

EDDIE BAZA CALVO
Governor

RAY TENORIO
Lieutenant Governor

Office of the Governor of Guam

JUL 22 2016

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

33-16-1825
Office of the Speaker
Judith T. Won Pat, Ed.D

Date: 07-22-16
Time: 11:53 AM
Received By: [Signature]

Dear Madame Speaker:

Transmitted herewith is Bill No. 340-33 (COR), "AN ACT TO ADD A NEW § 80125 TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS TO REFINANCE ALL OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS, SERIES 2009A, TO REFINANCE THE OUTSTANDING LOAN OF THE BANK OF GUAM TO THE GUAM MEMORIAL HOSPITAL AUTHORITY, AND TO REFINANCE ALL OF THE GOVERNMENT'S OBLIGATIONS WITH RESPECT TO THE SERIES 2013B GUAM EDUCATION FINANCING FOUNDATION II, INC. CERTIFICATES OF PARTICIPATION (OKKODO HIGH SCHOOL EXPANSION PROJECT), AND TO PAY OFF THE OUTSTANDING GUAM MEMORIAL HOSPITAL AUTHORITY VENDOR PAYABLES THAT SHALL NOT EXCEED FORTY-FIVE MILLION DOLLARS (\$45,000,000)," which was signed into law on July 22, 2016, as Public Law 33-183.

2016 JUL 22 PM 12:23
[Signature]

Senseramente,

RAY TENORIO
I Maga'låhen Guåhan, para pa'go
Acting Governor of Guam

I MINA'TRENTAI TRES NA LIHESLATURAN GUÅHAN
2016 (SECOND) Regular Session

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

This is to certify that Substitute Bill No. 340-33 (COR), "AN ACT TO ADD A NEW § 80125 TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS TO REFINANCE ALL OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS, SERIES 2009A, TO REFINANCE THE OUTSTANDING LOAN OF THE BANK OF GUAM TO THE GUAM MEMORIAL HOSPITAL AUTHORITY, AND TO REFINANCE ALL OF THE GOVERNMENT'S OBLIGATIONS WITH RESPECT TO THE SERIES 2013B GUAM EDUCATION FINANCING FOUNDATION II, INC. CERTIFICATES OF PARTICIPATION (OKKODO HIGH SCHOOL EXPANSION PROJECT), AND TO PAY OFF THE OUTSTANDING GUAM MEMORIAL HOSPITAL AUTHORITY VENDOR PAYABLES THAT SHALL NOT EXCEED FORTY-FIVE MILLION DOLLARS (\$45,000,000)", was on the 20th day of July 2016, duly and regularly passed.



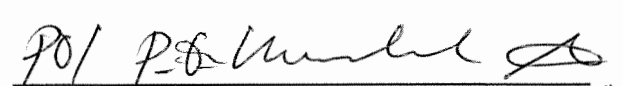
Judith T. Won Pat, Ed.D.
Speaker

Attested:



Tina Rose Muña Barnes
Legislative Secretary

This Act was received by *I Maga'låhen Guåhan* this 20th day of July,
2016, at 11:51 o'clock P.M.



Assistant Staff Officer
Maga'låhi's Office

APPROVED:



RAYMOND S. TENORIO
Acting Governor of Guam

Date:

Public Law No.

July 22, 2016
33-183

I MINA'TRENTAI TRES NA LIHESLATURAN GUAHAN
2016 (SECOND) Regular Session

Bill No. 340-33 (COR)

As substituted by the Committee on Health,
Economic Development, Homeland Security,
and Senior Citizens; and amended in the Committee of the Whole.

Introduced by:

Dennis G. Rodriguez, Jr.

V. Anthony Ada

R. J. Respicio

T. C. Ada

FRANK B. AGUON, JR.

Frank F. Blas, Jr.

B. J.F. Cruz

James V. Espaldon

Brant T. McCreadie

Tommy Morrison

T. R. Muña Barnes

Mary Camacho Torres

N. B. Underwood, Ph.D.

Judith T. Won Pat, Ed.D.

AN ACT TO ADD A NEW § 80125 TO CHAPTER 80, DIVISION 4 OF TITLE 10, GUAM CODE ANNOTATED, RELATIVE TO AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS TO REFINANCE ALL OF GOVERNMENT OF GUAM LIMITED OBLIGATION (SECTION 30) BONDS, SERIES 2009A, TO REFINANCE THE OUTSTANDING LOAN OF THE BANK OF GUAM TO THE GUAM MEMORIAL HOSPITAL AUTHORITY, AND TO REFINANCE ALL OF THE GOVERNMENT'S OBLIGATIONS WITH RESPECT TO THE SERIES 2013B GUAM EDUCATION FINANCING FOUNDATION II, INC. CERTIFICATES OF PARTICIPATION (*OKKODO* HIGH SCHOOL EXPANSION PROJECT), AND TO PAY OFF THE

**OUTSTANDING GUAM MEMORIAL HOSPITAL
AUTHORITY VENDOR PAYABLES THAT SHALL NOT
EXCEED FORTY-FIVE MILLION DOLLARS
(\$45,000,000).**

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

2 **Section 1. Legislative Findings and Intent.** *I Liheslaturan Guåhan* finds
3 that under current market conditions, all of the outstanding Government of Guam
4 Limited Obligation (Section 30) Bonds, Series 2009A (the 2009A Bonds) can be
5 refunded with Government of Guam Limited Obligation (Section 30) Bonds, with
6 significant savings for the General Fund.

7 It is the intent of *I Liheslaturan Guåhan* to authorize a transaction that would
8 assist in facilitating the financial sustainability and flexibility of the government of
9 Guam by taking advantage of present favorable market conditions, as provided in
10 this Act, in a manner so as not to violate bond covenants.

11 In addition, the Guam Memorial Hospital Authority has to date incurred
12 vendor payables of approximately Thirty Million Dollars (\$30,000,000). As a
13 result, *I Liheslaturan Guåhan* further intends to authorize one or more series of
14 Government of Guam Limited Obligation (Section 30) Bonds, to refund all of the
15 2009A Bonds, to refinance the Bank of Guam loan to the Guam Memorial Hospital
16 Authority, to refinance all of the Government's obligations with respect to the
17 Series 2013B Guam Education Financing Foundation II, Inc. Certificates of
18 Participation (*Okkodo* High School Expansion Project) (the 2013 Certificates), and
19 to pay off outstanding Guam Memorial Hospital Authority vendor payables in an
20 amount not to exceed the sum of Forty-Five Million Dollars (\$45,000,000).

21 **Section 2.** A new § 80125 is hereby *added* to Chapter 80, Division 4 of
22 Title 10, Guam Code Annotated, to read as follows:

1 “§ 80125. Authorization of One or More Series of Limited
2 **Obligation (Section 30) Bonds.**

3 (a) *I Liheslaturan Guåhan*, pursuant to § 50103(k) of Article 1,
4 Chapter 50 of Title 12, Guam Code Annotated, hereby authorizes *I*
5 *Maga'låhen Guåhan* to issue one or more additional series of tax-exempt
6 and/or taxable Limited Obligation (Section 30) Bonds of the government of
7 Guam, as provided in this Section, in an aggregate principal amount *not to*
8 *exceed* (1) Forty-five Million Dollars (\$45,000,000) for the following: (A)
9 up to Thirty Million Dollars (\$30,000,000) for the express authorization of
10 paying off Guam Memorial Hospital Authority account payables; and (B)
11 Fifteen Million Dollars (\$15,000,000) for Guam Memorial Hospital
12 Authority Fiscal Year 2017 account payables subject to legislative
13 authorization and appropriation in the General Appropriations Act of FY
14 2017; (2) the principal amount necessary in order to provide for one or
15 more of the following purposes: (A) to finance a reserve fund; (B) to
16 refund all of the 2009A Bonds with a final maturity that does not
17 exceed the existing final maturity of the 2009A Bonds; (C) to refinance
18 the outstanding loan of the Bank of Guam to the Guam Memorial Hospital
19 Authority currently outstanding in the approximate principal amount of 20.1
20 Million Dollars, with a final maturity that does not exceed the existing
21 final maturity of the outstanding loan of the Bank of Guam to the
22 Guam Memorial Hospital; (D) to refinance all of the Government's
23 obligations with respect to the Series 2013B Guam Education Financing
24 Foundation II, Inc. Certificates of Participation (*Okkodo* High School
25 Expansion Project) (the 2013 Certificates), with a final maturity that
26 does not exceed the existing final maturity of the 2013B
27 Certificates; and (E) to pay expenses relating to the authorization, sale and

1 issuance of the bonds, including without limitation, printing costs, costs of
2 reproducing documents, credit enhancement fees, underwriting, legal,
3 feasibility, financial advisory and accounting fees and charges, fees paid to
4 banks or other financial institutions providing credit enhancement, costs of
5 credit ratings and other costs, charges and fees in connection with the
6 issuance, sale and delivery of the bonds, *not* to exceed 1.5% of the PAR and
7 subject to the following additional conditions:

8 (i) The terms and conditions of the bonds *shall* be as
9 determined by *I Maga'låhen Guåhan* by the execution of a certificate
10 or indenture authorizing the issuance of the bonds, prior to the
11 issuance of the bonds and *shall* be issued under the master indenture
12 pursuant to which the 2009A Bonds were issued (including any
13 amendments thereto) or under a new master indenture; provided,
14 however, that such terms and conditions *shall* be consistent with this
15 Section, that the bonds *shall* mature not later than thirty-one (31)
16 years after their date of issuance, *shall* bear interest at such rates and
17 be sold for such price or prices as shall result in a yield to the
18 bondholders that does not exceed five percent (5%) per annum; and
19 that the combined present value of debt service on the bonds issued to
20 refund the 2009A Bonds, the above-referenced Bank of Guam loan
21 and the 2013B Certificates *shall* be at least two percent (2%) less than
22 the present value of debt service on the bonds and loan being refunded
23 or refinanced.

24 (ii) The proceeds from such bonds *shall* be used and are
25 hereby appropriated (aa) to finance the payment of the Guam
26 Memorial Hospital Authority outstanding vendor payables; (bb) to
27 fund a reserve fund; (cc) to refund all of the 2009A Bonds and the

1 2013B Certificates; (dd) to refinance the outstanding loan of the Bank
2 of Guam to the Guam Memorial Hospital Authority, currently
3 outstanding in the approximate principal amount of 20.1 Million
4 Dollars; and (ee) to pay expenses relating to the authorization, sale
5 and issuance of the bonds including, without limitation, printing costs,
6 costs of reproducing documents, credit enhancement fees,
7 underwriting, legal, feasibility, financial advisory and accounting fees
8 and charges, fees paid to banks or other financial institutions
9 providing credit enhancement, costs of credit ratings and other costs,
10 charges and fees in connection with the issuance, sale and delivery of
11 the bonds.

12 (iii) No bonds authorized by this Section shall be sold until
13 the Board of Directors of Guam Economic Development Authority
14 has approved the sale by resolution.

15 (iv) The issuance of bonds pursuant to this Section *shall not*
16 be subject to the approval of the voters of Guam.

17 All bonds issued pursuant to this Section *shall* be secured by a
18 statutory lien on all revenues derived by the government of Guam
19 under Section 30 of the Organic Act (Section 30 revenues). This lien
20 *shall* arise automatically without the need for any action or
21 authorization by *I Maga'låhen Guåhan*, the government of Guam, or
22 any other person or entity. Such lien *shall* be valid and binding from
23 the time such bonds are issued. The Section 30 revenues *shall*
24 immediately be subject to such lien, and the lien *shall* automatically
25 attach to the Section 30 revenues and be effective, binding, and
26 enforceable against *I Maga'låhen Guåhan*, the government of Guam,
27 their successors, assignees, and creditors, and all others asserting the

1 rights therein, irrespective of whether those parties have notice of the
2 lien and without the need for any physical delivery, recordation,
3 filing, or further Act. Section 30 revenues that are not required to
4 make payments on the bonds *shall* automatically, and without the
5 need for any further action, be released from such lien and shall be
6 available for appropriation for any other lawful purpose of the
7 government. The statutory lien described in this Subsection *shall not*
8 be subject to Division 9 of Title 13, Guam Code Annotated, or any
9 successor statute. The Section 30 revenues received by the
10 government of Guam or by any trustee, depository or custodian *shall*
11 be deposited in accordance with the provisions of the applicable
12 indenture.

13 In addition to the statutory lien provided for above, all or any
14 part of the Section 30 revenues may be pledged, if and to the extent
15 determined by *I Maga'låhen Guåhan*, to secure the payment of any
16 bonds issued pursuant to this Section. Any such pledge *shall* be valid
17 and binding against all parties in accordance with its terms and have
18 priority against all parties in accordance with its terms from the time
19 the pledge is made, and property so pledged *shall* immediately be
20 subject to the lien of the pledge without the need for physical delivery,
21 recordation, filing, or other further Act. The pledge *shall not* be
22 subject to Division 9 of Title 13, Guam Code Annotated, or any
23 successor statute. The indenture by which such pledge is created need
24 not be recorded. All Section 30 revenue so pledged is hereby
25 appropriated for the purpose for which it has been pledged.
26 Indebtedness issued by the government pursuant to this Section and
27 that is payable from Section 30 revenue may not be issued in an

1 amount that would cause a violation of the debt limitation provisions
2 of Section 11 of the Organic Act.”

3 **Section 3.** All elements contained in Section 2 of this Act *shall* be
4 included in the indenture pursuant to this Act. Additionally, the trustee *shall* not
5 release the Fifteen Million Dollars (\$15,000,000) until such authorization and
6 appropriation in the General Appropriation Act of FY 2017 is duly passed by *I*
7 *Liheslaturan Guåhan*.

8 **Section 4.** Any fee(s) to be paid to the Guam Economic Development
9 Authority for their assistance in refinancing the Series 2009 A Limited Obligation
10 (Section 30) Bonds, the Series 2013B Guam Education Financing Foundation II,
11 Inc. Certificates of Participation (*Okkodo* High School Expansion Project), and the
12 Guam Memorial Hospital Authority Bank of Guam Loan shall be from the source
13 of debt service for these bonds, certificates and loan.

14 **Section 5. Severability.** If any provision of this Act or its application to
15 any person or circumstance is held invalid, the invalidity does not affect other
16 provisions or applications of the Act that can be given effect without the invalid
17 provision or application, and to this end the provisions of this Act are severable.