. We want to see students succeed. Some students are on the six-year plan, the seven year plan and we would like people to come back to a four year, five year plan. As an alternative, that is something we would like to consider. If we have the two years to work on that, that is a workable scenario where the students will know that they can come in and go to school and their tuition will remain the same the entire way through. That's defensible, workable, and economical, it makes sense. And for the University to fulfill its mission, it makes sense.

Acting Chair Judith T. Won Pat: I'm glad to hear that is being considered. That's excellent. That would affect a lot of your junior and seniors right now. And the two-year reprieve will sustain and kick in.

Dr. Underwood: We could fashion that as a tuition package that we could present to students and I think it makes a lot of sense.

Mr. J. Quenga: Definitely madam Speaker, if the students see that as a package for recruitment the students stress would be relieved on their part because whenever we come up in the news that UOG plans on raising tuition, automatically students get worried how they will afford it today, tomorrow or the day after. If we are able to sustain the University for a year or two it gives the students enough time to think about the steps they need to take to afford their cost of education, that would work towards the University's benefit as well as the government.

Acting Chair Judith T. Won Pat: I know when you were here to testify on the scholarship bill, a statement was made by financial officers that by re-working the scholarships and making it more flexible by establishing rules and regulations you could look to assist up to 800 students other than the 53% that are getting the Pell grant and other programs. With the flexibility you are able to branch out to other students based on the community needs to reach out to another 800 students.

Dr. Underwood: Yes Senator, and I saw in the news release that the bill is up for consideration tomorrow. You are absolutely correct, by giving the University the flexibility to deal with that we can cover short falls, move it around and help more students. One of the crunches that UOG Senator Derick Hills pointed out is, there is a crunch of students on Pell grants but Pell grants are not growing and are actually being limited by the Federal government. For example, you can't take any Pell grant during summer courses. Given also the precarious nature of the fiscal cliff that is going on in DC, it's unclear and unlikely that Pell grants would increase and just

gets to college age. They get a tax break and they also have it invested so hopefully it keeps up with tuition.

Vice Chair Judith T. Won Pat: Is there anyone else that hasn't signed up to testify that would like to testify? If not, thank you very much.

Dr. Underwood: I would just like to thank everyone for showing up here, especially the students, I learn a lot from these gentlemen and gentlewomen all the time. Thank you very much.

III. FINDINGS & RECOMMENDATIONS

The Committee on Appropriation, Taxation, Public Debt, Banking, Insurance, Retirement, and Land, hereby reports Bill No. 524-31 (COR) with the recommendation to pass.

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) REGULAR SESSION

2012 OCT -8 AM 9:16
WLL

Bill No. 524-31 (cor)

Introduced by:

J. T. Won Pat, Ed.D. 

AN ACT TO ADD CHAPTER 51A TO TITLE 12, GUAM
CODE ANNOTATED REGARDING THE ISSUANCE OF
BONDS AND OTHER OBLIGATIONS OF THE
GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF
REFUNDING PRIOR BONDS AND OTHER
OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Intent and Findings. *I Liheslaturan Guahan finds that on*
3 *September 13, 2012, the Board of Governors of the Federal Reserve System released a*
4 *statement stating that:*

5 "Consistent with its statutory mandate, the Committee seeks to foster maximum
6 employment and price stability. The Committee is concerned that, without
7 further policy accommodation, economic growth might not be strong enough to
8 generate sustained improvement in labor market conditions. Furthermore,
9 strains in global financial markets continue to pose significant downside risks to
10 the economic outlook.

11 The statement continued:

12 "To support continued progress toward maximum employment and price
13 stability, the Committee expects that a highly accommodative stance of monetary

1 policy will remain appropriate for a considerable time after the economic
2 recovery strengthens. In particular, the Committee also decided today to keep
3 the target range for the federal funds rate at 0 to 1/4 percent and currently
4 anticipates that exceptionally low levels for the federal funds rate are likely to be
5 warranted at least through mid-2015."

6 *I Liheslaturan Guahan* further finds that, such a commitment by the Federal Reserve
7 Board may positively affect government of Guam operations by allowing the
8 government to refinance or restructure its debt.

9 It is therefore the intent of *I Liheslaturan Guahan* to authorize the Guam
10 Economic Development Authority (GEDA), within certain limitations, to arrange for
11 the refinancing and/or restructuring of the government of Guam General Obligation
12 Bonds, Series 1993 A.

13 **Section 2. Authorization to Refinance and Restructure Existing Obligations.**
14 Chapter 51A is hereby added to Title 12 of the Guam Code Annotated to read as
15 follows:

16 **"CHAPTER 51A.**

17 **2012 Authorization to Refund Restructure Obligations to Achieve**
18 **Savings.**

19 **Section 51A101. Definitions.**

20 **Section 51A102. Authorization and Approval of Issuance, Terms and**
21 **Conditions of A Specific Bond the Sole Purpose of Achieving Debt**
22 **Service Savings.**

23 **Section 51A103. Permitted Investments.**

24 **Section 51A104. Financial Contracts to Achieve Savings.**

25 **Section 51A105. Local Sale of Bonds.**

26

1 **Section 51101. Definitions.** The definitions set forth herein shall govern
2 the construction and interpretation of this Chapter:

3 (a) 'Prior bond' means for purposes of this Chapter the following
4 obligation which is to be redeemed or otherwise retired with the proceeds
5 of the refunding bond and investment earnings thereon:

6 (1) A. GENERAL OBLIGATION BONDS, SERIES 1993 A (For
7 education capital projects; Real Property Taxes pledged; due Fiscal
8 Year 2018 as final year; P.L. 29-19 and P.L. 29-21)

9 (b) 'Refunding bond' means a bond authorized or approved pursuant
10 to this Chapter for the purpose of providing moneys to redeem or otherwise
11 retire a prior bond, funding any necessary bond reserves or paying expenses
12 incurred in connection with the issuance of such refunding bond.

13 (c) 'Yield' shall have the same meaning as when used in Section 148 of the
14 Internal Revenue Code of 1986, as amended. That is, 'yield' means the annual
15 discount rate which, when used to discount all payments of debt service on an
16 issue of bonds to the date of issuance of the bonds, using a semiannual
17 compounding interval, results in the aggregate present value of such payments
18 being equal to an amount equal to the re-offering price to the public of such
19 bond less fees to be paid for credit enhancement of such bonds from proceeds
20 thereof.

21 (d) 'Debt service' means the scheduled principal of and interest on
22 bonds plus fees to be paid (other than from bond proceeds) for credit
23 enhancement of such bonds and the net amounts to be paid or received
24 under any financial contract entered into under Section 51A105 of this Chapter.
25 For purposes of this definition, any prior bond bearing interest at a variable rate
26 shall be assumed to bear interest at the then-current interest rate on such bond.

1 (e) 'Debt service savings' means the present value of debt service on the
2 refunding bond is less than the present value of debt service on the prior bond,
3 taking into account any moneys transferred from the refunded bond to the
4 refunding bond and taking into account any moneys contributed to either or
5 both bond issues. Present value shall be calculated for this purpose using the
6 yield on the refunding bonds as the discount rate.

7 (f) 'Bond' means any bond, note or other evidence of indebtedness.

8 (g) 'GEDA' means the Guam Economic Development Authority.

9 **Section 51A102. Authorization and Approval of Issuance, Terms and**
10 **Conditions of A Specific Bond of the Government for the Sole Purpose of**
11 **Achieving Debt Service Savings.** *I Maga'lahaen Guahan* is authorized to issue on
12 behalf of the government of Guam a bond of the government consisting of a
13 refunding bond, subject to the following requirements, limitations, terms and
14 conditions:

15 (a) The issuance of the refunding bond shall not cause a violation of the
16 debt limitation provisions of 48 USC 1423a (511 of the Organic Act of Guam).

17 (b) All obligations of the government to pay debt service on, and the
18 redemption price of, the prior bond shall be discharged concurrently with the
19 issuance of the refunding bond. Thereafter, the prior bond shall be payable solely
20 from and secured solely by an escrow established for such purpose.

21 (c) The debt service on the refunding bonds shall represent a present
22 value savings over the prior bond.

23 (d) The final principal payment of the refunding bond shall not mature
24 later than year 2023 and the annual debt service shall be approximately equal in
25 each fiscal year. The present value of the aggregate future principal and interest
26 requirements on the refunding bonds shall be less than the present value of the

1 aggregate remaining principal and interest requirements on the prior bond
2 calculated as of the date of closing of the refunding bond.() The refunding bond
3 shall be payable from and secured by the same source or sources of revenues as
4 the prior bond refunded all or any portion of by the issue and the amounts to be
5 received under any financial contract entered into under Section 51A105 of this
6 Chapter and shall not be payable from or secured by any other source or sources
7 of revenues except as may be authorized by statute. Any pledge or lien on
8 revenues or other moneys authorized to be granted with respect to the prior
9 bond refunded by the issue is hereby authorized to be granted with respect to the
10 refunding bond. If the prior bond being refunded is a general obligation of the
11 government, the refunding bond shall be general obligations of the government.

12 (g) The proceeds of the refunding bond may be used to call for redemption
13 or defease the prior bond and to pay costs of issuance related to the refunding
14 bonds.

15 (f) The terms and conditions of the refunding bond shall be as
16 determined by *I Maga'lahaen Guahan* by the execution of a certificate or indenture
17 authorizing the issuance of the bond. The certificate or indenture shall contain
18 terms and conditions that are consistent with this Chapter, and shall include
19 substantially the same additional bond tests, rate covenants and other covenants
20 as were applicable with respect to the prior bonds.

21 (h) A refunding bond authorized by this Chapter shall constitute valid
22 and binding obligations of the government of Guam. All officers charged by law
23 with any duty in the collection of any revenues from which debt service on the
24 issue will be payable shall do every lawful thing necessary to collect the
25 amount necessary for such purpose. The validity such bond shall not be affected

1 by the validity or regularity of any proceedings for the implementation of the
2 capital improvement projects funded by the prior bond.

3 (i) Any appropriation of revenues or other moneys made by the statute
4 authorizing the issuance of the prior bond is hereby continued as an
5 appropriation with respect to the refunding bond

6 (j) Notwithstanding any substantive or procedural provision of Chapter
7 6, Title 5, Guam Code Annotated, the government of Guam waives immunity
8 from any suit or action in contract on the bond authorized by this Chapter, but
9 does not waive sovereign immunity as to the personal liability of elected officials
10 and employees of the government of Guam.

11 (k) The technical form and language of the refunding bond, including
12 provisions for execution, exchange, transfer, registration, paying agency, lost
13 or mutilated bonds, negotiability, cancellation and other terms, covenants or
14 conditions not inconsistent with this Chapter and including covenants relating
15 to the collection of revenues, shall be as specified in the certificate or indenture
16 executed by *I Maga'lahaen Guahan* authorizing the issuance of the refunding
17 bond. The certificate or indenture may appoint one or more trustees or other
18 fiduciaries authorized to receive and hold in trust the proceeds of the bond and
19 moneys relating thereto, to protect the rights of bondholders and to perform
20 such other duties as may be specified in the certificate or indenture. Trustees on
21 the prior bond may remain as trustees on the refunding bond without going
22 through a new procurement process. *I Maga'lahaen Guahan* is also authorized to
23 execute, on behalf of the government of Guam, any appropriate agreements,
24 certificates or other instruments relating to the bonds and the sale of the bond.

25 (l) *I Maga'lahaen Guahan* is authorized to enter into such contracts or
26 agreements with such banks, insurance companies or other financial institutions

1 as he determines are necessary or desirable to improve the security and
2 marketability of any issue of a bond authorized by this Chapter. Such contracts
3 or agreements may contain an obligation to reimburse, with interest, any such
4 banks, insurance companies or other financial institutions for advances used to
5 pay principal of or interest on the issue. Any such reimbursement obligation
6 shall be payable solely from the same sources as debt service on the issue is
7 payable, and any such advance, if necessary, shall be treated as creating a
8 reimbursement obligation issued to refund the issue.

9 (m) No employee or elected official of the government of Guam shall be
10 individually or personally liable for the payment of any amounts due on any
11 bond issued under this Chapter, or for any other liability arising in connection
12 with the bond; provided, however, that nothing in this Chapter shall relieve any
13 employee or elected official from the performance of any ministerial duty
14 required by law.

15 (n) Section 50103(k), Title 12, Guam Code Annotated, provides that
16 agencies and instrumentalities of the government of Guam shall issue bonds and
17 other obligations only by means of and through the agency of the GEDA. No
18 issue of bonds authorized by this Chapter shall be sold until the Board of
19 Directors of GEDA has adopted a resolution approving the sale of such issue.

20 (o) Section 50103(k) also provides that GEDA shall not sell any bonds
21 without approval by *I Liheslaturan Guahan* of the terms and conditions of the
22 issuance of the bonds. *I Liheslaturan Guahan* hereby approves the issuance, terms
23 and conditions of the bonds authorized by this Chapter.

24 **Section 51A103. Permitted Investments.** The proceeds of the bond
25 issued by the government or any agency, authority or instrumentality thereof
26 under this Chapter, and any revenues relating to such bonds, may be invested in,

1 but only in, the types of investments permitted by the certificate or indenture
2 pursuant to which such bonds is issued.

3 **Section 51A104. Financial Contracts to Achieve Savings.** Any agency,
4 authority or instrumentality of the government and *I Maga'lahaen Guihan* on
5 behalf of the government of Guam, in connection with, or incidental to, the
6 issuance of a bond under this Chapter, or the carrying of any investment or
7 program of investment under this Chapter, may enter into any contracts which
8 GEDA determines to be necessary or appropriate to place the obligation or
9 investment of the agency, authority or instrumentality of the government, as
10 represented by the bond, investment or program of investment and the
11 contract or contracts, in whole or in part, on the interest rate, currency, cash-
12 flow, or other basis desired by GEDA in the furtherance of the purposes of this
13 Chapter, including, without limitation, contracts commonly known as interest
14 rate swap agreements, currency swap agreements, forward payment conversion
15 agreements, futures, or contracts providing for payments based on levels of,
16 or changes in, interest rates, current exchange rates, or contracts to exchange
17 cash flows or a series of payments, or contracts, including, without limitation,
18 interest rate floors or caps, options, put or call to hedge payment, currency, rate,
19 spread, or similar exposure. These contracts or arrangements may also be
20 entered into by GEDA in connection with, or incidental to, entering into or
21 maintaining any agreement which secures bonds. These contracts and
22 arrangements shall be entered into with the parties, selected by the means, and
23 contain the payment, security, default, remedy, and other terms and conditions,
24 determined by GEDA, after giving due consideration for the creditworthiness
25 of the counterparties, where applicable, including any rating by a nationally
26 recognized rating agency or any other criteria as may be appropriate.

1 **Section 51105. Local Sale of Bonds.** GEDA shall undertake its best
2 efforts to cause a portion of any bond issued pursuant to this Chapter, to be
3 offered for sale in Guam, as well as in other jurisdictions, if and to the extent that
4 such offer and any sales resulting from such offer do not increase the cost to the
5 government of Guam of issuing and repaying such bond.”

6 **Section 3. Appropriation of reduction in Debt Service from the Refinancing**
7 **and Restructuring of the General Obligation Bond Series 1993 A Bond.** To the extent
8 that there is a reduction in annual debt service on the refunding bond as compared to
9 the debt service on the prior bond for the fiscal years ending 2014 through 2019, then
10 the resulting difference in debt service shall be appropriated to the following entities
11 and purpose in equal amounts;

- 12 a. The University of Guam;
- 13 b. The Mayors Council of Guam for capital improvement projects for all
14 villages; and
- 15 c. Tax Refund Reserve

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) REGULAR SESSION

Bill No. 524-31 (COR)
As substituted by the
Author.

Introduced by:

J. T. Won Pat, Ed.D.

**AN ACT TO AMEND SUBSECTIONS (a) AND (b)
OF §1512.3; TO ADD SUBPARAGRAPH (3) TO
§1512.3(j) TO TITLE 5, GUAM CODE ANNOTATED
REGARDING THE ISSUANCE OF BONDS AND
OTHER OBLIGATIONS OF THE GOVERNMENT
OF GUAM FOR THE SOLE PURPOSE OF
REFUNDING PRIOR BONDS AND OTHER
OBLIGATIONS TO ACHIEVE DEBT SERVICE
SAVINGS**

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

2 **Section 1. Legislative Intent and Findings.** *I Liheslaturan Guahan finds*
3 that on September 13, 2012, the Board of Governors of the Federal Reserve
4 System released a statement stating that:

5 “Consistent with its statutory mandate, the Committee seeks to foster
6 maximum employment and price stability. The Committee is concerned that,
7 without further policy accommodation, economic growth might not be
8 strong enough to generate sustained improvement in labor market
9 conditions. Furthermore, strains in global financial markets continue to pose
10 significant downside risks to the economic outlook.

11 The statement continued:

1 "To support continued progress toward maximum employment and price
2 stability, the Committee expects that a highly accommodative stance of
3 monetary policy will remain appropriate for a considerable time after the
4 economic recovery strengthens. In particular, the Committee also decided
5 today to keep the target range for the federal funds rate at 0 to 1/4 percent
6 and currently anticipates that exceptionally low levels for the federal funds
7 rate are likely to be warranted at least through mid-2015."

8 *I Liheslaturan Guahan* further finds that, such a commitment by the Federal
9 Reserve Board may positively affect government of Guam operations by allowing
10 the government to refinance or restructure its debt.

11 It is therefore the intent of *I Liheslaturan Guahan* to authorize the
12 Guam Economic Development Authority (GEDA), within certain limitations, to
13 arrange for the refinancing and/or restructuring of the government of Guam
14 General Obligation Bonds, Series 1993 A.

15 **Section 2. Authorization to Refinance and Restructure Existing**
16 **Obligations.** §1512.3(a) of Article 5, Chapter 1, Title 5, Guam Code Annotated is
17 hereby amended to read as follows:

18 "(a) **Authorization of Issuance of Bonds.** *I Maga'lahaen Guahan* is
19 authorized to issue ~~two~~ three series of bonds of the government of Guam as
20 provided in this Section, in an aggregate principal amount *not to exceed*
21 *Three Hundred Forty-Three Million Seven Hundred Thousand Dollars*
22 *(\$343,700,000) plus such principal amount as may be necessary for the*
23 **purposes of the refunding of Government of Guam General Obligation**
24 **Bonds, 1993 Series A, as provided in and subject to the conditions of**
25 **paragraph (2)(B)(iv) of this subsection (a),** to provide the following:

26 (1) For the first bond series, in the following order of priority:

1 (A) up to One Hundred Ninety-Eight Million Dollars
2 (\$198,000,000) for payment of unpaid income tax refunds plus
3 interest to include for 2010 and prior;

4 (i) Set-aside for Tax Refunds for Humanitarian
5 Purposes. Of the total amount of proceeds available to
6 issue tax refund payments, the sum of Twenty Million
7 Dollars (\$20,000,000) *shall* be set aside and appropriated
8 to the Department of Revenue and Taxation for the
9 purpose of paying tax refunds for humanitarian purposes.
10 The provisions of this Section *shall* supplement other
11 guiding provisions of law regarding the processing of
12 emergency tax refund payments. Requests submitted for
13 the following humanitarian purposes *shall* qualify to be
14 processed from this Twenty Million Dollars
15 (\$20,000,000) set-aside:

16 (aa) off-island medical treatment, inclusive
17 of the need to purchase medication; or death of a
18 family member, within two (2) degrees of
19 consanguinity;

20 (bb) delinquent billing payments owed to the
21 Guam Power Authority, the Guam Waterworks
22 Authority, the Guam Housing and Urban Renewal
23 Authority, and the Judiciary of Guam, which have
24 become delinquent due to financial hardships;

25 (cc) delinquent loan payments owed to the
26 Guam Housing and Urban Renewal Authority,

1 which have become delinquent due to financial
2 hardships; and

3 (dd) delinquent loan payments owed to
4 legally qualified and licensed lenders, which have
5 become delinquent due to financial hardships. For
6 the purposes of this Section, a request for tax
7 refunds *shall* be submitted by the taxpayer to the
8 Director of Revenue and Taxation. All such
9 requests are subject to the review and approval of
10 the Director.

11 (ii) Twenty Million Dollars (\$20,000,000) for the
12 payment of cost of living allowance to certain retired
13 government of Guam employees pursuant to the case
14 known as *Rios v. Camacho*;

15 (iii) Twenty-Six Million Four Hundred Thousand
16 Dollars (\$26,400,000) for payments owed to the
17 Government of Guam Retirement Fund for the Guam
18 Department of Education and the Guam Memorial
19 Hospital Authority principal and interest pursuant to
20 Public Law 28-38, as amended by Public Law 31-74; and

21 (iv) if no alternate source of funding is available,
22 for the payment of health insurance premiums for Fiscal
23 Year 2012.

24 (2) For the second bond series:

25 (A) no less than Twenty-Five Million One Hundred
26 Thousand Dollars (\$25,100,000) for payments owed to the

1 Government of Guam Retirement Fund for the Guam
2 Department of Education, the Guam Memorial Hospital
3 Authority, and the *Health Insurance Bailout Agreement of*
4 *FY2011* principal and interest pursuant to Public Law 28-38, as
5 amended by Public Law 31-74, such that the sums owed to the
6 GGRF by the government of Guam pursuant to Public Law 28-
7 38, as amended, *shall* be extinguished in its entirety;

8 (B) the remaining balance of bond proceeds such that the
9 debt to the GGRF identified in §1512.3(a)(2)(A) of Article 5,
10 Chapter 1, Title 5, Guam Code Annotated is paid, *shall* be used,
11 in any amount, for any of the following:

12 (i) the design, construction, re-construction,
13 rehabilitation, maintenance, renovation of government of
14 Guam or Guam Department of Education-owned school
15 facilities, and/or procurement and preventive
16 maintenance of school buses. A "School Facility" *shall*
17 mean school campus facilities including any structure or
18 structures, together with all ancillary facilities, including
19 parking facilities, utilities, infrastructure and equipment
20 associated with providing the educational or related
21 services required by the Guam Department of Education
22 and may include an existing school facility being
23 rehabilitated; and/or

24 (ii) the payment of unpaid income tax refunds for
25 tax year 2011; and/or

1 (iii) if no alternate source of funding is available,
2 the payment of health insurance premiums for Fiscal
3 Year 2012.

4 (3) For the third bond series, to fund an escrow to pay
5 principal, interest and redemption price of Government of Guam
6 General Obligation Bonds, 1993 Series A and to pay expenses
7 relating to the authorization, sale and issuance of the bonds,
8 including, without limitation, printing costs, costs of reproducing
9 documents, credit enhancement fees, underwriting, legal,
10 feasibility, financial advisory and accounting fees and charges,
11 fees paid to banks or other financial institutions providing credit
12 enhancement, costs of credit ratings and other costs, charges and
13 fees in connection with the issuance, sale and delivery of the
14 bonds; provided, however, that bonds may not be issued for this
15 purpose unless (a) all obligation of the government to pay debt
16 service on, and the redemption price of, the bonds being refunded
17 shall be discharged concurrently with the issuance of the
18 refunding bonds, (b) thereafter, the refunded bonds shall be
19 payable solely from and secured solely by the escrow established
20 for such purpose, (c) the present value of debt service on the
21 refunding bonds shall be at least two percent (2%) less than the
22 present value of debt service on the bonds being refunded, and (d)
23 the issuance of the refunding bonds shall not result in any
24 increase in the aggregate amount of the government's outstanding
25 "public indebtedness" as that term is used in 48 USC 1423a (§11
26 of the Organic Act of Guam).

1 ~~(3)~~ **(4) For the first and second bond series,** such amount as
2 may be needed to capitalize and pay from bond proceeds interest on
3 the bonds due, accruing or required to be set aside in Fiscal Years
4 2012 and 2013; and

5 ~~(4)~~ (5) expenses incurred in connection with the issuance of
6 such bonds *not* already included in an existing appropriation for or the
7 regular budget of any government agency or instrumentality or public
8 corporation providing any service in connection with the issuance of
9 such bonds; *provided, however,* that bonds may *not* be issued in an
10 amount that would cause a violation of the debt limitation provisions
11 of 48 USC 1423a (§11 of the Organic Act of Guam).

12 ~~(5)~~ (6) *I Maga'lahaen Guåhan shall utilize the 2011 Real*
13 *Property Tax Assessment Roll as certified by the Board of*
14 *Equalization in accordance with §24215 of Chapter 24, Title 11,*
15 *Guam Code Annotated, in calculating the amount available for future*
16 *debt obligation under the Debt Limit (Ceiling) for the bond issuance*
17 *authorized in this §1512.3(a) of Article 5 of Chapter 1 of Title 5,*
18 *Guam Code Annotated."*

19 **Section 3. Terms and Conditions of Bonds.**

20 § 1512.3(b) of Article 5, Chapter 1, Title 5, Guam Code Annotated is hereby
21 *amended* to read as follows:

22 "(b) Terms and Conditions Determined by Certificate *or* Indenture. The
23 terms and conditions of the bonds shall be as approved by *I Liheslaturan Guåhan,*
24 and as determined by *I Maga'lahaen Guåhan* by the execution of a certificate *or*
25 indenture authorizing the issuance of the bonds, prior to the issuance of the bonds;
26 *provided, however,* that such terms and conditions shall be consistent with this

1 Section, ~~and~~ that the first and second series of the bonds shall mature *not* later
2 than thirty-five (35) years after their date of issuance, shall bear interest at such
3 rates and be sold for such price *or* prices as shall result in a yield to the
4 bondholders that does *not* exceed six and one half percent (6.5%) per annum, shall
5 require interest only payments for Fiscal Years 2012, 2013 and 2014 and shall not
6 require bond principal payments until after such Fiscal Years, and that the third
7 series of the bonds shall mature *not* later than December 31, 2018, and shall
8 bear interest at such rates and be sold for such price *or* prices as shall result in
9 the present value of debt service on the third series of the bonds being at least
10 two percent less than the present value of debt service on the bonds being
11 refunded, using the yield on the third series of the bonds as the discount rate."

12 **Section 4.** Authorization of Use of Proceeds for Refunding.

13 A new subparagraph (3) is hereby added to § 1512.3(j) of Article 5, Chapter
14 1, Title 5, Guam Code Annotated, as follows:

15 "(3) The proceeds from the sale of the third bond series *shall* be used and are
16 hereby appropriated to (i) fund an escrow to pay principal, interest and redemption
17 price of Government of Guam General Obligation Bonds, 1993 Series A; and
18 (ii) pay expenses relating to the authorization, sale and issuance of the bonds,
19 including, without limitation, printing costs, costs of reproducing documents, credit
20 enhancement fees, underwriting, legal, feasibility, financial advisory and
21 accounting fees and charges, fees paid to banks *or* other financial institutions
22 providing credit enhancement, costs of credit ratings and other costs, charges and
23 fees in connection with the issuance, sale and delivery of the bonds."

24 **Section 3 (5).** Appropriation of reduction in Debt Service from the
25 **Refinancing and Restructuring of the General Obligation Bond Series 1993 A**
26 **Bond.** To the extent that there is a reduction in annual debt service on the

1 refunding bond as compared to the debt service on the prior bond for the fiscal
2 years ending 2013 through 2019, then the resulting difference in debt service shall
3 be appropriated to the following entities and purpose:

- 4 a. One Million Four Hundred Seventy Thousand Dollars (\$1,470,000.00) in
5 Fiscal Year 2013 to the University of Guam to prevent tuition increases
6 for the Spring 2013 and Summer 2013 semesters and One Million Four
7 Hundred Seventy Thousand Dollars (\$1,470,000.00) in Fiscal Year 2014
8 to the University of Guam to prevent tuition increases for the Fall 2013,
9 Spring 2014, and Summer 2014 semesters;
- 10 b. One Hundred Sixty Thousand Dollars (\$160,000.00) to the Mayors
11 Council of Guam to be utilized as matching funds for Federal grants for
12 capital improvement projects; and
- 13 c. the remainder of the savings realized to be deposited into the Tax Refund
14 Reserve

15 **Section 6. Severability.** If a provision of this act or its application to any
16 person or circumstance is held invalid, the invalidity does not affect other
17 provisions or applications of the act that can be given effect without the
18 invalid provision or application, and to this end the provisions of this act are
19 severable.



Mina'trentai Unu Na Liheslaturan Guahan
THIRTY-FIRST GUAM LEGISLATURE
Senator Vicente "ben" Cabrera Pangelinan

COMMITTEE ON APPROPRIATIONS, TAXATION, PUBLIC DEBT, BANKING,
INSURANCE, RETIREMENT AND LAND
 November 19, 2012

BILL NO. 524-31 (COR)
SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT Yes No
Anthony Quenga	PO Box 8090 Agat, GU	4786-8946	anthony.quenga @hotmail.com	✓		yes.
David Baza Hills	Agat, GU				✓	yes
Robert Underwood				✓	✓	yes
Jesse Quenga	PO Box 8090 Agat, GU	482-8946	jesse.quenga6 @gmail.com		✓	yes



Mina'trentai Unu Na Liheslaturan Guahan
THIRTY-FIRST GUAM LEGISLATURE
Senator Vicente "ben" Cabrera Pangelinan

COMMITTEE ON APPROPRIATIONS, TAXATION, PUBLIC DEBT, BANKING,
INSURANCE, RETIREMENT AND LAND
 November 19, 2012

BILL NO. 524-31 (COR)
SIGN UP SHEET

NAME	ADDRESS	PHONE	EMAIL	WRITTEN	ORAL	SUPPORT Yes No
DAVIS O'Brien	1905	735-2900	dobrien@vgu.edu		✓	✓

324 W. Soledad Ave. Hagatna, Guam 96910
 Ph. 473-4236 Fax. 473-4238
 Email: senbenp@guam.net



UNIVERSITY OF GUAM
UNIBETSIDÁT GUAHAN

OFFICE OF THE PRESIDENT

UOG Station, Mangilao, Guam 96923
Telephone: (671) 735-2990 • Fax: (671) 734-2296

November 19, 2012

The Honorable Vicente (ben) C. Pangelinan
Chairman, Committee on Appropriations, Taxation, Public Debt, Banking,
Insurance, Retirement and Land
Senator, 31st Guam Legislature
155 Hesler Place
Hagatna, Guam 96910

Dear Senator Pangelinan and Members of the Committee,

Thank you for the opportunity to present the University's position on Bills 523-31 and Bill 524-31. These bills are designed to fill in the financial gap that the University will face without a raise in tuition this year and in the following three years. We appreciate the effort and the concern of Senator Won Pat as well as other Senators who have introduced similar bills in the name of "tuition relief."

Raising the tuition at the University of Guam is not something we do lightly and it is always the last resort. By becoming more efficient, deferring hiring and through the special funding we received last year from the Government of Guam, we have been able to avoid a tuition increase in the past three years. This was at a time when tuition increased nationally by an average of more than 7% per year. In colleges in Hawaii and California, the increase was more dramatic.

We want to remain an affordable and sustainable option for higher education. We need to maintain the quality of our educational programs. We need to increase the number of graduates from the University of Guam if our island economy and society is to enjoy progress and prosperity. For all these reasons, we ask that you find the mechanism to keep tuition rates at their current level.

Dangkolo na si Yu'os ma'ase' put todú i ayudun-miyu gi manmaloffan yan presente na ha'ane.

Sincerely,

Robert A. Underwood

Good Evening,

I am Derick Baza Hills, Senator of the 51st Student Government Association.

*I am present here tonight to have a discussion with you and to implore you as legislative leaders to focus on making the University of Guam an institution that provides an Affordable College Education. **With that I support legislation that will avert any and all tuition hikes in the upcoming years at the University of Guam.***

As the balance of political powers shift, our island community is developing an ideal range of social, economic, political and security tools to cope with the complex and unknown future of problems. In pertaining to the greatest University in the Pacific region, the University of Guam, its student body truly wishes for new and innovative ideas that will lead the University forward and not backwards. In another round of public hearings on a potential **TUITION HIKE**, the 51st Student Government and the general student body's' attention was already focused on the very issue to bring together collectively the future generation of leaders, economic and social forces that will shape the future of Guam, an island we call home. Now, an already delicate issue that directly affects the students of the University has become an outsized test of whether together we can pull through these tough and unknown economic times.

Guam will see new faces in the positions of leadership but as for new ideas and proactive solutions, time could only tell. As an island community, we should all do our utmost to be optimistic and consider being positive of the direction our island is about to head. We all face similar uphill challenges and problems, but we definitely share the same road to solving them. My peers, family and friends at the University have the best of an

understanding of how an election should not divide but encourage unity, overcome division of our island and community.

As students of the University of Guam we have a responsibility to the future of our island. Our tenure there to receive an education in the 21st century will lead to the services we as future graduates will provide in the Health Care, Science and New Technology industries, as well as both in the Social and Psychological services, the services in which our island desperately needs.

*Students are the crucial voice in the University of Guam's education particularly in this public hearing. **If the students are as committed to their education then the same should be proven by all leaders of government and to make education at the University of Guam as accessible by making it affordable. The University of Guam cannot be the Natural Choice if it is the Expensive Choice. Although, I believe that the University of Guam is the Best Choice for a college education, but prosperity here is rested on the unprecedented investment in the talents and creativity of the 3,800 + students, which I like to label as the University's economy and backbone. If a tuition hike takes place in the upcoming semester this would be like raising taxes on the middle class in an economy with little spending, less full-time and more part-time, less professors and just instructors. By not raising tuition for the 2013 spring and fall semesters, the University will market prospective students the Best Choice for an affordable college education. It's simply an Arithmetic situation.***

*As we look ahead we face the imminent danger of student aid failing to keep up with the rising cost of college and will leave too many young talented students behind. **Put STUDENTS FIRST!** That is what the students at the University of Guam are imploring you to continue doing.*

I applaud you, Speaker Won Pat, for stating that sometimes our leaders forget that what they do affects our kids. Although, I know that leaders of both political parties do the best of their ability to make sound and effective decisions. In the spirit of stride and initiative, we all should do more to compete with progress of the previous years. Inspire our youth and students alike to listen, be considerate and share understanding of the issues that matter most to them, and the continuity to work hard to achieve their goals and to develop his or her full God given potential. Nothing can beat you to your dream if you aim for the stars

The University of Guam is amongst the most successful institution here in the Pacific region. Collectively, the University of Guam enjoys a global reputation that few institutions can match. The research by students of the Education, Agricultural, Marine, Biological, Public and Political fields produce so much innovations of the highest order. The lectures attract a hugely disproportionate share of the world's international students.

Yet our future is being gambled on an unprecedented financial restraint due to the unforeseen economic forces at work. We look to a democratic mandate. The students are now calling out your support simply because of our beliefs that are grounded in wishful ideological hope that **Education** is the key to a successful **Economy** and a brighter better future.

I believe that one day minus today, the University of Guam will be regarded as a self-governing community of students, staff and professors seeking deeper understanding and devotion to maximizing performance of collective metrics which do not remotely capture what other universities aspire to achieve.

The worries of an Affordable College Education will lead to an impoverished teaching, undermine creativity, trivialize research, and alienate students and professors all

together. Much worse this particular market system of finding a stable funding source transforms students from active apprentices in the craft of higher learning to passive consumers attempting to leverage their purchasing power into high lifetime earnings, less attending a higher educational institution while being employed for minimum wage. Despite homage to the knowledge economy, this new trend seems designed to make the careers of the next generation of academics as precarious and unrewarding as possible.

Now is the time to come together to consider how best to resist a mounting financial crisis at the University before the damage that may arise out of a tuition hike is beyond repair.

“Great powers also have to be savvy and persuasive. To do that, we need to expand our investment in students, higher education, integrate every asset and partner, and fundamentally change the way we do business.”

Thank you.

God bless.

BIBA UOG!



UNIVERSITY OF GUAM
UNIBETSEDÁT GUAHAN

Board of Regents
Anthony R. Quenga, Student Member

November 19, 2012

To: Members of the 31st Guam Legislature
From: Anthony R. Quenga
Subject: Written Testimony for Public Hearing on Bill 523-31 and 524-31

Håfa Adai Honorable Members of the 31st Guam Legislature:

I come before this body to speak in support of Bills 523-31 and 524-31. As we all know the cost of education at UOG has increased significantly throughout the years. As you may know, the cost of education is shared between three parties: the students of the university, government appropriations, and grants and contracts the university is awarded. Unfortunately two of these party members are left with the responsibility to make up for the cost of education we incur every year.

There is more to this story than who can incur the costs. Both parties reiterate their inability to incur simply because we have already committed ourselves to other forms of debt. Debt has plagued many of us and while the government nears its debt ceiling students are finding themselves taking on multiple jobs to afford the consumption of education. The EIS states that 73% of the total student population receives financial aid, of this 53% receive Pell grant. The implications with this percentage are that many of our students are in no position to financially support the cost of education. They rely of the funds provided through private and student loans as well as federal financial aid. This means that most students come from homes that are not wealthy and indeed wish to improve their standard of living through acquiring education from our university.

Students see education's value in their lives. The power of being able to put "graduate" on an application is something we all strive for. Although proponents of a tuition increase may say that other universities in mainland states are worse, we feel that it really is not a valid counter argument. My position and argument would be to request relief from our government. Raising



UNIVERSITY OF GUAM
UNIBETSEDÁT GUAHAN

Board of Regents
Anthony R. Quenga, Student Member

tuition will only discourage students from attending the university. Discouragement leads to a decrease in enrollment and decrease in revenue collection. As it is the university produces a strong workforce for the Government of Guam. Ultimately graduates become contributing members of society who pay their share of taxes that allow the government to function.

Perhaps this implication needs to be heard in different terms. I feel that the students' position on this matter is united. We feel that the government must support the university and ultimately the students. The investment in our only local and public university in the region has major long term benefits to include allowing the university to produce stimulating citizens of Guam's future economy.

We sincerely thank the leaders in the legislature who have taken the time to listen to our cry for help and have shown us that they acknowledge the issue and have a solution for us to consider. I highly encourage the honorable members of the legislature to support the students of the university by passing Bills 523-31 and 524-31. It is my deepest wish that we continue to support the students of the university and showcase that not only are students of UOG premier members of this community, but also products of a university that provides an affordable yet excellent quality of education within the pacific region. Un Dangkulu na Si Yu'us Ma'ase for giving me to opportunity to represent my constituents. God bless you all and let us continue to be the "natural choice" for collegiate excellence.

Sincerely,

Anthony R. Quenga
Student Member
Board of Regents

Testimony on Bill 524-31 (COR)
Karl A. Pangelinan, Administrator, Guam Economic Development Authority
To the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land
I Mina Trentai Unu Na Liheslaturan Guahan
November 19, 2012

Hafa Adai!

I apologize to the Chairman and Members of the Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement, and Land as I will not be present for today's public hearing as I am out sick. I would, however, like to herein submit testimony on Bill 524-31 (COR), "AN ACT TO ADD CHAPTER 51A TO TITLE 12, GUAM CODE ANNOTATED REGARDING THE ISSUANCE OF BONDS AND OTHER OBLIGATIONS OF THE GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF REFUNDING PRIOR BONDS AND OTHER OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS".

The proposal to refinance the 1993 General Obligation (GO) Bonds has been a suggestion of GEDA since August 14, 2012 when I was testifying in support of bill 484 authorizing the GPA bond refinancing. Our testimony back then identified the 1993 GO bonds would provide potential debt service savings of an average Four Hundred Forty-Six Thousand, Nine Hundred Dollars (\$446,900.00) per year, if we refinanced the balance of the 1993 GovGuam General Obligation Bonds to be secured with the investment grade Business Privilege Tax revenue stream.

Below are specific comments I have with the bill:

1. In the past, any Guam bond refinancing had to achieve a minimum Two Percent (2%) present value savings over the old bonds. Bill 524-31 has a lower savings threshold, defining savings as "the present value of debt service on the refunding bond is less than the present values of debt service on the prior bond..." (line 1, page 4 of bill 524).
2. Line 23, page 5 of the bill allows the overall life of the debt to be extended with the final maturity of the refunding bonds to be in 2023 versus 2018, the current maturity of the 1993 GO Bonds.
3. The legislation is missing the actual pledge of the Government's full faith and credit, which would typically be included in a GO bond authorization, and a requirement to collect the necessary revenue to pay the debt service on the bonds, which would also be included. These would be important rating agency credit points and important to our bond counsel opinion.
4. Typically a GO bond authorization includes a provision to the effect that Notwithstanding Sections 17311 and 17312 of Title 3 of the GCA, the issuance of the bonds authorized by the statute shall not be subject to the approval of, or placed before, the voters of Guam. Arguably, this statute would authorize bonds subject to a voter approval requirement.
5. Section 51105 restates the local sale of bonds provision that is already contained as an omnibus provision in the GEDA statute and could be deleted.

Subsequent to the bills introduction, GEDA participated in a working session with Speaker Judith Won Pat and Senator Sam Mabini to strengthen the intent of Bill 524 by combining elements of Bill No. 526-31 (COR) introduced by Senator Mabini, which authorizes the use of Business Privilege Taxes (BPT) to refund the GovGuam 1993 General Obligation Bonds. As a result of the working session, attached for your reference are the recommended changes on Bill 524-31 to authorize the 1993 GovGuam General Obligation Bond refunding with the BPT. By taking advantage of the current low interest rate environment and the credit strength of the BPT, the government can realize savings in an amount up to Three Million Two Hundred Thousand Dollars (\$3,200,000.00) over the next year.

We further support that the General Fund revenues equal to the amount of the savings realized from the refunding for the fiscal years ending September 30, 2013 and 2014, be appropriated to fund (i) One Million Four Hundred Seventy Thousand Dollars (\$1,470,000.00) to provide funding to the University of Guam to avert any tuition increases that would otherwise have been required during such fiscal years; (ii) the sum of Five Hundred Thousand Dollars (\$500,000.00) to pay for educational research initiatives at the School of Education, University of Guam, that directly addresses local issues; (ii) the sum of Five Hundred Thousand Dollars (\$500,000.00) to the Mayors Council of Guam for capital improvement projects for all villages and (iii) the remainder of the savings realized, if any remain, to make prior year tax refund payments.

Thank you for the opportunity to present testimony on Bill No. 524-31(COR). *Si Yu'os Ma'ase'.*

Senseramente.


for **Karl Pangelinan**
Administrator

ATTACHMENT

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) REGULAR SESSION

Introduced by:

AN ACT TO AMEND SUBSECTIONS (a) and (j) OF §1512.3
OF ARTICLE 5, CHAPTER 1, TITLE 5, GUAM CODE
ANNOTATED, REGARDING THE ISSUANCE OF BONDS
AND OTHER OBLIGATIONS OF THE GOVERNMENT OF
GUAM FOR THE SOLE PURPOSE OF REFUNDING
PRIOR BONDS AND OTHER OBLIGATIONS TO
ACHIEVE DEBT SERVICE SAVINGS

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Intent and Findings. *I Liheslaturan Guahan finds* that on
3 September 13, 2012, the Board of Governors of the Federal Reserve System released a statement
4 stating that:

5 "Consistent with its statutory mandate, the Committee seeks to foster maximum
6 employment and price stability. The Committee is concerned that, without further policy
7 accommodation, economic growth might not be strong enough to generate sustained
8 improvement in labor market conditions. Furthermore, strains in global financial markets
9 continue to pose significant downside risks to the economic outlook.

10 The statement continued:

11 "To support continued progress toward maximum employment and price stability, the
12 Committee expects that a highly accommodative stance of monetary policy will remain
13 appropriate for a considerable time after the economic recovery strengthens. In
14 particular, the Committee also decided today to keep the target range for the federal funds

1 rate at 0 to 1/4 percent and currently anticipates that exceptionally low levels for the
2 federal funds rate are likely to be warranted at least through mid-2015."

3 *I Liheslaturan Guahan* further finds that, such a commitment by the Federal Reserve Board may
4 positively affect government of Guam operations by allowing the government to refinance or
5 restructure its debt.

6 It is therefore the intent of *I Liheslaturan Guahan* to authorize the Guam Economic
7 Development Authority (GEDA), within certain limitations, to arrange for the refinancing and/or
8 restructuring of the government of Guam General Obligation Bonds, Series 1993 A.

9 **Section 2. Authorization to Refinance and Restructure Existing Obligations.**

10 § 1512.3(a) of Article 5, Chapter 1, Title 5, Guam Code Annotated is hereby *amended* to read as
11 follows:

12 "(a) **Authorization of Issuance of Bonds.** *I Maga'lahaen Guahan* is authorized to
13 issue ~~two~~ three series of bonds of the government of Guam as provided in this Section, in
14 an aggregate principal amount *not to exceed* Three Hundred Forty-Three Million Seven
15 Hundred Thousand Dollars (\$343,700,000) plus such principal amount as may be
16 necessary for the purposes of the refunding of Government of Guam General Obligation
17 Bonds, 1993 Series A, as provided in and subject to the conditions of paragraph
18 (2)(B)(iv) of this subsection (a), to provide the following:

19 (1) For the first bond series, in the following order of priority:

20 (A) up to One Hundred Ninety-Eight Million Dollars
21 (\$198,000,000) for payment of unpaid income tax refunds plus interest to
22 include for 2010 and prior:

23 (i) Set-aside for Tax Refunds for Humanitarian Purposes.
24 Of the total amount of proceeds available to issue tax refund
25 payments, the sum of Twenty Million Dollars (\$20,000,000) *shall*
26 be set aside and appropriated to the Department of Revenue and

1 Taxation for the purpose of paying tax refunds for humanitarian
2 purposes. The provisions of this Section *shall* supplement other
3 guiding provisions of law regarding the processing of emergency
4 tax refund payments. Requests submitted for the following
5 humanitarian purposes *shall* qualify to be processed from this
6 Twenty Million Dollars (\$20,000,000) set-aside:

7 (aa) off-island medical treatment, inclusive of the
8 need to purchase medication; or death of a family member,
9 within two (2) degrees of consanguinity;

10 (bb) delinquent billing payments owed to the Guam
11 Power Authority, the Guam Waterworks Authority, the
12 Guam Housing and Urban Renewal Authority, and the
13 Judiciary of Guam, which have become delinquent due to
14 financial hardships;

15 (cc) delinquent loan payments owed to the Guam
16 Housing and Urban Renewal Authority, which have
17 become delinquent due to financial hardships; and

18 (dd) delinquent loan payments owed to legally
19 qualified and licensed lenders, which have become
20 delinquent due to financial hardships. For the purposes of
21 this Section, a request for tax refunds *shall* be submitted by
22 the taxpayer to the Director of Revenue and Taxation. All
23 such requests are subject to the review and approval of the
24 Director.

25 (ii) Twenty Million Dollars (\$20,000,000) for the payment
26 of cost of living allowance to certain retired government of Guam
27 employees pursuant to the case known as *Rios v. Camacho*:

1 (iii) Twenty-Six Million Four Hundred Thousand Dollars
2 (\$26,400,000) for payments owed to the Government of Guam
3 Retirement Fund for the Guam Department of Education and the
4 Guam Memorial Hospital Authority principal and interest pursuant
5 to Public Law 28-38, as amended by Public Law 31-74; and

6 (iv) if no alternate source of funding is available, for the
7 payment of health insurance premiums for Fiscal Year 2012.

8 (2) For the second bond series:

9 (A) no less than Twenty-Five Million One Hundred Thousand
10 Dollars (\$25,100,000) for payments owed to the Government of Guam
11 Retirement Fund for the Guam Department of Education, the Guam
12 Memorial Hospital Authority, and the *Health Insurance Bailout*
13 *Agreement of FY2011* principal and interest pursuant to Public Law 28-38,
14 as amended by Public Law 31-74, such that the sums owed to the GGRF
15 by the government of Guam pursuant to Public Law 28-38, as amended,
16 *shall* be extinguished in its entirety:

17 (B) the remaining balance of bond proceeds such that the debt to
18 the GGRF identified in §1512.3(a)(2)(A) of Article 5, Chapter 1, Title 5,
19 Guam Code Annotated is paid, *shall* be used, in any amount, for any of the
20 following:

21 (i) the design, construction, re-construction, rehabilitation,
22 maintenance, renovation of government of Guam or Guam
23 Department of Education-owned school facilities, and/or
24 procurement and preventive maintenance of school buses. A
25 "School Facility" *shall* mean school campus facilities including
26 any structure or structures, together with all ancillary facilities,
27 including parking facilities, utilities, infrastructure and equipment
28 associated with providing the educational or related services

1 required by the Guam Department of Education and may include
2 an existing school facility being rehabilitated; and/or

3 (ii) the payment of unpaid income tax refunds for tax year
4 2011; and/or

5 (iii) if no alternate source of funding is available, the
6 payment of health insurance premiums for Fiscal Year 2012;

7 (3) For the third bond series, to fund an escrow to pay principal, interest
8 and redemption price of Government of Guam General Obligation Bonds, 1993
9 Series A and to pay expenses relating to the authorization, sale and issuance of the
10 bonds, including, without limitation, printing costs, costs of reproducing
11 documents, credit enhancement fees, underwriting, legal, feasibility, financial
12 advisory and accounting fees and charges, fees paid to banks or other financial
13 institutions providing credit enhancement, costs of credit ratings and other costs,
14 charges and fees in connection with the issuance, sale and delivery of the bonds;
15 provided, however, that bonds may not be issued for this purpose unless (a) all
16 obligation of the government to pay debt service on, and the redemption price of,
17 the bonds being refunded shall be discharged concurrently with the issuance of
18 the refunding bonds, (b) thereafter, the refunded bonds shall be payable solely
19 from and secured solely by the escrow established for such purpose, (c) the
20 present value of debt service on the refunding bonds shall be at least two percent
21 (2%) less than the present value of debt service on the bonds being refunded, and
22 (d) the issuance of the refunding bonds shall not result in any increase in the
23 aggregate amount of the government's outstanding "public indebtedness" as that
24 term is used in 48 USC 1423a (§1) of the Organic Act of Guam).

25 (3) For the first and second bond series, such amount as may be needed to
26 capitalize and pay from bond proceeds interest on the bonds due, accruing or
27 required to be set aside in Fiscal Years 2012 and 2013; and

28 (4) expenses incurred in connection with the issuance of such bonds *not*
29 already included in an existing appropriation for or the regular budget of any

1 government agency or instrumentality or public corporation providing any service
2 in connection with the issuance of such bonds; *provided, however,* that bonds may
3 *not* be issued in an amount that would cause a violation of the debt limitation
4 provisions of 48 USC 1423a (§11 of the Organic Act of Guam).

5 (5) *I Maga'lahan Guahan shall utilize the 2011 Real Property Tax*
6 *Assessment Roll as certified by the Board of Equalization in accordance with*
7 *§24215 of Chapter 24, Title 11, Guam Code Annotated, in calculating the amount*
8 *available for future debt obligation under the Debt Limit (Ceiling) for the bond*
9 *issuance authorized in this §1512.3(a) of Article 5 of Chapter 1 of Title 5, Guam*
10 *Code Annotated."*

11 **Section 3. Terms and Conditions of Bonds.**

12 § 1512.3(b) of Article 5, Chapter 1, Title 5, Guam Code Annotated is hereby *amended* to
13 read as follows:

14 "(b) **Terms and Conditions Determined by Certificate or Indenture.** The terms and
15 conditions of the bonds shall be as approved by *I Liheslaturan Guahan*, and as determined by *I*
16 *Maga'lahan Guahan* by the execution of a certificate *or* indenture authorizing the issuance of the
17 bonds, prior to the issuance of the bonds; *provided, however,* that such terms and conditions shall
18 be consistent with this Section, ~~and~~ that the first and second series of the bonds shall mature *not*
19 later than thirty-five (35) years after their date of issuance, shall bear interest at such rates and be
20 sold for such price *or* prices as shall result in a yield to the bondholders that does *not* exceed six
21 and one half percent (6.5%) per annum, shall require interest only payments for Fiscal Years
22 2012, 2013 and 2014 and shall not require bond principal payments until after such Fiscal Years,
23 and that the third series of the bonds shall mature *not* later than December 31, 2018, and shall
24 bear interest at such rates and be sold for such price *or* prices as shall result in the present value
25 of debt service on the third series of the bonds being at least two percent less than the present
26 value of debt service on the bonds being refunded, using the yield on the third series of the bonds
27 as the discount rate."

28 **Section 4. Authorization of Use of Proceeds for Refunding.**

1 A new subparagraph (3) is hereby added to § 1512.3(j) of Article 5, Chapter 1, Title 5,
2 Guam Code Annotated, as follows:

3 "(3) The proceeds from the sale of the third bond series shall be used and are hereby
4 appropriated to (i) fund an escrow to pay principal, interest and redemption price of Government
5 of Guam General Obligation Bonds, 1993 Series A; and (ii) pay expenses relating to the
6 authorization, sale and issuance of the bonds, including, without limitation, printing costs, costs
7 of reproducing documents, credit enhancement fees, underwriting, legal, feasibility, financial
8 advisory and accounting fees and charges, fees paid to banks or other financial institutions
9 providing credit enhancement, costs of credit ratings and other costs, charges and fees in
10 connection with the issuance, sale and delivery of the bonds."

11 **Section 5. Appropriation of Reduction in Debt Service from the Refinancing and**
12 **Restructuring of the General Obligation Bond Series 1993 A.** To the extent that there is a
13 reduction in annual debt service on the refunding bond as compared to the debt service on the
14 prior bond for the fiscal years ending September 30, 2013 through 2019, then General Fund
15 revenues equal to the amount of the savings realized from such refunding shall be appropriated
16 to the following entities and purpose:

- 17 a. One Million Four Hundred Seventy Thousand Dollars (\$1,470,000.00) to provide
18 funding to the University of Guam to avert any tuition increases that would
19 otherwise have been required during such fiscal years;
- 20 b. the sum of Five Hundred Thousand Dollars (\$500,000.00) to pay for educational
21 research initiatives at the School of Education, University of Guam, that directly
22 addresses local issues;
- 23 c. the sum of Five Hundred Thousand Dollars (\$500,000.00) to the Mayors Council
24 of Guam for capital improvement projects for all villages; and

1 d. the remainder of the savings realized, if any remain, to make prior year tax refund
2 payments.

3 **Section 6. Severability.** If a provision of this act or its application to any person or
4 circumstance is held invalid, the invalidity does not affect other provisions or applications of the
5 act that can be given effect without the invalid provision or application, and to this end the
6 provisions of this act are severable.

**Bureau of Budget & Management Research
Fiscal Note of Bill No. 524-31 (COR)**

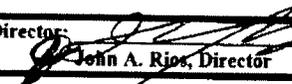
AN ACT TO ADD CHAPTER 51A TO TITLE 12, GUAM CODE ANNOTATED REGARDING THE ISSUANCE OF BONDS AND OTHER OBLIGATIONS OF THE GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF REFUNDING PRIOR BONDS AND OTHER OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS.

Department/Agency Appropriation Information	
Dept./Agency Affected: Administration	Dept./Agency Head: Benita Manglona+E25
Department's General Fund (GF) appropriation(s) to date:	27,958,631
Department's Other Fund (Specify) appropriation(s) to date:	8,523,716
Total Department/Agency Appropriation(s) to date:	\$36,482,347

Fund Source Information of Proposed Appropriation			
	General Fund:	(Specify Special Fund):	Total:
FY 2012 Unreserved Fund Balance ¹		\$0	\$0
FY 2013 Adopted Revenues	\$0	\$0	\$0
FY 2013 Appro. (Substitute Bill 426-31)	\$0	\$0	\$0
Sub-total:	\$0	\$0	\$0
Less appropriation in Bill	\$0	\$0	\$0
Total:	\$0	\$0	\$0

Estimated Fiscal Impact of Bill						
	One Full Fiscal Year	For Remainder of FY 2013 (if applicable)	FY 2014	FY 2015	FY 2016	FY 2017
General Fund	\$0	\$0	\$0	\$0	\$0	\$0
(Specify Special Fund)	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$0	\$0	\$0	\$0	\$0	\$0

- Does the bill contain "revenue generating" provisions?
If Yes, see attachment / / Yes / x / No
- Is amount appropriated adequate to fund the intent of the appropriation?
If no, what is the additional amount required? \$ _____ / x / N/A / / Yes / / No
- Does the Bill establish a new program/agency?
If yes, will the program duplicate existing programs/agencies? / / Yes / / No
Is there a federal mandate to establish the program/agency? / x / N/A / / Yes / / No
- Will the enactment of this Bill require new physical facilities? / / Yes / x / No
- Was Fiscal Note coordinated with the affected dept/agency? If no, indicate reason:
/ / Requested agency comments not received by due date / / Other: / x / Yes / / No

Analyst:  Date: 10/25/12	Director:  Date: NOV 03 2012
John A. Pangcitan	John A. Rios, Director

Footnotes:
See attached comment sheet.



COMMITTEE ON RULES

I Mina'trentai Unu na Liheslaturan Guåhan • The 31st Guam Legislature
155 Hesler Place, Hagåtña, Guam 96910 • www.guamlegislature.com
E-mail: roryforguam@gmail.com • Tel: (671)472-7679 • Fax: (671)472-3547

Senator
Rory J. Respicio
CHAIRPERSON
MAJORITY LEADER

Senator
Judith P. Guthertz
VICE CHAIRPERSON
ASST. MAJORITY LEADER

MAJORITY MEMBERS:

Speaker
Judith T. Won Pat

Vice Speaker
Benjamin J. F. Cruz

Senator
Tina Rose Muña Barnes
LEGISLATIVE SECRETARY
MAJORITY WHIP

Senator
Dennis G. Rodriguez, Jr.
ASST. MAJORITY WHIP

Senator
Thomas C. Ada

Senator
Adolpho B. Palacios, Sr.

Senator
vicente c. pangelinan

MINORITY MEMBERS:

Senator
Aline A. Yamashita
ASST. MINORITY LEADER

Senator
Christopher M. Duenas

October 8, 2012

MEMORANDUM

To: Pat Santos
Clerk of the Legislature

Attorney Therese M. Terlaje
Legislative Legal Counsel

From: Senator Rory J. Respicio
Majority Leader & Rules Chair

Subject: Referral of Bill Nos. 523-31 (COR) & 524-31 (COR)

As the Chairperson of the Committee on Rules, I am forwarding my referral of Bill Nos. 523-31 (COR) and 524-31 (COR).

Please ensure that the subject bills are referred, in my name, to the respective committee, as shown on the attachment. I also request that the same be forwarded to all members of *I Mina'trentai Unu na Liheslaturan Guåhan*.

Should you have any questions, please feel free to contact our office at 472-7679.

Si Yu'os Ma'åse!

(2) Attachment

I Mina'Trentai Unu Na Liheslaturan Guahan
Bill Log Sheet

BILL NO.	SPONSOR	TITLE	DATE INTRODUCED	DATE REFERRED	120 DAY DEADLINE	CMTE REFERRED	PUBLIC HEARING DATE	DATE COMMITTEE REPORT FILED	STATUS
524-31 (COR)	J. T. Won Pat, Ed.D.	AN ACT TO ADD CHAPTER 51A TO TITLE 12, GUAM CODE ANNOTATED REGARDING THE ISSUANCE OF BONDS AND OTHER OBLIGATIONS OF THE GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF REFUNDING PRIOR BONDS AND OTHER OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS.	10/08/2012 9:16 am	10/8/2012		Committee on Appropriations, Taxation, Public Debt, Banking, Insurance, Retirement and Land			



I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

November 9, 2012

Memorandum

To: Senators

From: Senator Vicente (ben) Cabrera Pangelinan 

Re: Public Hearing Notice - FIRST NOTICE

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **5:00 pm**, on **Monday, November 19, 2012** at the Guam Legislature's Public Hearing Room. The following is on the agenda:

Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam.

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

Yanggen un nisisita spesiåt na setbision, put fabot ågang i Ifisinin Sinadot Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanggen un nisisita kopian i priniponi siha ginen este na tareha, hålom gi i uepsait i Liheslaturan Guåhan gi www.guamlegislature.com. Yanggen para un na'hålom testigu-mu, chule' para i ifisinin-måmi gi 324 West Soledad Avenue gi iya Hagåtña, pat guatto gi i Kuatton Katta gi i Liheslatura, pat faks gi 473-4238, patsino imel gi senbenp@guam.net. Este na nutisiu inapåsi nu i fendon gubetnamento.

If you require any special accommodations, auxiliary aids or other special services or for further information, please call the Office of Senator Vicente (ben) Cabrera Pangelinan at 473-4236/7. For copies of any of the Bills or Resolution listed on this agenda, you may log on to the Guam Legislature's website at www.guamlegislature.com. Testimonies may be submitted directly to our office at 324 West Soledad Avenue in Hagåtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net

324 W. Soledad Ave. Suite 100, Hagåtña, Guam 96910

Tel: (671) 473-(4BEN) 4236 - Fax: (671) 473-4238 - Email: senbenp@guam.net

Website: <http://senbenp.com>



Lisa Dames <cipo@guamlegislature.org>

Public Hearing - FIRST NOTICE

1 message

Lisa Dames <cipo@guamlegislature.org>

To: phnotice@guamlegislature.org

Fri, Nov 9, 2012 at 8:58 AM

Hafa Adai,

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **5:00 pm, Monday, November 19, 2012** at the Guam Legislature's Public Hearing Room. The following is the agenda:

Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam.

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

This letter invites you to provide written and/or oral testimony. Please do not hesitate to contact me should you have any questions or comments.

Testimonies can be delivered to our office at 324 West Soledad Avenue in Hagåtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net prior to the public hearing. For copies of the bills, log on to: <http://guamlegislature.com> or www.senbenp.com

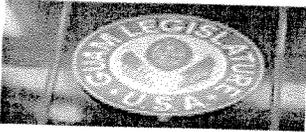
--
Lisa Dames
Chief of Staff
Office of Senator ben c pangelinan
(671) 473-4236
cipo@guamlegislature.org

FirstNotice_111912.pdf
82K

Listserv: phnotice@guamlegislature.org

As of Oct. 25, 2012

aguon4guam@gmail.com
ahernandez@guamlegislature.org
alerta.jermaine@gmail.com
aline4families@gmail.com
aokada@guamlegislature.org
ashelton.senatordrodriguez@gmail.com
ataligba@gmail.com
baza.matthew@gmail.com
avillaverde@guamlegislature.org
bdydasco@yahoo.com
berlene@senatorpalacios.com
bruce.lloyd.media@gmail.com
candasofrank@gmail.com
charissatenorio@gmail.com
chechsantos@gmail.com
cheerfulcatunao@yahoo.com
cherbert.senatordrodriguez@gmail.com
cheryl.e@senatormabini.com
chris.budasi@guamlegislature.org
cipo@guamlegislature.org
clerks@guamlegislature.org
colleen@judiwonpat.com
cor@guamlegislature.org
cyrus@senatorada.org
desori623@hotmail.com
dmanyero5@hotmail.com
doc.wyttenbachsantos@gmail.com
duenasenator@gmail.com
edelynn1130@hotmail.com
edleonguerrero@gmail.com
edpocague@judiwonpat.com
edwardglee671@yahoo.com
elaine@tinamunabarnes.com
etajalle@guamlegislature.org
evelyn4families@gmail.com
faith.r@senatormabini.com
fbtorres@judiwonpat.com
floterlaje@gmail.com
frank.blasjr@gmail.com
gavin@tinamunabarnes.com
guamnativesun@yahoo.com
hottips@kuam.com
jamespcastro@gmail.com
jane@tinamunabarnes.com
jason@senatorpalacios.com
jblas@tinamunabarnes.com
jcamacho@senatorada.org
jean@tinamunabarnes.com
jennifer@senatorpalacios.com
jimespaldon@yahoo.com
jmesngon.senatordrodriguez@gmail.com
john.calvo@noaa.gov
jtenorio@guamcourts.org
judiguthertz@gmail.com
leonguerrero.angela@gmail.com
lou4families@gmail.com
louise_atalig@yahoo.com
m.salaila@yahoo.com
maryfejeran@gmail.com
marymaravilla19@gmail.com
mcarlson@guamlegislature.org
melvin.atoigue@yahoo.com
miracle.m@senatormabini.com
mis@guamlegislature.org
msuarez.senatordrodriguez@gmail.com
mtorres.senatordrodriguez@gmail.com
mvariety@pticom.com
ncruz.senatordrodriguez@gmail.com
news@guampdn.com
news@k57.com
nsantos@senatorada.org
office@senatorada.org
oliviampalacios@gmail.com
peterlg@gmail.com
phillipsguam@gmail.com
pris@senatorpalacios.com
qduenas_8@yahoo.com
regine@tinamunabarnes.com
rfeehan@yahoo.com
rob.tupaz@gmail.com
roryforguam@gmail.com
santos.duenas@gmail.com
sem@guamlegislature.org
senator@senatorbjcruz.com
senator@senatorpalacios.com
senator@tinamunabarnes.com
senatordrodriguez@gmail.com
senatormabini@senatormabini.com
senatormana@gmail.com
senatorsam@senatormabini.com
senatortonyada@guamlegislature.org
senbenp@guam.net
sgrarmes@guamlegislature.org
sitarose2@yahoo.com
sonedera-salas@guamlegislature.org
speaker@judiwonpat.com
tanya4families@gmail.com
tcastro@guam.net
telo.taitague@guam.gov
tinaokada@gmail.com
tom@senatorada.org
tterlaje@guam.net
uriah@tinamunabarnes.com
val.g@senatormabini.com
vinson.calvo@gmail.com
vkomiyama.senatordrodriguez@gmail.com
wilcastro671@gmail.com



Lisa Dames <cipo@guamlegislature.org>

Public Hearing - First Notice

1 message

Lisa Dames <cipo@guamlegislature.org>

Fri, Nov 9, 2012 at 9:02 AM

To: news@guampdn.com, news@k57.com, Sabrina Salas <sabrina@kuam.com>, Jason Salas <jason@kuam.com>, Mindy Aguon <mindy@kuam.com>, nick@kuam.com, krystal@kuam.com, Josh Tyquiengco <jtyquiengco@k57.com>, clynt@k57.com, Betsy Brown <betsy@k57.com>, Kevin Kerrigan <kevin@k57.com>, gerry@mvguam.com, zita@mvguam.com, marvic@mvguam.com, rgibson@k57.com, ALICIA PEREZ <aliciaperez69@hotmail.com>, Alicia Perez <perezksto@gmail.com>, Gaynor Daleno <gdumat-ol@guampdn.com>, slimtiaco@guampdn.com, bmkelman@guampdn.com, Oyaol Ngirairikl <odngirairikl@guampdn.com>, jpsablan@guampdn.com, life@guampdn.com

Hafa Adai,

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **5:00 pm, Monday, November 19, 2012** at the Guam Legislature's Public Hearing Room. The following is the agenda:

Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam.

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

This letter invites you to provide written and/or oral testimony. Please do not hesitate to contact me should you have any questions or comments.

Testimonies can be delivered to our office at 324 West Soledad Avenue in Hagåtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net prior to the public hearing. For copies of the bills, log on to: <http://guamlegislature.com> or www.senbenp.com

--
Lisa Dames
Chief of Staff
Office of Senator ben c. pangelinan

(671) 473-4236
cipo@guamlegislature.org

 **Agenda_Nov 19.pdf**
77K



Office of

the People

Chairman
Committee on Appropriations,
Taxation, Public Debt, Banking,
Insurance, Retirement, and
Land

Vice Chairman
Committee on Education

Member
Committee on Rules,
Federal, Foreign &
Micronesian Affairs and
Human & Natural
Resources

Member
Committee on
Municipal Affairs,
Tourism, Housing, and
Recreation

Member
Committee on the Guam
Military Buildup and
Homeland Security

Member
Committee on Health and
Human Services, Senior
Citizens, Economic
Development, and Election
Reform

I Mina'trentai Unu Na Liheslaturan Guåhan

Senator Vicente (ben) Cabrera Pangelinan (D)

November 16, 2012

Memorandum

To: Senators

From: Senator Vicente (ben) Cabrera Pangelinan 

Re: Public Hearing Notice - SECOND NOTICE

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **5:00 pm**, on **Monday, November 19, 2012** at the Guam Legislature's Public Hearing Room. The following is on the agenda:

Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam.

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

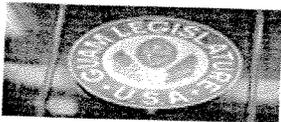
Yanggen un nisisita espesiåt na setbision, put fabot ågang i Ifisinin Sinadot Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanggen un nisisita kopian i priniponi siha ginen este na tareha, hålom gi i uepsait i Liheslaturan Guåhan gi www.guamlegislature.com. Yanggen para un na'hålom testigu-mu, chule' para i ifisinin-måmi gi 324 West Soledad Avenue gi iya Hagåtña, pat guatto gi i Kuatton Katta gi i Liheslatura, pat faks gi 473-4238, patsino imel gi senbenp@guam.net. Este na nutisiu inapåsi nu i fendon gubetnamento.

If you require any special accommodations, auxiliary aids or other special services or for further information, please call the Office of Senator Vicente (ben) Cabrera Pangelinan at 473-4236/7. For copies of any of the Bills or Resolution listed on this agenda, you may log on to the Guam Legislature's website at www.guamlegislature.com. Testimonies may be submitted directly to our office at 324 West Soledad Avenue in Hagåtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net

324 W. Soledad Ave. Suite 100, Hagåtña, Guam 96910

Tel: (671) 473-(4BEN) 4236 - Fax: (671) 473-4238 - Email: senbenp@guam.net

Website: <http://senbenp.com>



Lisa Dames <cipo@guamlegislature.org>

Public Hearing - Second Notice

1 message

Lisa Dames <cipo@guamlegislature.org>

To: phnotice@guamlegislature.org

Fri, Nov 16, 2012 at 10:39 AM

Hafa Adai,

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **5:00 pm**, on **Monday, November 19, 2012** at the Guam Legislature's Public Hearing Room. The following is on the agenda:

Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam.

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

Yanggen un nisisita spesiát na setbision, put fabot ágang i Ifsinan Sinadot Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanggen un nisisita kopian i priniponi siha ginen este na tareha, hálom gi i uepsait i Liheslaturan Guáhan gi www.guamlegislature.com. Yanggen para un na'hálom testigu-mu, chule' para i ifsinan-mámi gi 324 West Soledad Avenue gi iya Hagátña, pat guatto gi i Kuatton Katta gi i Liheslatura, pat faks gi 473-4238, patsino imel gi senbenp@guam.net. Este na nutisiu inapási nu i fendon gubetnamento.

If you require any special accommodations, auxiliary aids or other special services or for further information, please call the Office of Senator Vicente (ben) Cabrera Pangelinan at 473-4236/7. For copies of any of the Bills or Resolution listed on this agenda, you may log on to the Guam Legislature's website at www.guamlegislature.com. Testimonies may be submitted directly to our office at 324 West Soledad Avenue in Hagátña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net

--
Lisa Dames
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

SecondNotice_PH111912.pdf
82K



Lisa Dames <cipo@guamlegislature.org>

Public Hearing - Second Notice

2 messages

Lisa Dames <cipo@guamlegislature.org>

Fri, Nov 16, 2012 at 10:42 AM

To: news@guampdn.com, news@k57.com, Sabrina Salas <sabrina@kuam.com>, Jason Salas <jason@kuam.com>, Mindy Aguon <mindy@kuam.com>, nick@kuam.com, krystal@kuam.com, Josh Tyquiengco <jtyquiengco@k57.com>, clynt@k57.com, Betsy Brown <betsy@k57.com>, Kevin Kerrigan <kevin@k57.com>, gerry@mvguam.com, zita@mvguam.com, marvic@mvguam.com, rgibson@k57.com, ALICIA PEREZ <aliciaperez69@hotmail.com>, Alicia Perez <perezksto@gmail.com>, Gaynor Daleno <gdumat-ol@guampdn.com>, slimtiaco@guampdn.com, bmkelman@guampdn.com, Oyaol Ngirairikl <odngirairikl@guampdn.com>, jpsablan@guampdn.com, life@guampdn.com

Hafa Adai,

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at **5:00 pm**, on **Monday, November 19, 2012** at the Guam Legislature's Public Hearing Room. The following is on the agenda:

Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam.

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

Yanggen un nisisita espesiât na setbision, put fabot âgang i Ifsinan Sinadot Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanggen un nisisita kopian i priniponi siha ginen este na tareha, hâlom gi i uepsait i Liheslaturan Guâhan gi www.guamlegislature.com. Yanggen para un na'hâlom testigu-mu, chule' para i ifsinan-mâmi gi 324 West Soledad Avenue gi iya Hagâtña, pat guatto gi i Kwatton Katta gi i Liheslatura, pat faks gi 473-4238, patsino imel gi senbenp@guam.net. Este na nutisiu inapâsi nu i fendon gubetnamento.

If you require any special accommodations, auxiliary aids or other special services or for further information, please call the Office of Senator Vicente (ben) Cabrera Pangelinan at 473-4236/7. For copies of any of the Bills or Resolution listed on this agenda, you may log on to the Guam Legislature's website at www.guamlegislature.com. Testimonies may be submitted directly to our office at 324 West Soledad Avenue in Hagâtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net

--
Lisa Dames
Chief of Staff
Office of Senator ben c. pangelinan
(671) 473-4236
cipo@guamlegislature.org

 **Agenda_Nov 19.pdf**
77K

Mail Delivery Subsystem <mailer-daemon@googlemail.com>
To: cipo@guamlegislature.org

Fri, Nov 16, 2012 at 10:42 AM

Delivery to the following recipient failed permanently:

rgibson@k57.com

Technical details of permanent failure:

Google tried to deliver your message, but it was rejected by the recipient domain. We recommend contacting the other email provider for further information about the cause of this error. The error that the other server returned was: 552 5.2.2 The email account that you tried to reach is over quota. Please direct 552-5.2.2 the recipient to 552 5.2.2 <http://support.google.com/mail/bin/answer.py?answer=6558> q4si91172vex.11 (state 13).

----- Original message -----

X-Google-DKIM-Signature: v=1; a=rsa-sha256; c=relaxed/relaxed;
d=google.com; s=20120113;
h=mime-version:date:message-id:subject:from:to:content-type
:x-gm-message-state;
bh=t3CaCyZzePrFBMc1b3SGX1zJtSJfRMti10mJ3G9soEw=;
b=Op2vMRDjJxleSg5m3z67i1Lj81wclNX9CHCScRo2Ws42k8YFHYfQqDR1/aIKqUCUR
oVWC++yrtPxJodx+lCVSdbfS7pMH9pzQjsLmDKsJgZ5eZSgBeOgjnfSa6yjujtQXHPx
ewjqaUyzxqrYuHaM58CXR0Q5NK6j5AFvTx7cXU+dg5nGVsrgh2yOzMbYRIKb6V59Nfnh
bzg4VEAjumrqvWZL29skPnQ+9/+0+6f1TyGStsU06OEGRIsa6GN+1qh1lj4zW5Ro3H1i
o7RYCGPwoBKzGxJSLNbvHFcUWBFUor5goNnkyWYuktTe735vHiEAjQulgMJjPM4mmcfY
7ttw==

MIME-Version: 1.0

Received: by 10.58.15.227 with SMTP id a3mr1699500ved.38.1353026578331; Thu,
15 Nov 2012 16:42:58 -0800 (PST)

Received: by 10.58.164.198 with HTTP; Thu, 15 Nov 2012 16:42:58 -0800 (PST)

Date: Fri, 16 Nov 2012 10:42:58 +1000

Message-ID: <CAAJa1=gy6EXRgtsGKaP_xgTmDb4DuckYx2zYiH_PHWn_2g+jZQ@mail.gmail.com>

Subject: Public Hearing - Second Notice

From: Lisa Dames <cipo@guamlegislature.org>

To: news@guampdn.com, news@k57.com, Sabrina Salas <sabrina@kuam.com>,
Jason Salas <jason@kuam.com>, Mindy Aguon <mindy@kuam.com>, nick@kuam.com, krystal@kuam.com,
Josh Tyquiengco <jtyquiengco@k57.com>, clynt@k57.com, Betsy Brown <betsy@k57.com>,
Kevin Kerrigan <kevin@k57.com>, gerry@mvguam.com, zita@mvguam.com, marvic@mvguam.com,
rgibson@k57.com, ALICIA PEREZ <aliciaperez69@hotmail.com>,
Alicia Perez <perezksto@gmail.com>, Gaynor Daleno <gdumat-ol@guampdn.com>,
slimtiaco@guampdn.com,
bmkelman@guampdn.com, Oyaol Ngirairikl <odngirairikl@guampdn.com>, jpsablan@guampdn.com,
life@guampdn.com

Content-Type: multipart/mixed; boundary=047d7b5daf5092bb3004ce920c6f
X-Gm-Message-State: ALoCoQI4bL3OHO22DJfEQX95NRG7XN/WbosYao0E+JRT59MZ4AuQyLS+
1kYZ3QxL8wdoGTJCvoi0

Hafa Adai,

The Committee on Appropriations, Taxation, Public Debt, Banking, Insurance and Land will conduct a public hearing beginning at *5:00 pm, *on *Monday, November 19, 2012 *at the Guam Legislature's Public Hearing Room. The following is on the agenda:

*Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam. *

* *

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

[Quoted text hidden]



**I Mina'Trentai Unu Na
Liheslaturan Guahan
THIRTY-FIRST GUAM LEGISLATURE**

**Senator Vicente "ben" Cabrera Pangelinan
Office of the People**

155 Hesler St., Hagatna, Guam 96910

Ph: 473-4236 Fax: 473-4238

Email: senbenp@guam.net

Website: www.senbenp.com

**INEKUNGOK PUPBLEKO
(PUBLIC HEARING)**

***gi Lunes, gi diha 19 gi Nubembre 2012*
Monday, November 19, 2012**

***Kuátton Inekungok Pubbleko gi I Liheslaturan Guahan*
(Guam Legislature Public Hearing Room)**

***alas singko gi despues di talo'ani*
(5:00 PM)**

**TAREHA
(AGENDA)**

Priniponi Siha:
(Bills)

Bill No. 523-31 (COR): An Act relative to the appropriation of funds to the University of Guam.

Bill No. 524-31 (COR): An Act to add Chapter 51A to Title 12, Guam Code Annotated regarding the issuance of bonds and other obligations of the government of Guam for the sole purpose of refunding prior bonds and other obligations to achieve debt service savings.

Bill No. 527-31 (COR): An Act to reduce certain salaries by ten percent and to appropriate the savings to Tax Refunds.

Yanggen un nisisita spesiât na sethision put fabot âgang i Ifisinin Senadot ben pangelinan gi 473-4236/7. Yanggen un nisisita spesiât na sethision, put fabot âgang i Ifisinin Sinadot Vicente (ben) Cabrera Pangelinan gi 473-4236/7. Yanggen un nisisita kopian i priniponi siha ginen este na tareha, hâlom gi i

uepsait i Liheslaturan Guåhan gi www.guamlegislature.com Yanggen para un na'hålom testigu-mu, chule' para i ifisinin-mâmi gi 324 West Soledad Avenue gi iya Hagåtña, pat guatto gi i Kwatton Katta gi i Liheslatura, pat faks gi 473-4238, patsino imel gi senbenp@guam.net. Este na nutisiu inapâsi nu i fendon gubetnamento.

If you require any special accommodations, auxiliary aids or other special services or for further information, please call the Office of Senator Vicente (ben) Cabrera Pangelinan at 473-4236/7. For copies of any of the Bills listed on this agenda, you may log on to the Guam Legislature's website at www.guamlegislature.com Testimonies may be submitted directly to our office at 324 West Soledad Avenue in Hagåtña or at the Mail Room of the Guam Legislature, via fax at 473-4238, or via email at senbenp@guam.net

I MINA'TRENTAI UNU NA LIHESLATURAN GUÅHAN
2012 (SECOND) REGULAR SESSION

2012 OCT -8 AM 9:16
WJW

Bill No. 524-31 (cor)

Introduced by:

J. T. Won Pat, Ed.D. 

AN ACT TO ADD CHAPTER 51A TO TITLE 12, GUAM
CODE ANNOTATED REGARDING THE ISSUANCE OF
BONDS AND OTHER OBLIGATIONS OF THE
GOVERNMENT OF GUAM FOR THE SOLE PURPOSE OF
REFUNDING PRIOR BONDS AND OTHER
OBLIGATIONS TO ACHIEVE DEBT SERVICE SAVINGS

1 BE IT ENACTED BY THE PEOPLE OF GUAM:

2 Section 1. Legislative Intent and Findings. *I Liheslaturan Guahan finds* that on
3 September 13, 2012, the Board of Governors of the Federal Reserve System released a
4 statement stating that:

5 "Consistent with its statutory mandate, the Committee seeks to foster maximum
6 employment and price stability. The Committee is concerned that, without
7 further policy accommodation, economic growth might not be strong enough to
8 generate sustained improvement in labor market conditions. Furthermore,
9 strains in global financial markets continue to pose significant downside risks to
10 the economic outlook.

11 The statement continued:

12 "To support continued progress toward maximum employment and price
13 stability, the Committee expects that a highly accommodative stance of monetary

1 policy will remain appropriate for a considerable time after the economic
2 recovery strengthens. In particular, the Committee also decided today to keep
3 the target range for the federal funds rate at 0 to 1/4 percent and currently
4 anticipates that exceptionally low levels for the federal funds rate are likely to be
5 warranted at least through mid-2015."

6 *I Liheslaturan Guahan* further finds that, such a commitment by the Federal Reserve
7 Board may positively affect government of Guam operations by allowing the
8 government to refinance or restructure its debt.

9 It is therefore the intent of *I Liheslaturan Guahan* to authorize the Guam
10 Economic Development Authority (GEDA), within certain limitations, to arrange for
11 the refinancing and/or restructuring of the government of Guam General Obligation
12 Bonds, Series 1993 A.

13 **Section 2. Authorization to Refinance and Restructure Existing Obligations.**

14 Chapter 51A is hereby added to Title 12 of the Guam Code Annotated to read as
15 follows:

16 **"CHAPTER 51A.**

17 **2012 Authorization to Refund Restructure Obligations to Achieve**
18 **Savings.**

19 **Section 51A101. Definitions.**

20 **Section 51A102. Authorization and Approval of Issuance, Terms and**
21 **Conditions of A Specific Bond the Sole Purpose of Achieving Debt**
22 **Service Savings.**

23 **Section 51A103. Permitted Investments.**

24 **Section 51A104. Financial Contracts to Achieve Savings.**

25 **Section 51A105. Local Sale of Bonds.**

26

1 **Section 51101. Definitions.** The definitions set forth herein shall govern
2 the construction and interpretation of this Chapter:

3 (a) 'Prior bond' means for purposes of this Chapter the following
4 obligation which is to be redeemed or otherwise retired with the proceeds
5 of the refunding bond and investment earnings thereon:

6 (1) A. GENERAL OBLIGATION BONDS, SERIES 1993 A (For
7 education capital projects; Real Property Taxes pledged; due Fiscal
8 Year 2018 as final year; P.L. 29-19 and P.L. 29-21)

9 (b) 'Refunding bond' means a bond authorized or approved pursuant
10 to this Chapter for the purpose of providing moneys to redeem or otherwise
11 retire a prior bond, funding any necessary bond reserves or paying expenses
12 incurred in connection with the issuance of such refunding bond.

13 (c) 'Yield' shall have the same meaning as when used in Section 148 of the
14 Internal Revenue Code of 1986, as amended. That is, 'yield' means the annual
15 discount rate which, when used to discount all payments of debt service on an
16 issue of bonds to the date of issuance of the bonds, using a semiannual
17 compounding interval, results in the aggregate present value of such payments
18 being equal to an amount equal to the re-offering price to the public of such
19 bond less fees to be paid for credit enhancement of such bonds from proceeds
20 thereof.

21 (d) 'Debt service' means the scheduled principal of and interest on
22 bonds plus fees to be paid (other than from bond proceeds) for credit
23 enhancement of such bonds and the net amounts to be paid or received
24 under any financial contract entered into under Section 51A105 of this Chapter.
25 For purposes of this definition, any prior bond bearing interest at a variable rate
26 shall be assumed to bear interest at the then-current interest rate on such bond.

1 (e) 'Debt service savings' means the present value of debt service on the
2 refunding bond is less than the present value of debt service on the prior bond,
3 taking into account any moneys transferred from the refunded bond to the
4 refunding bond and taking into account any moneys contributed to either or
5 both bond issues. Present value shall be calculated for this purpose using the
6 yield on the refunding bonds as the discount rate.

7 (f) 'Bond' means any bond, note or other evidence of indebtedness.

8 (g) 'GEDA' means the Guam Economic Development Authority.

9 **Section 51A102. Authorization and Approval of Issuance, Terms and**
10 **Conditions of A Specific Bond of the Government for the Sole Purpose of**
11 **Achieving Debt Service Savings.** *I Maga'lahaen Guahan* is authorized to issue on
12 behalf of the government of Guam a bond of the government consisting of a
13 refunding bond, subject to the following requirements, limitations, terms and
14 conditions:

15 (a) The issuance of the refunding bond shall not cause a violation of the
16 debt limitation provisions of 48 USC 1423a (511 of the Organic Act of Guam).

17 (b) All obligations of the government to pay debt service on, and the
18 redemption price of, the prior bond shall be discharged concurrently with the
19 issuance of the refunding bond. Thereafter, the prior bond shall be payable solely
20 from and secured solely by an escrow established for such purpose.

21 (c) The debt service on the refunding bonds shall represent a present
22 value savings over the prior bond.

23 (d) The final principal payment of the refunding bond shall not mature
24 later than year 2023 and the annual debt service shall be approximately equal in
25 each fiscal year. The present value of the aggregate future principal and interest
26 requirements on the refunding bonds shall be less than the present value of the

1 aggregate remaining principal and interest requirements on the prior bond
2 calculated as of the date of closing of the refunding bond.() The refunding bond
3 shall be payable from and secured by the same source or sources of revenues as
4 the prior bond refunded all or any portion of by the issue and the amounts to be
5 received under any financial contract entered into under Section 51A105 of this
6 Chapter and shall not be payable from or secured by any other source or sources
7 of revenues except as may be authorized by statute. Any pledge or lien on
8 revenues or other moneys authorized to be granted with respect to the prior
9 bond refunded by the issue is hereby authorized to be granted with respect to the
10 refunding bond. If the prior bond being refunded is a general obligation of the
11 government, the refunding bond shall be general obligations of the government.

12 (i) The proceeds of the refunding bond may be used to call for redemption
13 or defease the prior bond and to pay costs of issuance related to the refunding
14 bonds.

15 (f) The terms and conditions of the refunding bond shall be as
16 determined by *I Maga'lahen Guahan* by the execution of a certificate or indenture
17 authorizing the issuance of the bond. The certificate or indenture shall contain
18 terms and conditions that are consistent with this Chapter, and shall include
19 substantially the same additional bond tests, rate covenants and other covenants
20 as were applicable with respect to the prior bonds.

21 (h) A refunding bond authorized by this Chapter shall constitute valid
22 and binding obligations of the government of Guam. All officers charged by law
23 with any duty in the collection of any revenues from which debt service on the
24 issue will be payable shall do every lawful thing necessary to collect the
25 amount necessary for such purpose. The validity such bond shall not be affected

1 by the validity or regularity of any proceedings for the implementation of the
2 capital improvement projects funded by the prior bond.

3 (i) Any appropriation of revenues or other moneys made by the statute
4 authorizing the issuance of the prior bond is hereby continued as an
5 appropriation with respect to the refunding bond

6 (j) Notwithstanding any substantive or procedural provision of Chapter
7 6, Title 5, Guam Code Annotated, the government of Guam waives immunity
8 from any suit or action in contract on the bond authorized by this Chapter, but
9 does not waive sovereign immunity as to the personal liability of elected officials
10 and employees of the government of Guam.

11 (k) The technical form and language of the refunding bond, including
12 provisions for execution, exchange, transfer, registration, paying agency, lost
13 or mutilated bonds, negotiability, cancellation and other terms, covenants or
14 conditions not inconsistent with this Chapter and including covenants relating
15 to the collection of revenues, shall be as specified in the certificate or indenture
16 executed by *I Maga'lahaen Guahan* authorizing the issuance of the refunding
17 bond. The certificate or indenture may appoint one or more trustees or other
18 fiduciaries authorized to receive and hold in trust the proceeds of the bond and
19 moneys relating thereto, to protect the rights of bondholders and to perform
20 such other duties as may be specified in the certificate or indenture. Trustees on
21 the prior bond may remain as trustees on the refunding bond without going
22 through a new procurement process. *I Maga'lahaen Guahan* is also authorized to
23 execute, on behalf of the government of Guam, any appropriate agreements,
24 certificates or other instruments relating to the bonds and the sale of the bond.

25 (l) *I Maga'lahaen Guahan* is authorized to enter into such contracts or
26 agreements with such banks, insurance companies or other financial institutions

1 as he determines are necessary or desirable to improve the security and
2 marketability of any issue of a bond authorized by this Chapter. Such contracts
3 or agreements may contain an obligation to reimburse, with interest, any such
4 banks, insurance companies or other financial institutions for advances used to
5 pay principal of or interest on the issue. Any such reimbursement obligation
6 shall be payable solely from the same sources as debt service on the issue is
7 payable, and any such advance, if necessary, shall be treated as creating a
8 reimbursement obligation issued to refund the issue.

9 (m) No employee or elected official of the government of Guam shall be
10 individually or personally liable for the payment of any amounts due on any
11 bond issued under this Chapter, or for any other liability arising in connection
12 with the bond; provided, however, that nothing in this Chapter shall relieve any
13 employee or elected official from the performance of any ministerial duty
14 required by law.

15 (n) Section 50103(k), Title 12, Guam Code Annotated, provides that
16 agencies and instrumentalities of the government of Guam shall issue bonds and
17 other obligations only by means of and through the agency of the GEDA. No
18 issue of bonds authorized by this Chapter shall be sold until the Board of
19 Directors of GEDA has adopted a resolution approving the sale of such issue.

20 (o) Section 50103(k) also provides that GEDA shall not sell any bonds
21 without approval by *I Liheslaturan Guahan* of the terms and conditions of the
22 issuance of the bonds. *I Liheslaturan Guahan* hereby approves the issuance, terms
23 and conditions of the bonds authorized by this Chapter.

24 **Section 51A103. Permitted Investments.** The proceeds of the bond
25 issued by the government or any agency, authority or instrumentality thereof
26 under this Chapter, and any revenues relating to such bonds, may be invested in,

1 but only in, the types of investments permitted by the certificate or indenture
2 pursuant to which such bonds is issued.

3 **Section 51A104. Financial Contracts to Achieve Savings.** Any agency,
4 authority or instrumentality of the government and *I Maga'lahaen Guihan* on
5 behalf of the government of Guam, in connection with, or incidental to, the
6 issuance of a bond under this Chapter, or the carrying of any investment or
7 program of investment under this Chapter, may enter into any contracts which
8 GEDA determines to be necessary or appropriate to place the obligation or
9 investment of the agency, authority or instrumentality of the government, as
10 represented by the bond, investment or program of investment and the
11 contract or contracts, in whole or in part, on the interest rate, currency, cash-
12 flow, or other basis desired by GEDA in the furtherance of the purposes of this
13 Chapter, including, without limitation, contracts commonly known as interest
14 rate swap agreements, currency swap agreements, forward payment conversion
15 agreements, futures, or contracts providing for payments based on levels of,
16 or changes in, interest rates, current exchange rates, or contracts to exchange
17 cash flows or a series of payments, or contracts, including, without limitation,
18 interest rate floors or caps, options, put or call to hedge payment, currency, rate,
19 spread, or similar exposure. These contracts or arrangements may also be
20 entered into by GEDA in connection with, or incidental to, entering into or
21 maintaining any agreement which secures bonds. These contracts and
22 arrangements shall be entered into with the parties, selected by the means, and
23 contain the payment, security, default, remedy, and other terms and conditions,
24 determined by GEDA, after giving due consideration for the creditworthiness
25 of the counterparties, where applicable, including any rating by a nationally
26 recognized rating agency or any other criteria as may be appropriate.

1 **Section 51105. Local Sale of Bonds.** GEDA shall undertake its best
2 efforts to cause a portion of any bond issued pursuant to this Chapter, to be
3 offered for sale in Guam, as well as in other jurisdictions, if and to the extent that
4 such offer and any sales resulting from such offer do not increase the cost to the
5 government of Guam of issuing and repaying such bond.”

6 **Section 3. Appropriation of reduction in Debt Service from the Refinancing**
7 **and Restructuring of the General Obligation Bond Series 1993 A Bond.** To the extent
8 that there is a reduction in annual debt service on the refunding bond as compared to
9 the debt service on the prior bond for the fiscal years ending 2014 through 2019, then
10 the resulting difference in debt service shall be appropriated to the following entities
11 and purpose in equal amounts;

- 12 a. The University of Guam;
- 13 b. The Mayors Council of Guam for capital improvement projects for all
14 villages; and
- 15 c. Tax Refund Reserve