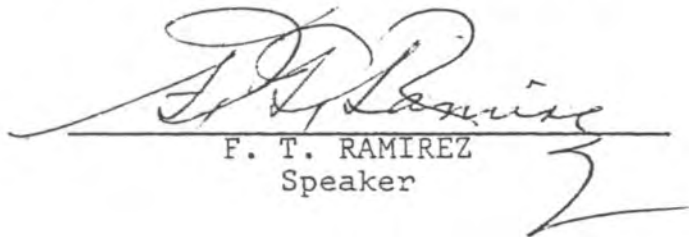


TWELFTH GUAM LEGISLATURE  
1973 (FIRST) Regular Session

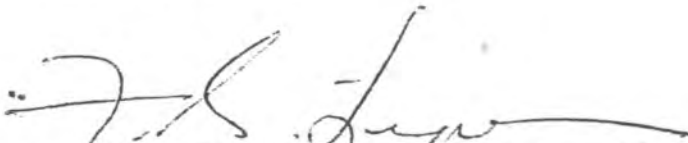
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CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR


This is to certify that Bill No. 7, "An Act to amend Sections 21000, 21002, 21003, 21005, 21204, 21206, 21208.3, 21214 and 4004 of the Government Code of Guam to remove the operation and control of the telephone system from the Public Utility Agency of Guam, to add a Chapter VIII to Title XXII of the Government Code of Guam to create the Guam Telephone Authority, to authorize appropriations to the Authority, and to add a Chapter IX to Title XXII of said Code to provide for the sale of Guam Telephone Authority Bonds", was on the 21st day of September, 1973, duly and regularly passed by the Legislature.

  
F. T. RAMIREZ  
Speaker

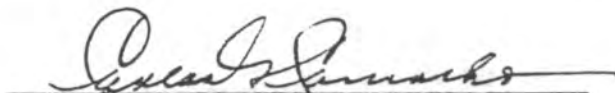
ATTESTED:

  
F. G. LUJAN, Acting  
Legislative Secretary

This Act was received by the Governor this 9th day  
of October, 1973 at 3:05 o'clock P.M.

  
KEITH L. ANDREWS  
Attorney General of Guam

APPROVED:

  
CARLOS G. CAMACHO  
Governor of Guam

DATED: October 19, 1973  
11:00 a.m.

Public Law  
12-44

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APR 21 1986

GUAM TERRITORIAL

TWELFTH GUAM LEGISLATURE  
1973 (FIRST) Regular Session

Bill No. 7  
Substitute

Introduced by

W. D. L. Flores  
G. M. Bamba  
J. M. Rivera  
A. C. Sanchez  
J. F. Ada  
G. R. Salas

AN ACT TO AMEND SECTIONS 21000, 21002,  
21003, 21005, 21204, 21206, 21208.3,  
21214 AND 4004 OF THE GOVERNMENT CODE  
OF GUAM TO REMOVE THE OPERATION AND  
CONTROL OF THE TELEPHONE SYSTEM FROM  
THE PUBLIC UTILITY AGENCY OF GUAM, TO  
ADD A CHAPTER VIII TO TITLE XXII OF  
THE GOVERNMENT CODE OF GUAM TO CREATE  
THE GUAM TELEPHONE AUTHORITY, TO  
AUTHORIZE APPROPRIATIONS TO THE AUTHO-  
RITY, AND TO ADD A CHAPTER IX TO TITLE  
XXII OF SAID CODE TO PROVIDE FOR THE  
SALE OF GUAM TELEPHONE AUTHORITY BONDS.

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

2 Section 1. Section 21000 of the Government Code of Guam  
3 is hereby amended to read as follows:

4 "Section 21000. Board. For the purpose of insuring  
5 fair and reasonable public utility rates including all  
6 related service, meter and other charges for all public  
7 utility services furnished by the Guam Power Authority  
8 and telephone service furnished by the Guam Telephone  
9 Authority, comprising a rate structure that is uniform  
10 and impartial with respect to all users similarly situated  
11 or falling within categories of standardized designation,  
12 there is within the government of Guam a Board on Utility  
13 Rates, hereinafter referred to as the 'Board'."

14 Section 2. Section 21002 of the Government Code of Guam is  
15 hereby amended to read as follows:

16 "Section 21002. Cognizance. The provisions of this  
17 Chapter and the cognizance of the Board shall extend to  
18 all public utility services furnished to non-governmental

1 and governmental consumers of every kind and category  
2 except that it shall not extend to electric service  
3 furnished by the Guam Power Authority or telephone service  
4 furnished by the Guam Telephone Authority."

5 Section 3. Section 21003 of the Government Code of Guam  
6 is hereby amended to read as follows:

7 "Section 21003. Functions. The functions of the  
8 Board shall be to formulate, establish and publish, and  
9 from time to time to review and where necessary revise,  
10 subject to the approval of the Governor by Executive  
11 Order, fair and reasonable schedules, uniform as to  
12 classes, of public utility rates including all related  
13 service, meter and other applicable charges for all  
14 public utility services furnished by the government of  
15 Guam except electric service furnished by the Guam Power  
16 Authority and telephone service furnished by the Guam  
17 Telephone Authority. Such schedules may provide for  
18 separate residential, commercial, industrial or other  
19 standardized categories of rate. The Board shall annually,  
20 and may in its discretion more often upon complaint or  
21 upon its own motion review and recommend revision of  
22 such schedules of rates and related charges as may at  
23 any time be in effect."

24 Section 4. Section 21005 of the Government Code of Guam  
25 is hereby amended to read as follows:

26 "Section 21005. Same: public hearings. Before  
27 adopting any schedule increasing rates, the Board shall  
28 hold at least one (1) public hearing thereon, notice  
29 of the time and place of which shall be given by at  
30 least one publication in a newspaper of general circu-  
31 lation in Guam, at least ten (10) days before the date  
32 of said hearing. The Board, with the unanimous consent

1 of its members may subpoena witnesses, books and records.

2 Schedules or portions of schedules reducing rates may  
3 be adopted without public hearing."

4 Section 5. Section 21204 of the Government Code of Guam  
5 is hereby amended to read as follows:

6 "Section 21204. Authority. The Agency has the  
7 authority to supply to individuals, firms, corporations,  
8 and governments, including the government of Guam,  
9 installation and generation services for water and other  
10 utilities, except electric power which has been trans-  
11 ferred to the exclusive control and operation of the  
12 Guam Power Authority and telephone service which has  
13 been transferred to the exclusive control and operation  
14 of the Guam Telephone Authority, or to request that such  
15 installation be performed by any governmental agency or,  
16 where it is in the public interest, any private contractor,  
17 upon such terms and conditions as shall be determined  
18 by the Agency."

19 Section 6. Section 21206 of the Government Code of Guam  
20 is hereby amended to read as follows:

21 "Section 21206. Powers. The Agency shall have the  
22 power, duty and responsibility for the administration  
23 and operation of all water and other utility services  
24 now furnished by the government of Guam or hereafter  
25 by the Agency, except electric power which has been  
26 transferred to the exclusive control and operation of  
27 the Guam Power Authority and telephone service which  
28 has been transferred to the exclusive control and  
29 operation of the Guam Telephone Authority. Such powers  
30 shall include the authority to make a monetary charge,  
31 in the amount provided by Section 2205 herein, to  
32 all persons, firms, corporations and governments,

1 including the government of Guam, to whom public utility  
2 services are furnished by the Agency."

3 Section 7. Section 21208.3 of the Government Code of Guam  
4 is hereby amended to read as follows:

5 "Section 21208.3. Improvements for subdivisions.

6 "Where economically feasible, the installation of water,  
7 and fire hydrants, in subdivisions qualifying under  
8 the Subdivision Law, is authorized to be paid from the  
9 Public Utility Agency of Guam Fund."

10 Section 8. Section 21214 of the Government Code of Guam  
11 is hereby amended to read as follows:

12 "Section 21214. Installment payment. Whenever the  
13 Agency heretofore or hereafter has authorized the instal-  
14 lation of any facility as provided under Section 21204  
15 above, it may provide for the installment payment of the  
16 charges assessable therefor, provided, that all of the  
17 following terms are complied with:

18 (a) that the installation be for a private  
19 residence occupied by the owner;

20 (b) that the buildings to be served are not in  
21 whole or in part an income producing or commercial  
22 property;

23 (c) that the applicant make an initial payment  
24 prior to commencement of work of at least one third (1/3)  
25 of the total charges;

26 (d) that the applicant enter into an agreement  
27 with the government of Guam in such general form as has  
28 been approved by the Attorney General for the liquidation  
29 of the balance of such charges by monthly installments  
30 over a period not to exceed five (5) years. Such  
31 agreement must provide for the payment of interest at  
32 the rate of six percent (6%) per annum computed and

1 payable monthly on the balance due. If during the  
2 duration of an installment contract a residence is  
3 converted into primarily an income producing property,  
4 all unpaid installments shall immediately become due  
5 and payable."

6 Section 9. Section 4004 of the Government Code of Guam  
7 first paragraph is hereby amended to read as follows:

8 "Section 4004. Departmental personnel rules. Rules  
9 and regulations, subject to criteria established by  
10 this Chapter governing selection, promotion, performance  
11 evaluation, demotion, suspension and other disciplinary  
12 action, shall be adopted by the Board of Directors of  
13 the Guam Telephone Authority, Board of Directors of the  
14 Guam Power Authority, the Board of Education, the Board  
15 of Regents of the University of Guam, and by the Board  
16 of Trustees of Guam Memorial Hospital, with respect to  
17 personnel matters within their respective agencies or  
18 departments, and by the Director of Administration as  
19 to all other government employment. Such regulations  
20 shall, to the extent practicable, provide standard  
21 conditions for entry into, and other matters concerning  
22 the government service, and shall ~~take~~ effect upon their  
23 approval by the Civil Service Commission and by Executive  
24 Order of the Governor. Such rules shall include the  
25 following provisions:"

26 Section 10. A Chapter VIII is hereby added to Title XXII  
27 of the Government Code of Guam to read as follows:

28 "CHAPTER VIII

29 Guam Telephone Authority

30 Section 21600. Short title.

31 Section 21601. Definitions.

32 Section 21602. Establishment

- 1 Section 21603. Powers.
- 2 Section 21604. Board of Directors.
- 3 Section 21605. General Manager.
- 4 Section 21606. Other officers.
- 5 Section 21607. Acquisition of existing systems.
- 6 Section 21608. Indebtedness.
- 7 Section 21609. Exemption from taxation, and
- 8 in-lieu payments.
- 9 Section 21610. Contracts and purchases.
- 10 Section 21611. Accounting and expenditures.
- 11 Section 21612. Employment.
- 12 Section 21613. Appeals on rates and on
- 13 interpretations by the General
- 14 Manager.

15 Section 21600. Short title. This Chapter may be  
16 cited as the 'Guam Telephone Authority Act of 1973'.

17 Section 21601. Definitions. As used herein, unless  
18 otherwise indicated:

19 (a) 'Authority' means the Guam Telephone Authority;

20 (b) 'Board' means the Board of Directors of the  
21 Authority;

22 (c) 'Director' means a member of the Board.

23 Section 21602. Establishment. There is within, and  
24 a public corporation and autonomous instrumentality of,  
25 the government of Guam, a Guam Telephone Authority.

26 Section 21603. Powers. The Authority shall have  
27 an exercise each and all of the following powers:

28 (a) To install, maintain, sell and supply to  
29 individuals, firms, corporations and governments,  
30 including the government of Guam, telephone services;

31 (b) Acquire, subject to the laws of the territory of  
32 Guam, by grant, purchase, gift, devise or lease, or by

1 the exercise of the right of eminent domain in accordance  
2 with the provisions and subject to the limitations of  
3 Title V of Part III of the Code of Civil Procedure of  
4 Guam, and hold and use any real or personal property  
5 necessary or convenient or useful for the carrying on  
6 of any of its powers pursuant to the provisions of this  
7 Chapter;

8 (c) Establish its internal organization and manage-  
9 ment and adopt regulations for the administration of its  
10 operations;

11 (d) Establish and modify from time to time, without  
12 reference to the Board on Utility Rates, reasonable rates  
13 and charges for the telephone service, at least adequate  
14 to cover the full cost of such service, and collect money  
15 from customers using such service, all subject to any  
16 contractual obligations of the Board to the holders of  
17 any bonds; enter into covenants to increase rates or  
18 charges from time to time as may be necessary pursuant  
19 to any such contractual obligation; and refund rates and  
20 charges collected in error in accordance with regulations  
21 prescribed by the Board;

22 (e) Enter into contracts and execute all instruments  
23 necessary or convenient in the exercise of its powers,  
24 adopt a seal, and sue or be sued in its own corporate  
25 name;

26 (f) Construct works along or across any street or  
27 public highway or watercourse, or over any of the lands  
28 which are the property of the territory; and with respect  
29 to Federal lands, the Authority shall have the same  
30 powers with respect to the construction of such works as  
31 possessed by the government of Guam. The Authority shall  
32 restore any such street or highway to its former state



1 as near as may be, and shall not use it in a manner to  
2 impair unnecessarily its usefulness;

3 (g) At any time or from time to time, incur indebted-  
4 ness pursuant to Chapter IX of this Title XXII;

5 (h) Enter into contracts with government of the  
6 territory or with the United States for loans or grants;

7 (i) Employ, retain, or contract for the services of  
8 qualified managers, specialists or experts, as individuals  
9 or as organizations, to advise and assist its Board of  
10 Directors and employees;

11 (j) Adopt such rules and regulations as may be  
12 necessary for the exercise of the powers and performance  
13 of the duties conferred or imposed upon the Authority or  
14 the Board by this Chapter;

15 (k) Control, operate, improve, equip, maintain,  
16 repair, renew, replace, reconstruct, alter and insure the  
17 telephone system subject to compliance with any applicable  
18 regulations of the territory of Guam;

19 (l) Do any and all other things necessary to the  
20 full and convenient exercise of the above powers.

21 Nothing contained in this section or elsewhere in  
22 this Chapter shall be construed directly or by implication  
23 to be in any way in derogation or limitation of powers  
24 conferred upon or existing in the Authority or the Board  
25 by virtue of any provisions of the Organic Act of Guam  
26 or statutes of the territory or any other provisions of  
27 this Code.

28 Section 21604. Board of Directors. (a) All powers  
29 vested in the Authority except as provided herein shall  
30 be exercised by the Board. The Board shall consist of  
31 five (5) directors, nominated and appointed by the  
32 Governor of Guam, by and with the advice and consent of

1 the Guam Legislature. The five (5) directors first  
2 appointed shall classify themselves by lot so that their  
3 terms shall expire respectively as follows: June 30, 1974,  
4 June 30, 1975, June 30, 1976, June 30, 1977, and June  
5 30, 1978. Their successors shall be appointed each for  
6 a term of five (5) years from the date of the expiration  
7 of the term for which his predecessors was appointed and  
8 until his successor is appointed and has qualified. All  
9 vacancies occurring in the office of directors shall be  
10 filled by the Governor, with the advice and consent of  
11 the Legislature, for the unexpired term except that if  
12 the Legislature is not in regular session when the vacancy  
13 occurs, the Governor may appoint for a term expiring at  
14 the end of the next regular session.

15 (b) Three (3) directors shall constitute a quorum of  
16 the Board for the transaction of all business. The Board  
17 may adopt rules and regulations governing the conduct of  
18 its affairs. It shall elect a Chairman and a Vice-Chairman  
19 from among the directors.

20 (c) Each director shall receive the sum of Fifty  
21 Dollars (\$50.00) for each attendance at the meetings of  
22 the Board, but such compensation shall not apply to more  
23 than two (2) meetings in any one (1) calendar month.

24 No director shall receive any other compensation, but  
25 shall be reimbursed for actual travel, subsistence and  
26 out-of-pocket expenses incurred in the discharge of his  
27 responsibilities.

28 Section 21605. General Manager. (a) The Board shall  
29 appoint a General Manager, who shall be its chief  
30 executive officer, and who shall serve at its pleasure,  
31 and shall fix his compensation. The General Manager shall  
32 have full charge and control of the construction of the

1 works of the Authority and of their maintenance and  
2 operation, and also of the administration of the business  
3 affairs of the Authority.

4 (b) The powers of the General Manager include the  
5 following:

6 (i) To see that all rules and regulations  
7 of the Authority are enforced.

8 (ii) To attend all meetings of the Board and  
9 submit a general report of the affairs of the  
10 Authority.

11 (iii) To keep the Board advised as to the  
12 needs of the Authority and to approve demands for  
13 the payment of obligations of the Authority within  
14 the purposes and amounts authorized by the Board.

15 (iv) To prepare or cause to be prepared all  
16 plans and specifications for the construction of the  
17 works of thy Authority.

18 (v) To devote his entire time to the business of  
19 the Authority; to select and appoint the employees of  
20 the Authority, except as otherwise provided by this  
21 Act, and to plan, organize, coordinate and control  
22 the services of such employees in the exercise of  
23 the powers of the Authority under the general  
24 direction of the Board.

25 (vi) To cause to be published within one  
26 hundred twenty (120) days from the end of each  
27 fiscal year a financial report showing the result  
28 of operations for the preceding fiscal year and the  
29 financial status of the Authority on the last day  
30 thereof. The publication shall be made in the manner  
31 provided by the Board.

32 (vii) To perform such other and additional duties

1 as the Board may require.

2 (c) The Board may contract with a corporation to  
3 perform any or all of the duties and to exercise any or  
4 all of the powers of the General Manager as provided in  
5 this section, and the General Manager, subject to the  
6 approval of the Board, may contract with a corporation to  
7 perform some of the duties or to render expert and  
8 technical assistance in the operation of the Authority.

9 Section 21606. Other officers. (a) The Board may  
10 also appoint a secretary, a treasurer, a comptroller, an  
11 an attorney, who shall serve at the pleasure of the Board  
12 and whose duties and compensation shall be fixed by the  
13 Board. The Board may appoint one or more assistants to act  
14 in such office. Any of such offices may be consolidated in  
15 one person.

16 (b) The secretary shall have charge of all records  
17 and minutes of the Board.

18 (c) The treasurer shall have custody of all moneys  
19 of the Authority, and shall pay out such money only in  
20 accordance with the direction of the Board or as provided  
21 in connection with any indebtedness incurred pursuant  
22 to Chapter IX of this Title XXII. The Board shall however  
23 appoint the Director of Administration of Guam or any  
24 agent designated by him as its trustee for the payment of  
25 bonds issued by it and for any related purposes as the  
26 Board may provide.

27 (d) The attorney, who must have been admitted to  
28 practice before the District Court of Guam, shall advise  
29 the Board and the General Manager on all legal matters  
30 to which the Authority is a party or in which the  
31 Authority is legally interested, and may represent the  
32 Authority in connection with legal matters before the

1 Legislature, boards, and other agencies of the territory.  
2 The Attorney General shall represent the Authority in  
3 litigation concerning the affairs of the Authority,  
4 provided that he may delegate this duty to the attorney  
5 of the Authority, with respect to any such litigation.

6 Section 21607. Acquisition of existing systems. (a) On  
7 the first day of the month following one hundred twenty  
8 (120) days after the effective date of this Act or on  
9 such later date as the Board shall establish, the Public  
10 Utility Agency of Guam shall transfer to the Authority:

11 (i) All items of property which that Agency owns  
12 or controls, including construction work in  
13 progress, which are used exclusively for telephone  
14 operations, and all materials and supplies used  
15 and useful exclusively in connection with such  
16 properties or in the telephone operations of that  
17 Agency;

18 (ii) All items, of property and materials and  
19 supplies used by the Agency for telephone operations  
20 in common with other operations and which the  
21 Agency and the Authority agree to transfer; and

22 (iii) All working capital, cash, accounts  
23 payable and receivable, deposits, advances payable  
24 and receivable, all books, records and maps, and  
25 all other rights, obligations, assets, liabilities,  
26 agreements and privileges pertaining to the  
27 telephone properties or telephone operations of  
28 the Agency.

29 Each employee of the Public Utility Agency of Guam  
30 primarily engaged in telephone operations at the date of  
31 the transfer shall be offered employment by the Authority.

32 (b) As soon as practical, and subject to agreement

1 with the United States Navy, the Authority shall acquire,  
2 by purchase or lease, all telephone properties of such  
3 Navy which are jointly used to supply telephone service to  
4 civilian consumers, Federal agencies, and military instal-  
5 lations on Guam and are not required for exclusive use  
6 of the Navy and other agencies of the Department of  
7 Defense, and pay therefor, out of the proceeds of an  
8 indebtedness incurred by the Authority, such price as  
9 may be agreed upon. The Authority may also acquire from  
10 the Navy such items of general plant, and materials  
11 and supplies, related to telephone operations, as may  
12 be agreed upon. Any locally hired civilian employee  
13 of the Navy who at the date of transfer is engaged  
14 primarily in the operation of the telephone properties  
15 being acquired from the Navy shall be offered employment  
16 by the Authority.

17 (c) Any person accepting employment under this  
18 section shall receive not less than the straight-time rate  
19 of compensation he was receiving immediately before the  
20 transfer date. The other employment benefits and rights,  
21 including retirement and leave, of such transferred  
22 employees shall be governed by the provisions of Section  
23 21612 of this Chapter. Any persons so transferred who  
24 are found to be in excess of the personnel required for  
25 the efficient administration of the Authority shall be  
26 retained by the Authority until transferred to other  
27 positions in the government of Guam, with the consent of  
28 the Agency to which transfer is made.

29 Section 21608. Indebtedness. The Authority may incur  
30 indebtedness by any means permitted by Chapter IX of  
31 this Title XXII.

32 Section 21609. Exemption from taxation. As an

1 instrumentality of the territory, the Authority and all  
2 property acquired by or for the Board, and all revenues  
3 and income therefrom are exempt from taxation by the  
4 territory or by any political subdivision or public  
5 corporation thereof and from all taxes imposed under the  
6 authority of the Legislature of the territory, or with  
7 respect to which the Legislature is authorized to grant  
8 exemption.

9 Section 21610. Contracts and purchases. (a) The  
10 purchase of all supplies and materials, and the construc-  
11 tion of all works, when the expenditure required exceeds  
12 Two Thousand Five Hundred Dollars (\$2,500.00), shall be  
13 by contract let to the lowest responsible bidder. Notice  
14 requiring bids shall be published at least ten (10) days  
15 before bids are received. The Board may reject any and  
16 all bids and readvertise at its discretion.

17 (b) If, after rejecting bids for materials and  
18 supplies, the Board determines that, in its opinion, the  
19 materials and supplies may be purchased at a lower price  
20 in the open market, the Board may authorize the General  
21 Manager to make such purchases without further observance  
22 of the provisions requiring contracts, bids, or notices.

23 (c) In case of any major public calamity, such as an  
24 extraordinary fire, storm, epidemic or other disaster,  
25 or where the exigencies of telephone service operation, in  
26 the Board's judgment, require immediate action, the  
27 Board may determine that the public interest and  
28 necessity demand the immediate expenditure of funds to  
29 safeguard life, health and property, and thereupon,  
30 authorize the General Manager to expend such sums as  
31 may be needed in such emergency without the observance  
32 of the provisions requiring contracts, bids or notices.

1 (d) The provisions requiring contracts, bids or  
2 notices shall not apply to the procurement of profess  
3 or technical services nor to the procurement of repla  
4 ment parts required by the Authority.

5 (e) Neither the General Manager nor any director  
6 shall have any undisclosed financial interest, directl  
7 or indirectly, in any contract awarded by the Board of  
8 Directors.

9 Section 21611. Fiscal authority; accounting and  
10 expenditures. (a) There is hereby established a fund to  
11 be known as the 'Telephone Authority Fund' which shall  
12 maintained separate and apart from other funds of the  
13 government of Guam, and independent records and accounts  
14 shall be maintained in connection therewith.

15 (b) All moneys received by the Authority from  
16 whatever source derived shall be deposited in said  
17 Telephone Authority Fund in eligible banks as defined  
18 in Section 6311 Government Code of Guam.

19 (c) All expenditures including payments into  
20 sinking funds or other special accounts shall be made  
21 from said Telephone Authority Fund.

22 (d) The Board shall adopt and maintain a uniform  
23 system of accounting.

24 (e) The Board may authorize, by annual budget  
25 resolutions and amendments thereto, the payment of demands  
26 against the Authority resulting from its exercise of the  
27 powers prescribed in this Act, for a period of one (1)  
28 year if the specific demands which are made are approved  
29 by the Board or the General Manager prior to payment.

30 (f) The Board shall employ a firm of independent  
31 certified public accountants who shall examine and report  
32 to the Board, at least annually, upon the status of the



1 financial records and accounts maintained by the Authority.  
2 Copies of any such report shall be furnished to the  
3 Governor and to the Legislature.

4 (g) The Board shall report to the Governor concerning  
5 its administration of the affairs of the Authority. It  
6 shall present an annual report within one hundred twenty  
7 (120) days after the end of each fiscal year and, if  
8 requested by the Governor shall present special reports  
9 within thirty (30) days after the end of each intervening  
10 quarter. The financial information presented in such  
11 reports shall be in accordance with the uniform system  
12 of accounting adopted by the Board. Copies of any such  
13 reports, including the annual and special reports, shall  
14 be furnished to the Legislature.

15 Section 21612. Employment. (a) Pursuant to the pro-  
16 visions of Section 4004 of this Code, the Board shall esta-  
17 blish rules and regulations governing selection, promotion,  
18 performance evaluation, demotion, suspension, and other  
19 disciplinary action for the employees of the Authority.

20 (b) Employees of the Authority, excluding the direc-  
21 tors, shall be members of the Government of Guam Retire-  
22 ment Fund, subject to the provisions of Section 4204 of  
23 this Code, except that for the purposes of Subsection (a)  
24 of said section, the employees of the Authority shall not  
25 be considered employees of a 'public corporation' whereby  
26 their membership in the Fund is optional and membership  
27 therein must be specifically requested. The Authority shall  
28 contribute to the Government of Guam Retirement Fund on the  
29 basis of annual billings as determined by the Board of  
30 Trustees, Government of Guam Retirement Fund, for the govern-  
31 ment share of the cost of the retirement benefits applicable  
32 to the Authority's employees and their beneficiaries. The

1 Authority shall also contribute to the Workmen's  
2 Compensation Fund, on the basis of annual billings as  
3 determined by the Workmen's Compensation Commissioner,  
4 for the benefit payments made from such Fund on account  
5 of the Authority's employees.

6 (c) Notwithstanding any other provisions of law,  
7 neither the manager, secretary, treasurer, comptroller,  
8 nor attorney of the Authority shall be within the  
9 classified service of the government of Guam but shall  
10 be hired, compensated and employed under terms and con-  
11 ditions fixed by, and at the pleasure of the Board.

12 Section 21613. Rates, appeals on rates and on  
13 interpretations by the General Manager. (a) All rates  
14 and charges under which telephone service is supplied  
15 by the Authority shall at the time of the transfer be  
16 established at two times the rates of the Public Utility  
17 Agency in effect at the time of the transfer.

18 (b) After such transfer all rates, charges and  
19 regulations shall be adopted by the Board only after  
20 public hearing held following notice, published at  
21 least fifteen (15) days in advance thereof in a newspaper  
22 of general circulation published in Guam. Such rates,  
23 charges and regulations so adopted thereafter by the  
24 Board shall become effective as determined by the  
25 Board and shall remain in effect unless and until declared  
26 invalid by the Island Court of Guam pursuant to Section  
27 24204 of this Code. An appeal from a finding of invali-  
28 dity shall operate as a stay and such rates, charges  
29 and regulations shall remain in effect until final  
30 adjudication of the appeal.

31 (c) Any customer of the Authority who is adversely  
32 affected by the General Manager's interpretation or

1 application of any rate, charge, or regulation for  
2 telephone service, may appeal to the Board, which shall  
3 hold a public hearing thereon and make a determination.  
4 Thereafter, any such customer may petition the Island  
5 Court of Guam, pursuant to Section 24204 of this Code,  
6 for a declaratory judgment that the determination by  
7 the Board is erroneous, such determination by the Board  
8 to remain effective until so declared invalid by the  
9 Island Court of Guam, except that an appeal from a finding  
10 of invalidity shall operate as a stay and the Board's  
11 determination shall remain in effect until final adjudi-  
12 cation of the appeal."

13 Section 11. Authorization for appropriation. There is  
14 hereby authorized to be appropriated for the operation of the  
15 Guam Telephone Authority for fiscal years 1974, 1975 and 1976  
16 the sum of Six Million Dollars (\$6,000,000), such sums to be  
17 appropriated as follows:

18 (a) Two Million Dollars (\$2,000,000) for fiscal year  
19 ending June 30, 1974.

20 (b) Two Million Dollars (\$2,000,000) for fiscal year  
21 ending June 30, 1975.

22 (c) Two Million Dollars (\$2,000,000) for fiscal year  
23 ending June 30, 1976 such sums to be expended.

24 Section 12. Authorization for appropriation. In addition  
25 to the sums authorized to be appropriated pursuant to Section  
26 10 of this Act, there is hereby authorized to be appropriated  
27 to the Guam Telephone Authority such sums as may be necessary  
28 to eliminate any deficit transferred to and inherited by the  
29 Guam Telephone Authority pursuant to the transfer of assets  
30 and liabilities to the Authority pursuant to Section 21607 of  
31 the Government Code of Guam. The Chief Officer of the Public  
32 Utility Agency of Guam shall, within sixty (60) days following

1 the effective date of this Act present to the Legislature the  
2 financial statements and such other information relating  
3 to the assets and liabilities to be transferred pursuant to  
4 this Act which may be necessary to implement the provisions  
5 of this Act.

6 Section 13. A Chapter IX is hereby added to Title XXII  
7 of the Government Code of Guam to read as follows:

8 "CHAPTER IX

9 Guam Telephone Authority Revenue Bonds

10 Section 21700. Short title. This Chapter may be  
11 cited as the 'Guam Telephone Authority Revenue Bond Act  
12 of 1972'.

13 Section 21701. Definitions. The following terms,  
14 wherever used or referred to in this Chapter or in any  
15 indenture entered into pursuant hereto, shall have the  
16 following meanings, respectively, unless a different  
17 meaning appears from the context:

18 (a) 'Authority' means the Guam Telephone Authority.

19 (b) 'Board' means the Board of Directors of the  
20 Authority.

21 (c) 'Bonds' or 'revenue bonds' means the written  
22 evidence of any obligation issued pursuant to the  
23 provisions of this Chapter.

24 (d) 'Bondholder' or 'holder of bonds' or any similar  
25 terms means (i) the bearer of any outstanding bond  
26 registered to bearer or not registered or (ii) registered  
27 owner of any outstanding bond.

28 (e) 'Governmental instrumentality' means the United  
29 States, the territory of Guam, or any public corporation,  
30 political subdivision, state, county, city, district or  
31 any instrumentality of either the United States or this  
32 territory.

1 (f) 'Governor' means the Governor of Guam.

2 (g) 'Gross revenues' means all of the revenues prior  
3 to deducting operational and maintenance costs.

4 (h) 'Indenture' means an ordinance adopted or an  
5 agreement entered into and approved or adopted by a  
6 majority of all members of the Board and approved by the  
7 Governor and the Legislature by resolution, providing for  
8 the issuance of bonds.

9 (i) 'Net revenues' means the gross revenues after  
10 having deducted therefrom the operation and maintenance  
11 costs.

12 (j) 'Operation and maintenance costs' means (i) the  
13 reasonable costs of administering, operating and maintain-  
14 ing the telephone system for Guam, including reasonable  
15 repairs, renewals, replacements, insurance costs  
16 including retirement benefits, but (notwithstanding any  
17 system of accounts maintained by the Authority) without  
18 any allowance for depreciation, (ii) the costs of  
19 administering lands and easements under the Authority's  
20 jurisdiction, (iii) all revenues required by any indenture  
21 to be deposited in any one or more revenue funds or  
22 accounts in lieu of insurance or in any working capital  
23 fund or account or contingency fund or account of the  
24 Authority.

25 (k) 'Organic Act' means the Organic Act of Guam  
26 as amended and in effect on the effective date of this  
27 Chapter. (64 Stat. 384, Title 48, Section 1421, et seq.,  
28 U. S. Code.)

29 (l) 'Person' includes any individual, firm,  
30 corporation, association, copartnership, trust, receiver,  
31 trustee or conservator for any thereof, and also includes  
32 the United States, territory of Guam, a public

1 corporation, political subdivision, city, county, state,  
2 district, or any instrumentality of the United States  
3 or of the territory.

4 (m) 'Revenue' means and includes:

5 (i) All income, receipts and receivables  
6 derived by the Authority from the operations of the  
7 telephone system on Guam;

8 (ii) All income, receipts and receivables  
9 derived by the Authority from contracts, space  
10 rentals and land leases;

11 (iii) All moneys in redemption, sinking and  
12 reserve funds or other funds created to secure the  
13 bonds and to provide for the payment of the principal  
14 of and the interest and premiums thereon.

15 (iv) All contributions and appropriations made  
16 to the Authority, to the extent not limited in the  
17 making thereof; and

18 (v) All earnings on any invested funds of the  
19 Authority, excepting as limited in contributions  
20 and appropriations.

21 (n) 'Territory' means the territory of Guam.

22 (o) 'Trustee' means the trust department of any  
23 Federal Reserve member bank.

24 (p) 'United States' means the United States of  
25 America.

26 Section 21702. Powers of the Board; incurring  
27 indebtedness and issuing bonds; special obligations;  
28 pledge; lien; priority and trust fund. (a) The Board  
29 may incur indebtedness and issue bonds to represent  
30 same for the purposes of and within the limitations  
31 provided in this Chapter.

32 (b) All indebtedness incurred and bonds issued by

1 the board are special obligations of the Authority, and  
2 are secured by a pledge of and charge upon, and shall  
3 be payable, as to the principal thereof, interest thereon,  
4 and any premiums upon the redemption of any thereof,  
5 solely from and secured by a lien upon the revenues and  
6 such other funds as are described in the indenture.

7 (c) The indenture may provide that the bonds are  
8 secured by a pledge upon the net revenues, for the making  
9 of other funds available therefor, and for the priority of  
10 the bonds. Nothing herein or in an indenture shall prevent  
11 the issuance of bonds subordinate to the lien of other  
12 bonds specified in an indenture.

13 (d) The revenues and other funds provided in the  
14 indenture shall constitute a trust fund for the security  
15 and payment of the bonds and the interest and premiums  
16 thereon.

17 Section 21703. Rates and charges. Rates and charges  
18 shall be fixed to yield annual revenues not less than the  
19 aggregate of the annual payments to the bond, sinking,  
20 reserve and other funds provided in an indenture for the  
21 bonds, and operation and maintenance costs.

22 Section 21704. Maximum amount, purpose of and term  
23 of bonds. Before issuing any bond or bonds, the Board  
24 shall, by indenture approved by the Governor and the  
25 Legislature by resolution declare the purpose for which  
26 the proceeds of the bonds proposed to be issued shall be  
27 expended and shall specify the maximum amount of bonds  
28 to be issued or sold for such purpose, and their maximum  
29 term. Bonds shall not be issued or sold for such purpose  
30 in any amount or for a term exceeding that specified.

31 Section 21705. Form of an recitals in bonds. (a) All  
32 bonds shall be issued in the name of the Authority.

1 (b) The Board shall determine the time, form and  
2 manner of issuance of bonds.

3 (c) Every bond shall recite that it is not a  
4 general indebtedness of Authority or of the territory of  
5 Guam, but rather is a special obligation of the Authority  
6 payable solely from the revenues specified in the indenture  
7 providing for its issuance.

8 (d) Every bond shall recite that it is issued  
9 pursuant to an indenture of the Board, describing it by  
10 title and date. By such recital, all of the provisions  
11 of the indenture and this Chapter are incorporated into  
12 the bonds and coupons.

13 (e) Each taker and subsequent holder of the bonds or  
14 coupons, whether the coupons are attached to or detached  
15 from the bonds, has recourse to all the provisions of the  
16 indenture and of this Chapter and is bound thereby.

17 Section 21706. Indenture providing terms and conditions  
18 of bonds. The indentures shall provide for the date or  
19 dates, maturities, interest rates, denominations, form,  
20 registration, transfer and interchange of any bonds and  
21 coupons to be issued, and the terms and conditions on  
22 which the same shall be executed, issued, secured, sold,  
23 paid, redeemed, funded and refunded.

24 Section 21707. Issues, series and divisions of  
25 bonds. Any indenture may provide for one or several issues  
26 of bonds and that bonds may be issued in series or that  
27 any issue may be divided into one or more divisions with  
28 different maturities or dates of issue, different rates of  
29 interest, or different terms and conditions for the bonds.  
30 of the several series or divisions. It is not necessary  
31 that all bonds of the same authorized issue be of the  
32 same kind or character, have the same security, or be of



1 the same interest rate, but the terms thereof shall in  
2 each case be provided for by the Board, with the approval  
3 of the Governor and the Legislature by resolution, at or  
4 prior to the issue thereof.

5 Section 21708. Interest on bonds. (a) Bonds shall  
6 bear interest at the rate of not to exceed seven percent  
7 (7%) per annum, payable annually or semi-annually or in  
8 part annually and in part semi-annually except that the  
9 first coupon on any bond may be payable twelve (12) months  
10 or any number of months less than twelve (12) after the  
11 date of such bond.

12 (b) If, upon presentation at maturity, or if  
13 redeemable and duly called for redemption, payment of the  
14 bonds or any interest coupon thereof is not made in  
15 accordance with the indenture of issuance, said bonds  
16 or coupons, or both, shall continue to bear interest at  
17 the rate stated in the bond until fully paid.

18 Section 21709. Issuance and interchange of coupon  
19 and registered bonds. An indenture may provide that  
20 bonds may be issued as coupon bonds or as registered bonds  
21 and for the interchange of coupon bonds for the registered  
22 bonds and registered bonds for coupon bonds, and may  
23 provide that bonds shall be registered as to principal  
24 only, or as to both principal and interest or otherwise  
25 as the Board may determine.

26 Section 21710. Redemption of bonds prior to maturity.  
27 An indenture may provide that bonds may be redeemed prior  
28 to maturity upon such terms, conditions and upon such  
29 notice as are stated in the indenture and upon payment  
30 of such premium as may be fixed by the indenture. No bond  
31 is subject to call or redemption prior to its fixed  
32 maturity date unless the right to exercise such call is

expressly stated on the face of the bond.

Section 21711. Places and manner of payment. An indenture may provide for the payment of the principal and interest of bonds at a Federal Reserve member trustee bank in one or more places in the territory or in the United States.

Section 21712. Covenants and agreements that may be contained in indenture. An indenture may include any and all such covenants and agreements on the part of Authority as are authorized by this Chapter or as the Board deems necessary or advisable for the better security of the bonds issued thereunder, including without limiting the generality of the foregoing, any one or more of the following provisions:

(a) That payments of principal and interest of bonds shall be secured by all or by part of net revenue;

(b) Creating one or more funds or accounts into which all or any part of net revenue shall be deposited (i) for payment of the principal of an interest on bonds at or prior to maturity or (ii) for reserve or sinking funds for the further security of bonds. All moneys in any such fund or account shall be paid out by the trustee bank to pay the principal, interest and premiums on the bonds when due or when redeemed or purchased prior to maturity, as provided in any indenture.

(c) Requiring the bank to pay or cause to be paid punctually the principal, interest and premiums on the bonds on their due dates from funds in the account or accounts provided therefor.

(d) Requiring the Board to preserve and protect the security of the bonds and the rights of the holders thereof

1 and to warrant and defend such rights.

2 (e) Requiring the Board and the trustee to hold or  
3 cause to be held in trust the revenues or any part of  
4 revenues pledged to the payment of such bonds and the  
5 interest and premiums thereon, and any fund or account  
6 created therefor, and to apply and cause to be applied  
7 such revenues or any part of revenues only as provided  
8 in the indenture.

9 (f) To invest all or any part of such revenues pending  
10 such application in such securities and subject to such  
11 limitations as are specified in the indenture.

12 (g) Against entering into any agreement which would  
13 impair the security of the bonds, the revenues or contract  
14 from which the revenues are derived.

15 (h) Against mortgaging or otherwise encumbering,  
16 selling, leasing, pledging, placing a charge upon, or  
17 disposing of any of the revenues, mortgages or contract  
18 obligations from which the revenues are derived, detri-  
19 mental to the security of the bonds.

20 (i) Specifying the events of default and the terms  
21 and conditions upon which any or all of the bonds may be  
22 declared due and payable prior to maturity, and the terms  
23 and conditions upon which such declaration and its con-  
24 sequences may be waived.

25 (j) For the rights, liabilities, powers and duties  
26 arising upon the Authority's breach of any covenants,  
27 conditions or obligations.

28 (k) For vesting in the trustee the right to or duty  
29 to enforce covenants to secure payment of or in relation  
30 to the bonds and the trustees powers, duties and limita-  
31 tions of its liabilities, and for the conditions upon  
32 and manner in which a substitute trustee may be appointed.

1 (1) For the terms upon which the bonds  
2 percentage of them may enforce covenants and duties  
3 prescribed in the indenture and this Chapter.

4 (m) The procedure by which the terms and conditions  
5 of the indenture or the bonds may be subsequently amended  
6 or modified with the consent of the Board, subject to the  
7 approval of the Governor, and the vote or written consent  
8 of the holders of a specified principal amount or  
9 specified proportion of the bonds issued and outstanding,  
10 including provisions for meetings of bondholders and for  
11 the manner in which the consent of the bondholders may be  
12 given.

13 (n) The effect of any modification or amendment upon  
14 the rights of the holders of all or a specified portion of  
15 any outstanding bonds and interest coupons pertaining  
16 thereto, whether attached thereto or detached therefrom.

17 (o) With respect to a modification or amendment of  
18 an indenture that bonds held by the Authority, the  
19 territory, the United States or any instrumentality of  
20 either thereof (including every public corporation,  
21 political subdivision, city, county, district, board,  
22 agency or instrumentality of any kind or class) shall not  
23 be counted as outstanding bonds, or be entitled to vote  
24 or assent, but shall, nevertheless, be subject to any  
25 such modification or amendment.

26 (p) For the purchase out of any available funds  
27 of any outstanding bonds or other obligations, and  
28 the price at and manner in which the purchase may be  
29 made.

30 (q) That the Governor and all other officers and  
31 agencies of the territory, can be taken for or on  
32 behalf or in lieu of the Board only by the Governor and

1 such other officer or agency.

2 (r) Capitalizing any working capital fund or  
3 interest or account or contingency fund or account.

4 (s) Provision for the refunding of all or any  
5 bonds authorized by such indenture, subject to the  
6 provisions and limitations as herein described.

7 (t) Such other acts and matters as may be necessary  
8 or convenient or desirable in order to better secure  
9 the bonds or to make the bonds more marketable.

10 Section 21713. Bonds negotiable except when regis-  
11 tered. All bonds issued under the provisions of this  
12 Chapter are negotiable instruments transferable by  
13 physical delivery, except when registered in the name  
14 of a registered owner.

15 Section 21714. Federal Reserve member bank as trustee  
16 for Board and holders of bonds. (a) A Federal Reserve  
17 member bank shall act as trustee for the Board and the  
18 holders of bonds issued hereunder, and the Board may  
19 authorize the trustee to act on behalf of the holders  
20 of the bonds, or any stated percentage thereof, and to  
21 exercise and prosecute on behalf of the holders of the  
22 bonds such rights and remedies as may be available to the  
23 holders.

24 (b) The indenture shall provide (i) for the deposit  
25 of all revenues with the trustee and for the holding  
26 thereof by the trustee in one or more separate funds or  
27 accounts in the Guam Telephone Authority Revenue Fund  
28 and (ii) for the transfer to such trustee of such portions  
29 of revenues as are provided as security for the bonds and  
30 for the holding thereof by such trustee in one or more  
31 separate funds or accounts in said Revenue Fund. All  
32 money in each such fund or account shall be disbursed only

1 as provided herein and in the indenture.

2 Section 21715. Duties and powers of trustee. The  
3 duties and powers of the trustee may be prescribed in an  
4 indenture with respect to the issuance, authentication,  
5 sale and delivery of the bonds provided for therein and  
6 with respect to the payment of principal of an interest  
7 on such bonds, and redemption thereof, the registration  
8 and discharge from registration thereof, and the manage-  
9 ment of any and all funds provided as security therefor.

10 Section 21716. Guam Telephone Authority Development  
11 Fund. The proceeds from the sale of all bonds authorized  
12 by this Chapter shall be deposited forthwith to the credit  
13 of a fund to be designated as the Guam Telephone Authority  
14 Development Fund, which fund is hereby created, and shall  
15 be expended for the purposes authorized by this Chapter and  
16 the indenture, subject to any limitations provided therein.  
17 This Fund shall be a separate account within the Tele-  
18 phone Authority Fund.

19 Section 21717. Use of balances of funds and of  
20 surplus money in funds. After all bonds shall have been  
21 fully paid and discharged, or provision for their payment  
22 and discharge irrevocably made, any surplus moneys in any  
23 Fund or account created by this Chapter or any indenture  
24 shall, subject to the limitations and restrictions in any  
25 indenture, be transferred to the Authority. After payment  
26 of all costs, expenses, and charges required or authorized  
27 to be expended therefrom, any balance remaining in any of  
28 the Funds or accounts created by this Chapter or any  
29 indenture, may be allocated and used for such other  
30 purposes, as the Board may determine, subject to  
31 limitations and restrictions in any indenture.

32 Section 21718. Preparation of bonds and documents.

1 The Authority shall prepare or procure the requisite-  
2 number of suitable bonds and appurtenant coupons of the  
3 denominations and in accordance with the specifications  
4 contained in the indenture. The Authority shall prepare  
5 or procure the printing, engrossing or publication of  
6 any indentures, notices, contracts, agreements or other  
7 documents required or convenient for or pertaining to  
8 the issuance or sale of bonds.

9 Section 21719. Execution and authentication of  
10 bonds. An indenture may provide for the execution and  
11 authentication of bonds and coupons by the manual, litho-  
12 graph or printed facsimile signature of any one or  
13 more officers of the Board and by additional authentication  
14 by endorsement by the manual signature or a signature  
15 stamp of any agent designated as trustee, and for a like  
16 impressing of the seal of the Authority. If any officer or  
17 agent whose signature, counter-signature or endorsement  
18 appears upon the bonds or coupons ceases to be an officer  
19 or agent before the delivery of the bonds or coupons  
20 his signature, counter-signature or endorsement is  
21 nevertheless valid and of the same force and effect as  
22 if he has remained such officer or agent until the  
23 delivery of the bonds and coupons.

24 Section 21720. Sale of bonds; maximum discount.

25 Bonds authorized to be issued under this Chapter shall be  
26 sold by the Board for cash, in accordance with the  
27 provisions of a resolution providing for such sale adopted  
28 by the Board and approved by the Governor. Such resolution  
29 may provide that the bonds shall be sold at either public  
30 or private sale upon such notice as shall be specified  
31 in such resolution, may fix terms and conditions for the  
32 sale or other disposition of the bonds and may provide that

1 the bonds shall be sold at less than their par or face  
2 value, except that the discount on any bonds so sold  
3 shall not exceed five percent (5%) of the par value  
4 thereof. Before any bonds are delivered to the purchaser  
5 thereof, all coupons, if any, which have matured on or  
6 before the date of such delivery shall be detached  
7 therefrom and cancelled.

8 Section 21721. Payment of bonds from sources other  
9 than revenues. The Board may use and expend all or any  
10 part of any funds other than revenues, or proceeds of  
11 any property owned by it, whether received by gift,  
12 appropriation or otherwise (if not restricted as to the  
13 use of such funds or proceeds of property by the terms of  
14 gift or trust or provisions of law) for the payment of  
15 bonds issued pursuant to the provisions of this Chapter  
16 and of interest due thereon.

17 Section 21722. Payments which may be made out of  
18 proceeds of sale of bonds. The proceeds of sale of any  
19 bonds may be expended for any one or more of the following  
20 purposes, all as provided in the indenture relating to  
21 such bonds:

22 (a) For the acquisition of easements for the telephone  
23 system;

24 (b) For the payment of any costs or expenses of the  
25 acquisition, construction or completion of the telephone  
26 system or any part thereof or any costs or expenses  
27 incidental thereto, including payment to the United  
28 States or any public body for the portion to be borne by  
29 the Board of the cost of any work done by the United States  
30 or such public body for, jointly, or in conjunction with  
31 the board;

32 (c) For the payment of any engineering, inspection,



1 legal or consultants fees relating to the acquisition,  
2 construction, or completion of the telephone system  
3 on Guam, or any part thereof;

4 (d) For the payment of legal and fiscal fees and  
5 costs relating to the authorization, issuance or sale  
6 of bonds;

7 (e) For payment of any other costs or expenses  
8 relating to the authorization, issuance or sale of bonds;

9 (f) For payment of interest on bonds;

10 (g) For payment of trustees' fees and costs and  
11 fees incurred by it;

12 (h) For payment of the principal of and interest on  
13 any indebtedness incurred pursuant to Section 21702 that  
14 is by its terms repayable from the proceeds of sale of  
15 bonds.

16 Section 21723. Temporary bonds. An indenture may  
17 provide that pending the actual issuance or delivery of  
18 definitive bonds, the Board may issue temporary or  
19 interim bonds, certificates or receipts of any  
20 denomination whatsoever, and with or without coupons,  
21 to be exchanged for definitive bonds when ready for  
22 delivery.

23 Section 21724. Replacement of bonds or coupons. The  
24 indenture may provide for the replacement of lost, des-  
25 troyed or mutilated bonds or coupons.

26 Section 21725. Tax exemptions. Bonds issued pursuant  
27 to the provisions of this Chapter and the interest or  
28 income therefrom are exempt from taxation in accordance  
29 with the provisions of the last sentence of Section 11  
30 of the Organic Act. (Section 1423a, Title 48, U.S. Code.)

31 Section 21726. Bonds as legal investments and as  
32 security for performance of any act. Notwithstanding any

1 other provision of law, all bonds sold and delivered  
2 pursuant to the provisions of this Chapter are legal  
3 investments for all trust funds and for the funds of ~~all~~  
4 banks, both commercial and savings, and may be deposited  
5 as security for the performance of any act whenever any  
6 evidence of indebtedness of the territory may be so  
7 deposited, and may also be used, as security for the  
8 deposit of public moneys in banks in the territory.

9 Section 21727. Refunding bonds. The Board, with the  
10 approval of the Governor and the Legislature by resolution  
11 may provide for the issuance, sale, or exchange of refunding  
12 bonds for the purpose of redeeming or retiring any bonds  
13 issued under the provisions of this Chapter. All provisions  
14 of this Chapter applicable to the issuance of bonds are  
15 applicable to the funding or refunding bonds and to the  
16 issuance, sale or exchange thereof.

17 Section 21728. Principal amount in which refunding  
18 bonds may be issued. Refunding bonds may be issued in a  
19 principal amount sufficient to provide funds for the  
20 payment of all bonds to be refunded thereby, and in  
21 addition for the payment of all expenses incident to the  
22 calling, purchasing, retiring or paying of such outstanding  
23 bonds, and the issuance of such refunding bonds. These  
24 expenses include (i) the difference in amount between  
25 the par value of the refunding bonds are sold, (ii) any  
26 amount necessary to be made available for the payment of  
27 the interest upon such refunding bonds from the date of  
28 sale thereof to the date of payment of the bonds to be  
29 refunded or to the date upon which the bonds to be  
30 refunded will be paid pursuant to the call thereof or  
31 agreement with the holders thereof, and (iii) the premium,  
32 if any, necessary to be paid in order to call or retire

1 the outstanding bonds and the interest accruing thereon  
2 to the date of the call or retirement.

3 Section 21729. Title in Authority subject to trust  
4 in favor of bondholders. Title to telephone facilities,  
5 equipment, land areas and all property assigned or  
6 acquired by or for the Authority and the revenues and  
7 income therefrom is in the Authority. The title to any  
8 moneys, revenues, bond reserve funds and other funds and  
9 accounts created by this Chapter or any indenture and the  
10 income thereof pledged to the payment of the principal  
11 or interest of any bonds is subject to any trusts declared  
12 in favor of the bondholders.

13 Section 21730. Use of other funds. In addition to  
14 the proceeds of any bonds issued and sold pursuant to this  
15 Chapter, the Board may use for the same purpose or purposes  
16 any available money or funds of the Authority and any  
17 money or funds made available to the Authority by any  
18 person or provided from any sources which may be expended  
19 for the accomplishing of the purposes set forth in this  
20 Chapter.

21 Section 21731. Insurance. The Board may insure  
22 against loss of revenues from any cause whatsoever, the  
23 proceeds of which shall be used solely for the payment  
24 or security of bonds and the interest thereon. An  
25 indenture may provide for the carrying of such insurance  
26 or any other insurance in such amount and of such  
27 insurance or any other insurance in such amount and of  
28 such character as shall be specified in such indenture,  
29 for the payment of the premiums thereon and for the  
30 disposition of all proceeds received from any such  
31 insurance. At the option of the Board, or as provided in  
32 any indenture, any insurance may be provided by funded

1 reserves or any other means.

2 Section 21732. Right of bondholders to bring action.  
3 The holder of any bond issued pursuant to this Chapter may  
4 by accounting, injunction, mandamus or other appropriate  
5 proceedings require and compel the performance of any of  
6 the duties imposed upon or assumed by the Authority, the  
7 Board, the Governor, the trustee, or any other officer or  
8 agency of the Authority, the Board or the territory, or  
9 any employee thereof, for the collection, deposit,  
10 investment, application and disbursement of all revenues  
11 or in connection with the deposit, investment and  
12 disbursement of the proceeds received from the sale of  
13 bonds issued pursuant to this Chapter. The enumeration of  
14 such rights and remedies does not, however, exclude the  
15 exercise or prosecution of any other rights or remedies  
16 available to the holders of bonds issued pursuant to  
17 this Chapter. All remedies are alternative and cumulative  
18 and the use of one shall not exclude any other remedy.

19 Section 21733. Appropriation of money in funds. All  
20 money in the funds and accounts created by this Chapter or  
21 any indenture is hereby appropriated for expenditure in  
22 carrying out the purpose herein and therein provided.

23 Section 21734. Validity of bonds, recital or issuance  
24 pursuant to chapter. Any indenture authorizing bonds shall  
25 recite that they are issued pursuant to this Chapter and  
26 bonds containing such recital are conclusively deemed  
27 valid and issued in conformity with this Chapter.

28 Section 21735. Short term borrowing. The Board  
29 may at any time or from time to time, by ordinance  
30 adopted by a majority of all the members of the Board  
31 and approval by the Governor, incur indebtedness for any  
32 lawful purpose for any period not exceeding five (5) years

1 evidenced by contract with any person or by one or more  
2 promissory notes. Any such indebtedness shall be  
3 incurred subject and subordinate to any contractual  
4 obligation of the Board to the holders of any bonds and  
5 the principal thereof and interest thereon may be repaid  
6 (a) from revenues, or (b) if incurred for a purpose for  
7 which bonds may be issued, from revenues or from the  
8 proceeds of sale of bonds."