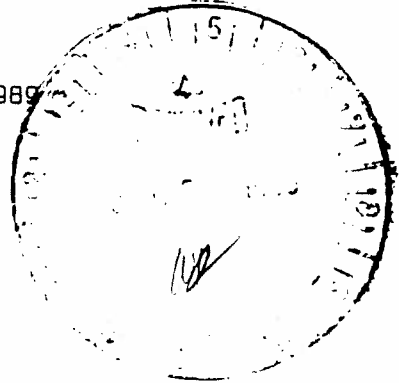


Territory of Guam
Territorio Guam

OFFICE OF THE GOVERNOR
UPISINAN I MAGA'LAHI
AGANA, GUAM 96910 U.S.A.

June 9, 1989

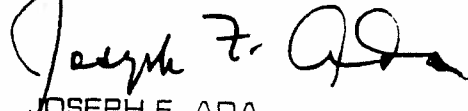


The Honorable Joe T. San Agustin
Speaker, Twentieth Guam Legislature
Post Office Box CB-1
Agana, Guam 96910

Dear Mr. Speaker:

Transmitted herewith is Bill No. 166, which I have signed into law this date as
Public Law 20-16.

Sincerely,


JOSEPH F. ADA
Governor

Attachment

200294

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

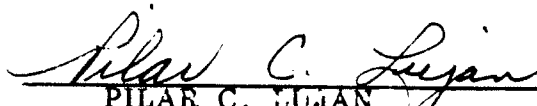
CERTIFICATION OF PASSAGE OF AN ACT TO THE GOVERNOR

This is to certify that Substitute Bill No. 166 (COR), "AN ACT TO APPROVE ISLAND-WIDE CAPITAL IMPROVEMENT PROJECTS USING THE PROCEEDS OF THE FIFTY-THREE MILLION DOLLAR (\$53,000,000) WATER BOND," was on the 1st day of June, 1989, duly and regularly passed.



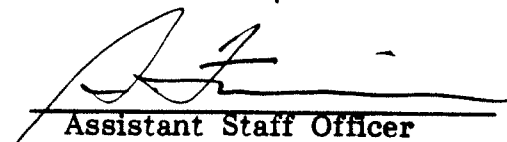
JOE T. SAN AGUSTIN
Speaker

Attested:



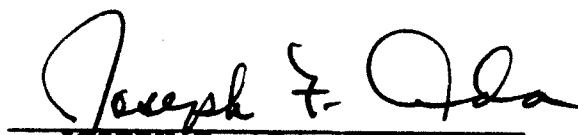
PILAR C. LUJAN
Senator and Legislative Secretary

This Act was received by the Governor this 8th day of June, 1989,
at 10:30 o'clock A.m.



Assistant Staff Officer
Governor's Office

APPROVED:



JOSEPH F. ADA
Governor of Guam

Date: June 9, 1989

Public Law No. 20-16

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 166 (COR)
As Substituted by the Committee
on Rules

Introduced by:

T. S. Nelson
E. D. Reyes
D. Parkinson

J. P. Aguon
J. T. San Agustin
E. P. Arriola
M. Z. Bordallo
H. D. Dierking
C. T. C. Gutierrez
P. C. Lujan
G. Mailloux
F. J. A. Quitugua
F. R. Santos
J. G. Bamba
D. F. Brooks
E. R. Duenas
E. M. Espaldon
M. D. A. Manibusan
M. C. Ruth
T. V. C. Tanaka
A. R. Unpingco

AN ACT TO APPROVE ISLAND-WIDE CAPITAL
IMPROVEMENT PROJECTS USING THE
PROCEEDS OF THE FIFTY-THREE MILLION
DOLLARS (\$53,000,000) WATER BOND.

1 BE IT ENACTED BY THE PEOPLE OF THE TERRITORY OF GUAM:
2 Section 1. Section 108 of Public Law 19-05 is repealed.
3 Section 2. A new Section 6132 is added to the Government Code to
4 read:

5 "Section 6132. Water System Revenue Bonds.

6 (a) Authorization of Issuance of Water System Revenue Debt.

7 The Governor of Guam is authorized to create a debt or debts of the
8 government of Guam in aggregate principal amount not to exceed
9 Fifty-Three Million Dollars (\$53,000,000) for a maximum term of twenty

1 (20) years for the purpose of implementing the Water System Projects
2 enumerated in subsection (k) of this §6132; provided, however, that
3 (i) the terms and conditions of the debt or debts shall be approved by
4 the Legislature by statute; and (ii) any debt or debts shall not cause
5 a violation of the debt limitation provisions of 48 USC 1423a.

6 (b) Certificate of Governor. The terms and conditions of the
7 debt or debts shall be as determined by the Governor by the execution
8 of one or more certificates upon or prior to the issuance of the debt
9 or debts. Any such certificate may also authorize persons so
10 designated to execute, on behalf of the government of Guam, any
11 appropriate agreements or other documents relating to the debt or
12 debts and the sale of the debt or debts. The certificates shall contain
13 such terms and conditions as are consistent with this §6132.

14 (c) Valid and Binding Obligation. To the extent that the ~~debt~~
15 limitation provisions of 48 USC 1423a are not violated, any debt ~~or~~
16 debts authorized by this §6132 shall constitute the valid and legally
17 binding limited obligation of the government of Guam payable from and
18 secured by a pledge of the revenues described in subsections (d) and
19 (e) of this §6132. The validity of any such debt or debts shall not be
20 affected by the validity or regularity of any proceedings for the
21 implementation of Water System Projects funded by the debt or debts.

22 (d) Pledge of Water and Sewer System Revenues. All or any
23 part of the revenues received or receivable by the government of
24 Guam from the ownership or operation of any part of the water and
25 sewer systems operated by the Public Utility Agency of Guam shall be
26 deposited in the Public Utility Agency of Guam Fund pursuant to
27 §21208 of the Government Code, and shall be pledged subject to any
28 prior or parity pledge to secure the repayment of any debt or debts
29 created under this §6132 and pay costs incurred in the creation of
30 such debt or debts. Any pledge made to secure the debt or debts
31 shall be valid and binding from the time the pledge is made. The
32 revenues pledged and thereafter received by the government of Guam
33 or by any trustee, depository or custodian shall be deposited in a
34 separate account and shall be immediately subject to the lien of such

1 pledge without physical delivery thereof or further act, and the lien of
2 such pledge shall be valid and binding against all parties having claims
3 of any kind in tort, contract or otherwise, against the government of
4 Guam, such trustee, depository or custodian, irrespective of whether
5 the parties have notice thereof. The certificate by which such
6 pledges are created need not be recorded. Revenues for debt service
7 pledged are hereby continuously appropriated for such purpose.

8 (e) Pledge of Section 30 Revenues. All or any part of the
9 revenues derived by the government of Guam under Section 30 of the
10 Organic Act may be pledged to secure the repayment of any debt or
11 debts created under this §6132 and pay costs incurred in the creation
12 of such debts, subject to any previously created lien on or pledge of
13 such revenues. Any pledge made to secure the debt or debts shall be
14 valid and binding from the time the pledge is made. The revenues
15 pledged and thereafter received by the government of Guam or by ~~any~~
16 trustee, depository or custodian shall be deposited in a separate
17 account and shall be immediately subject to the lien of such pledge
18 without physical delivery thereof or further act, and the lien of such
19 pledge shall be valid and binding against all parties having claims of
20 any kind in tort, contract or otherwise, against the government of
21 Guam, such trustee, depository or custodian, irrespective of whether
22 the parties have notice thereof. The certificate by which such pledge
23 is created need not be recorded. All revenues pledged are hereby
24 continuously appropriated for the purpose for which they have been
25 pledged.

26 (f) Appropriation to Public Utility Agency of Guam. The
27 Legislature shall continue to enact a budget for the operation of the
28 Public Utility Agency of Guam at any level which the Legislature deems
29 appropriate for the term of the debt prescribed in Section 4 of this
30 Act.

31 (g) Waiver of Immunity. Notwithstanding any substantive or
32 procedural provision of Chapter VI of Title VII of the Government
33 Code, the government of Guam waives immunity from any suit or action
34 in contract on such debt or debts, but does not waive sovereign

1 immunity as to the personal liability of elected officials and full-time
2 employees of the government of Guam.

3 (h) Form of Debt or Debts; Covenants; Appointment of
4 Trustee. The technical form and language of the debt or debts,
5 including provisions for execution, exchange, transfer, registration,
6 paying agency, lost or mutilated bonds, negotiability, cancellation and
7 other terms and conditions not inconsistent with this §6132, including
8 covenants relating to the maintenance and operation of the water and
9 sewer systems operated by the Public Utility Agency of Guam, shall be
10 as specified in a certificate approved by the Governor, authorizing the
11 issuance of the debt or debts. The certificate may appoint a trustee
12 authorized to receive and hold in trust the proceeds of the debt or
13 debts and revenues related thereto, to protect the rights of debt
14 holders and to perform such other duties as may be specified in the
15 certificate. The Governor is also authorized to execute, on behalf of
16 the government of Guam, any appropriate agreements, certificates or
17 other instruments relating to the debt or debts and the sale of the
18 debt or debts.

19 (i) Authorization for Credit Enhancement. The Governor is
20 authorized to enter into such contracts or agreements with such
21 banks, insurance companies or other financial institutions as he
22 determines are necessary or desirable to improve the security and
23 marketability of the debt or debts created under this §6132. Such
24 contracts or agreements may contain an obligation to reimburse, with
25 interest, any such banks, insurance companies or other financial
26 institutions for advances used to pay principal or interest on the debt
27 or debts. Any such reimbursement obligation may be secured by a
28 pledge of the revenues described in subsections (d) and (e) of this
29 §6132.

30 (j) Use of Proceeds from the Sale of Debt or Debts. All Water
31 System Projects to be funded from the provisions of this §6132 must be
32 reviewed and approved by the Governor prior to their implementation.
33 Proceeds from the sale of the debt or debts shall be used solely to pay
34 and are hereby appropriated to pay the costs of the Water System

1 Projects described in subsection (k) of this §6132, and to pay
2 expenses related to the authorization, sale and issuance of the debt or
3 debts, including without limitation, printing costs, costs of
4 reproducing documents, bond insurance premiums, underwriting, legal
5 and accounting fees and charges, fees paid to banks or other financial
6 institutions providing credit enhancement, costs of credit ratings, fees
7 and charges for execution, transportation and safekeeping of bonds
8 and other costs, charges and fees in connection with the issuance,
9 sale and delivery of the debt or debts.

10 (k) Water System Projects. The following projects shall be
11 funded as follows:

- | | | |
|----|--|--------------|
| 12 | 1. Yigo/Dededo Water Source and Storage | \$13,553,000 |
| 13 | System Improvement | |
| 14 | 2. Mangilao Reservoir | 1,513,000 |
| 15 | 3. Replacement of Water Distribution Lines | 4,472,000 |
| 16 | in Agat/Santa Rita | |
| 17 | 4. Agat/Santa Rita Sewer System, Part of | 6,025,000 |
| 18 | Phase I and Total of Phase II | |
| 19 | 5. Finegayan/Tumon Waterline - Water | 6,480,000 |
| 20 | Transmission Line from YSengsong Inter- | |
| 21 | section South along Route 3, West along | |
| 22 | Route 1 past Harmon Loop Reservoir to | |
| 23 | Intersection with 14" Water Main | |
| 24 | 6. Barrigada/Toto Waterline - Water Trans- | 1,078,000 |
| 25 | mission Line along Route 8 from Route 10 | |
| 26 | Intersection to Canada-Toto Road | |
| 27 | 7. Tumon/Tamuning Waterline - Water Trans- | 3,000,000 |
| 28 | mission Line from Intersection of Route 1 | |
| 29 | and 14" Water Main (near Haruna Restaur- | |
| 30 | ant) South Westerly along Route 1 to Camp | |
| 31 | Watkins Road Intersection | |
| 32 | 8. Agana/Asan/Piti Water System Improve- | 6,040,000 |
| 33 | ment | |

1	9. Agat/Umatac Water System Improvement	2,549,000
2	10. Yigo/Mangilao Waterline - Water Trans-	2,509,000
3	mission Line from Takano Intersection	
4	South along Route 15 to Carnation Road	
5	Intersection	
6	11. Dededo Reservoir	3,558,000
7	12. Macheche/Adacao Water Distribution	2,223,000
8	Lines, Phase I	

9 (l) The Agat/Umatac Water System Improvement project shall
 10 incorporate the elimination of the bottleneck that currently exists in
 11 the transmission line before entering Umatac from Merizo and within
 12 the village.

13 (m) It is the policy and intent of the Legislature to ensure that
 14 all projects enumerated in subsection (k) are completed. In this
 15 respect, the Legislature gives its consent and authorization to allow
 16 the transfer of funds from a project, which has a surplus, to a project
 17 with a shortfall, provided, however, that the Legislature be informed
 18 in writing prior to any transfer.

19 (n) Refunding Obligations. The Governor of Guam is
 20 authorized, with the specific authorization by statute of the
 21 Legislature, to create a debt or debts for the sole purpose of
 22 refunding all or a portion of the debt or debts authorized by
 23 subsection (a) of this §6132."

24 Section 3. The Governor and any bond counsel retained in connection
 25 with the debt shall certify to the Legislature that any debt or debts made
 26 pursuant to the provisions of this Act, are in compliance with the pertinent
 27 provision of 48 USC 1423a, relating to the restriction of public indebtedness
 28 in excess of ten percentum (10%) of the aggregate tax valuation of the
 29 property in Guam. Such certification shall not be necessary if a court of
 30 competent jurisdiction issues a decision that any debt or debts made
 31 pursuant to the provisions of this Act are in compliance with the pertinent
 32 provisions of 48 USC 1423a, relating to the restriction of public
 33 indebtedness in excess of ten percentum (10%) of the aggregate tax
 34 valuation of the property in Guam.

1 Section 4. The Legislature hereby finds and declares as follows:

2 (a) §6132 of the Government Code provides that the Governor is
3 authorized to create a debt or debts of the government of Guam in
4 aggregate principal amount not to exceed Fifty-Three Million Dollars
5 (\$53,000,000) for a maximum term of twenty (20) years for the purpose
6 of implementing Water System Projects; provided, that such debt or
7 debts are not in violation of the provisions of 48 USC 1423a.

8 (b) Said §6132 further provides that the terms and conditions of
9 the debt or debts shall be approved by the Legislature by statute.

10 (c) §2103(k) of Title 12, Guam Code Annotated, provides that
11 agencies and instrumentalities of the government of Guam shall issue
12 bonds and other obligations only by means of and through the agency
13 of the Guam Economic Development Authority (the "Authority").

14 (d) The board of directors of the Authority has adopted a
15 resolution approving the sale of bonds of the government of Guam for
16 the purpose of financing Water System Projects.

17 (e) Said §2103(k) further provides that the Authority shall not
18 sell any bond without the approval of the Legislature of the terms and
19 conditions of the issuance of bonds.

20 (f) A proposed form of Government of Guam Water System
21 Revenue Bond First Supplemental Certificate pursuant to which the
22 bonds are proposed to be issued and secured has been presented to
23 this Legislature.

24 (g) The Legislature, pursuant to said §6132 and §2103(k),
25 hereby approves the issuance by the government of Guam of water
26 system improvement bonds in a principal amount not to exceed
27 Fifty-Three Million Dollars (\$53,000,000), with a final maturity not
28 exceeding twenty (20) years and bearing interest at rates not
29 exceeding twelve percent (12%) per annum pursuant to the Government
30 of Guam Water System Revenue Bond First Supplemental Certificate,
31 subject to the provisions of subsection (a) of §6132 of the Government
32 Code. Additionally, this approval of the Legislature is subject to the
33 condition that the Government of Guam Water System Revenue Bond

1 First Supplemental Certificate shall contain a provision that the trustee
2 shall have a net worth of at least Twenty Million Dollars (\$20,000,000).

3 Section 5. Local Sale of Bonds. The Governor of Guam shall
4 undertake his best efforts to cause a portion of the bonds approved by
5 subsection (f) of Section 4 of this Act to be offered for sale in Guam, as
6 well as in other jurisdictions, if and to the extent that such offer and any
7 sales resulting from such offer do not increase the cost to the government
8 of Guam of issuing and repaying such bonds.

9 Section 6. No Personal Liability. No full-time employee or elected
10 official of the government of Guam shall be individually or personally liable
11 for the payment of any amounts due on any such bonds, or for any other
12 liability arising in connection with the bonds; provided, however, that
13 nothing in this Section 6 shall relieve any full-time employee or elected
14 official from the performance of any ministerial duty required by law.

15 Section 7. No Side Agreements. There shall be no separate or side
16 agreement or agreements between the government of Guam and any party or
17 consultant involved in the issuance of the bonds authorized in this Act that
18 have not been approved by the Legislature, and any such separate or side
19 agreement or agreements not so approved shall be void.

20 Section 8. Section 3 of Public Law 19-18 authorized the Governor to
21 enter into a loan to fund the Tumon Sewage Reversal Project and the
22 completion of San Vitores Road. Upon the issuance of the bonds authorized
23 by the repeal and reenactment of §6130 of the Government Code, the
24 Governor shall take all steps necessary to terminate the line of credit
25 obtained under such authority, being authorized to expend such sums as
26 are necessary to effect such termination. Upon receipt of the proceeds
27 from the bonds authorized by said §6130, the Governor may not draw down
28 any more funds under the loan agreement executed pursuant to said Section
29 3 of Public Law 19-18, and shall take all steps necessary to cancel said
30 agreement.

31 Section 9. Section 4 of Bill No. 248 as substituted by the Committee
32 on the Whole and passed by the Legislature on May 31, 1989, is hereby
33 repealed and reenacted to read:

1 "Section 4. The Governor and any bond counsel retained in
2 connection with the debt shall certify to the Legislature that any debt
3 or debts made pursuant to the provisions of this Act, are in
4 compliance with the pertinent provisions of 48 USC 1423a, relating to
5 the restriction of public indebtedness in excess of ten percentum (10%)
6 of the aggregate tax valuation of the property in Guam. Such
7 certification shall not be necessary if a court of competent jurisdiction
8 issues a decision that any debt or debts made pursuant to the
9 provisions of this Act are in compliance with the pertinent provisions
10 of 48 USC 1423a, relating to the restriction of public indebtedness in
11 excess of ten percentum (10%) of the aggregate tax valuation of the
12 property in Guam."

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

ROLL CALL SHEET

Bill No. 166

Date: 6-1-89

Resolution No. _____

QUESTION: _____

	<u>AYE</u>	<u>NAY</u>	<u>NOT VOTING</u>	<u>ABSENT</u>
<u>J. P. Aguon</u>	✓			
<u>E. P. Arriola</u>	✓			
<u>J. G. Bamba</u>	✓			
<u>M. Z. Bordallo</u>	✓			
<u>D. F. Brooks</u>	✓			
<u>H. D. Dierking</u>	✓			
<u>E. R. Duenas</u>	✓			
<u>E. M. Espaldon</u>	✓			
<u>C. T. C. Gutierrez</u>	✓			
<u>P. C. Lujan</u>	✓			
<u>G. Mailloux</u>	✓			
<u>M. D. A. Manibusan</u>	✓			
<u>T. S. Nelson</u>	✓			
<u>D. Parkinson</u>	✓			
<u>F. J. A. Quitugua</u>	✓			
<u>E. D. Reyes</u>	✓			
<u>M. C. Ruth</u>	✓			
<u>J. T. San Agustin</u>	✓			
<u>F. R. Santos</u>	✓			
<u>T. V. C. Tanaka</u>				✓
<u>A. R. Unpingco</u>	✓			

20

1



Twentieth Guam Legislature

163 Chalan Santo Papa Street
Agana, Guam 96910

30 May 1989

SPEAKER JOE T. SAN AGUSTIN
Twentieth Guam Legislature
163 Chalan Santo Papa
Agana, GU 96910

Dear Mr. Speaker:

The Committee on Economic Development, to which was referred **BILL NO. 166** [An Act to Approve Island-Wide Capital Improvement Projects Using the Proceeds of the Fifty-Three Million Dollar (\$53,000,000) Water Bond - as substituted by the Committee on Economic Development], wishes to report back to the Legislature with its recommendation to pass Bill No. 166. The voting record is as follows:

TO PASS	<u>12</u>
NOT TO PASS	<u>0</u>
TO REPORT OUT ONLY	<u>0</u>
TO PLACE IN INACTIVE FILE	<u>0</u>

Copies of the Committee Report and other pertinent documents are attached.

Your attention to this matter is greatly appreciated.

EDWARD D. REYES
Chairman, Committee on Economic
Development

Attachments.



Twentieth Guam Legislature

163 Chalan Santo Papa Street
Agana, Guam 96910

30 May 1989

MEMORANDUM

TO: Members, Committee on Economic Development
FROM: Chairman, Committee on Economic Development
SUBJECT: Committee Report - Bill Nos. 166 and 509

Transmitted herewith for your information and action is the Committee on Economic Development's Report on Bill Nos. 166 (An Act to Approve Island-Wide Capital Improvement Projects Using the Proceeds of the Fifty-Three Million Dollar (\$53,000,000) Water Bond) and 509 (An Act to Repeal Section 108 of Public Law 19-05 and to Add Government Code Section 6132 and to Approve the Terms and Conditions of the Borrowing for Water System Improvements).

Please take special note of the following attachments and documents that are appended to the Committee Report as they may assist you in your deliberation:

1. Attachment XV - Attorney General's Opinion on Public Indebtedness;
2. Attachment XVI - Attorney General's Opinion on Guam Power Authority Refinancing;
3. Attachment XVII - Legislative Counsel's Opinion on Public Indebtedness;
4. Attachment XVIII - Bond Counsel's Letter to GEDA on Suggested Changes in Bill No. 509; and
5. Attachment XIV - Substitute Bill No. 166.

Should you have any questions on the narrative report and the accompanying documents, I would be most happy to answer any of them.

Please take appropriate action on the attached voting sheet and return all documents to my office.

Your attention and cooperation in this matter is greatly appreciated.






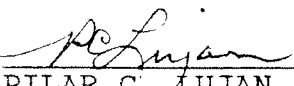


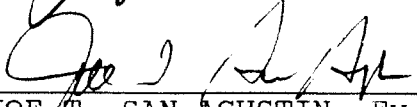
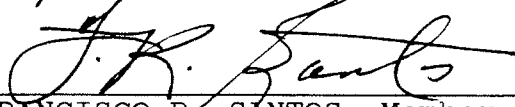
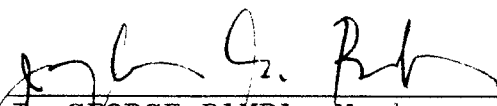


EDWARD D. REYES

Attachments.

COMMITTEE ON ECONOMIC DEVELOPMENT
 TWENTIETH GUAM LEGISLATURE

VOTING SHEET

BILL NO. 166 - AN ACT TO APPROVE ISLAND-WIDE CAPITAL
 IMPROVEMENT PROJECTS USING THE PROCEEDS OF THE FIFTY-
 THREE MILLION DOLLAR (\$53,000,000) WATER BOND [AS
 SUBSTITUTED BY THE COMMITTEE ON ECONOMIC DEVELOPMENT]

<u>COMMITTEE MEMBER</u>	<u>TO PASS</u>	<u>NOT TO PASS</u>	<u>TO REPORT OUT ONLY</u>	<u>TO PLACE IN INACTIVE FILE</u>
 EDWARD D. REYES, Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 MADELEINE Z. BORDALLO, Vice-Chairman	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 JOHN P. AGUON, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 ELIZABETH P. ARRIOLA, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 HERMINIA D. DIERKING, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 PILAR C. LUJAN, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 GORDON MAILLOUX, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 TED S. NELSON, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 JOE T. SAN AGUSTIN, Ex-Officio Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 FRANCISCO R. SANTOS, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 J. GEORGE BAMBA, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
 MARILYN MANIBUSAN, Member	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

COMMITTEE ON ECONOMIC DEVELOPMENT
TWENTIETH GUAM LEGISLATURE

COMMITTEE REPORT ON
BILL NO. 166

(AN ACT TO APPROVE ISLAND-WIDE CAPITAL IMPROVEMENT PROJECTS USING THE PROCEEDS OF THE FIFTY-THREE MILLION DOLLAR (\$53,000,000) WATER BOND)

BILL NO. 509

(AN ACT TO REPEAL SECTION 108 OF PUBLIC LAW 19-05 AND TO ADD GOVERNMENT CODE SECTION 6132 AND TO APPROVE THE TERMS AND CONDITIONS OF THE BORROWING FOR WATER SYSTEM IMPROVEMENTS)

I. PREFACE

The Committee on Economic Development held a public hearing on Tuesday, 18 April 1989, at 2:00 p.m. at the Session Hall. Members present were Chairman Edward D. Reyes and Senators Elizabeth P. Arriola and Ted S. Nelson. Also present were Senators Don Parkinson and Doris F. Brooks.

II. BACKGROUND

Bill No. 166 was introduced by Senator Ted S. Nelson. The Bill has only one section, which proposes to repeal and reenact §108(f) of Public Law 19-05. The proposed section merely provides a listing of twelve (12) projects that are to be funded from the proceeds of the Water Bond.

Bill No. 509 was introduced by the Committee on Rules at the request of the Governor. It proposes to repeal Section 108 of Public Law 19-05 and to add Government Code Section 6132, and to approve the terms and conditions of the borrowing for water system improvements. Attachment I provides a summary of the Bill.

III. TESTIMONY

There were three individuals who provided the Committee with written and oral testimony at the hearing. They were Governor Joseph F. Ada, whose testimony was presented by Mr. Carl Taitano, Chief Financial Officer of the Governor's Office (Attachment II); Mr. Anthony C. Blaz, Chief Officer of the Public Utility Agency of Guam (Attachment III); and Mr. Charles P. Crisostomo, Acting Administrator of the Guam Economic Development Authority (Attachment IV).

Subsequent written testimony was transmitted to the Committee by Mr. John Blas, Commissioner of Yigo (Attachment V).

Four individuals provided oral testimony at the hearing. They were Mr. Ignacio "Buck" Cruz, Commissioner of Yigo; Mr. Gregorio Borja, Commissioner of Santa Rita; Mr. Ben Pangelinan, a private citizen and resident of Barrigada; and Mr. Roman L.G. Quinata, an employee of the Public Utility Agency of Guam and resident of Ipan Talofof.

Additionally, Attorney Elaine Bayus of Orrick, Herrington and Sutcliffe of San Francisco (selected Bond Counsel); and Messrs. Marc Reston and Eric Seder of Smith Barney, Harris Upham and Company, Inc. of San Francisco (selected Bond Underwriter) appeared at the hearing to answer Committee questions on the bond issue.

The Committee requested (Attachment VI) and received from the Administration the following documents to fulfill the requirement of law vis-a-vis the issuance and sale of a bond issue and to assist the Committee in its deliberation on Bill No. 509:

1. GEDA Board of Directors Resolution approving the issuance and sale of the \$53 million Water System Improvements Bond (Attachment VII);
2. Resume and related information on the selected Bond Counsel, Orrick, Herrington and Sutcliffe of San Francisco (Attachment VIII);
3. Resume and related information on the selected Bond Underwriter, Smith Barney, Harris Upham and Company, Inc. of San Francisco (Attachment IX);
4. Smith Barney, Harris Upham and Company, Inc. 1987 Annual Report (Attachment X);
5. Draft of the First Supplemental Certificate (Attachment XI);
6. Draft of the Bond Purchase Agreement (Attachment XII);
7. Certificate of the Governor (dated 01 August 1986), Government of Guam \$45 million General Obligation Bonds (Attachment XIII); and
8. Fiscal Note from the Bureau of Budget and Management Research (Attachment XIV).

Other documents were subsequently transmitted to the Committee, which include two memoranda from the Attorney General's Office (Attachment XV, Attachment XVI); the Legislative Counsel's Opinion on the applicability and compliance with Section 11 of the Organic Act of Guam relating to the restrictions on public indebtedness (Attachment XVII); and the Bond Counsel's letter to GEDA on the suggested changes in Bill No. 509 (Attachment XVIII).

The following represents a synopsis of the testimony presented at the public hearing:

1. Carl Taitano, representing the Governor's Office, expressed the Administration's intent to provide the essential and vital improvements to the water system. Taitano stated that suggestions to fund these water projects on a piecemeal basis would prove to be a disservice to the people, adding that the projects are linked.

2. Anthony C. Blaz of PUAG testified in favor of Bill No. 509, noting that passage of the Bill was extremely important so as not to compound existing water and sewer problems by not acting to address the issue. In his testimony, Blaz issued a revised listing of the water projects recommended to replace those identified in Bill No. 509. Blaz elaborated on what each project entails.
3. Charles P. Crisostomo of GEDA listed the chronology of events in terms of GEDA's involvement with the \$53 million water system improvements bond:
 - A. 08 March 1989: GEDA Board of Directors adopts Resolution No. 89-008, which approves the issuance of the water system improvement bond.
 - B. 12 January 1989: Smith Barney, Harris Upham and Company, Inc. is selected by the GEDA Board of Directors as Bond Underwriter.
 - C. 14 September 1988: GEDA Board of Directors selects the law firm of Orrick, Herrington and Sutcliffe of San Francisco as Bond Counsel.
4. John F. Blas, Commissioner of Yigo, expressed his support of Bill No. 509 particularly since two of the eleven projects are for the village of Yigo, and given that the current water system that supplies water to Yigo is inadequate and in need of improvement.
5. Ignacio "Buck" Cruz, Commissioner of Merizo, initially noted that his village was experiencing problems with the existing wastewater system. In response to Mr. Cruz's comments, Mr. Anthony Blaz noted that funding requirements addressing such problems are reflected in the Fiscal Year 1990 budget. In view of this, Mr. Cruz expressed his support of Bill No. 509.
6. Gregorio Borja, Commissioner of Santa Rita, testified in favor of Bill No. 509, as the Bill addresses the water system problems island-wide, but particularly in Santa Rita. Mr. Borja noted that he was appearing on behalf of his constituents and as a representative of the Commissioners' Council.
7. Ben Pangelinan voiced his support of the Bill, and stated that while he normally would not support such massive debt to be incurred by the Government of Guam, water is a basic necessity of life and vital to the well-being of the people. Further, Pangelinan said, water system problems had been addressed on a piecemeal basis for too long, and the economic conditions and climate are conducive to addressing the such problems now.
8. Roman L.G. Quinata also testified in support of Bill No. 509, but listed some of the problems PUAG experiences. However,

Mr. Quinata opined that all the problems can only be resolved by providing additional fund for PUAG.

IV. FINDINGS

The Committee finds that passage of Bill No. 166 by incorporating the language of Bill No. 509 would be in order, for the following reasons:

1. The existing water and wastewater problems must be addressed in a comprehensive manner. The current piecemeal approach has not resolved these problems, but rather has compounded them.
2. Excessive growth and economic development has aggravated the problems relating to the water system. Continued growth and development may have to be curtailed if these problems are not rectified.
3. The economic climate favors borrowing for infrastructure needs, as Guam may not experience the same type of climate should the projects be postponed or deferred.
4. The projects, as enumerated in Mr. Blaz's testimony, are consistent with the Water Facilities Master Plan and Rural Wastewater Facilities Master Plan.
5. The total amount of the revised project list as submitted by the Chief Officer of the Public Utility Agency of Guam on 18 April 1989 exceeds the amount of the bond package by \$20,000.

The Committee also finds that major concerns regarding the legislation itself, as expressed by the Senators during the public hearing, must be addressed. These concerns are:

1. That Item No. 9 on the revised project list (Agat-Umatac Water System Improvement project) would sufficiently address the bottleneck that currently exists in the transmission line;
2. That ambiguities exist with regards to approval by the Legislature of the final version of the terms and conditions of the debt;
3. That ambiguities exist with regards to whether approval of the terms and conditions of the bond constitutes approval of the terms and conditions of the issuance of the debt;
4. That ambiguities exist with regards to whether the Bill authorizes the projects or authorizes the use of the money; and
5. That the Bill does not comply with the pertinent provisions of Section 11 of the Organic Act of Guam, which relates to the restrictions of public indebtedness in excess of ten percentum of the aggregate tax valuation of the property in Guam.

V. RECOMMENDATIONS

The Committee on Economic Development recommends that Substitute Bill No. 166 be passed, which would incorporate the language of Bill No. 509 and the following concerns:

1. That the Agat/Umatac Water System Improvement project incorporate in its plan the removal of the bottleneck that currently exists in the transmission line;
2. That the language in the Bill that further subjects the terms and conditions of the bond to the approval of the Legislature be deleted;
3. That Project No. 12 be reduced by \$20,000 to be consistent with the total amount for the bond (\$53,000,000).
4. That a provision be incorporated in the Bill that would provide flexibility in the project funding so as to allow for the transfer of funds from one project to another;
5. That a provision be incorporated in the Bill that would provide that any debt or debts made, pursuant to the provisions of the Bill, shall be in compliance with the Section 11 of the Organic Act of Guam;
6. That a provision be incorporated in the Bill regarding a portion of the bonds to be sold on Guam;
7. That a provision be incorporated in the Bill regarding personal liability; and
8. That a provision be added regarding no side agreements.

HIGHLIGHTS OF
BILL NO. 166

THE \$53 MILLION
WATER SYSTEM IMPROVEMENTS BOND

I. GENERAL INFORMATION

Bill No. 166 was introduced for the purpose of obtaining the authorization to incur debt not exceed \$53 million from the 20th Guam Legislature. The Administration has selected to generate said funds through the issuance of revenue bonds hereafter referred to as the Government of Guam Water System Revenue Bonds Series 1989, or simply "the 1989 bonds."

The firm of Smith Barney, headquartered in New York with eight regional offices throughout the United States and having consistently ranked in the top five underwriters of municipal fixed rate issues, is the selected underwriter. Selected as bond counsel is the firm of Orrick, Herrington and Sutcliffe of San Francisco. Orrick is the premier bond counsel firm in California, and is ranked second overall in municipal issues in the nation according to The Bond Buyer. Orrick is engaged in the general practice of corporate, municipal and commercial law through offices located in San Francisco, Los Angeles, New York and Sacramento.

The 1989 bonds are being issued to finance the construction of certain improvements to the Government's existing water and sewer systems (the "water system"), which are operated by the Public Utility Agency of Guam ("PUAG").

II. HISTORY OF BILL NOS. 166 AND 509

- A. Need for water system improvements and financing for such identified in PL 19-05, §108.
- B. PL 19-05 set the authorization for the Governor to incur debt through bond issuance up to \$53.5 million to fund water/sewer projects.
- C. PL 19-05 passed into law 21 August 1987 with the condition that the Governor present to the Legislature the terms and conditions of the debt along with a prioritized list of recommended projects, hence the introduction of Bill No. 509.
- D. BILL NO. 166, introduced by Senator Ted Nelson, proposes to satisfy, in part, the conditions set forth in PL 19-05.
- E. BILL NO. 166 incorporates a list of water/sewer projects as prioritized by Senator Nelson. This Bill, however, identifies twelve (12) projects for funding through the bond issue versus eleven (11) projects identified in Bill No. 509.

It should be noted that one (1) of the projects listed in BILL NO. 166 is reported to be completed - the Design and

Construction of the Ipan/Talofofa Water Distribution Line - and thus, should be deleted from duplicative funding.

- F. BILL NO. 509 was transmitted to the Speaker on 21 February 1989, and was introduced in the 20th Guam Legislature by the Committee on Rules at the request of the Governor of 14 March 1989.

III. PRELIMINARY TERMS AND BOND INFORMATION

ISSUER: Government of Guam

ISSUE: \$53,000,000
Government of Guam
Water System Revenue Bonds
Series 1989 (the "1989 bonds")

SALE DATE: Four weeks after enactment of Law

DELIVERY DATE: Seven weeks after enactment of Law

PRINCIPAL PAYABLE: Payable annually on each July 1 beginning July 1, 1990

INTEREST PAYABLE: Payable semi-annually on each January 1 and July 1 beginning January 1, 1990

FINAL MATURITY: July 1, 2009

DEBT SERVICE STRUCTURE: Level debt service

CREDIT ENHANCEMENT: Expect to obtain bond insurance from an Aaa/AAA-rated insurer or a letter of credit from a commercial bank rated at least Aa/AA.

EXPECTED RATINGS: At least an AA Standard & Poor's Corporation and an Aa from Moody's Investors Service, Inc.

TAX STATUS: In the opinion of bond counsel, interest on the 1989 bonds is exempt from federal income taxes and from taxation by any state or territory of the United States or political subdivision or taxing district thereof, or by the District of Columbia. Additionally, in the opinion of bond counsel, interest on the 1989 bonds is not subject to the federal alternative minimum tax.

SECURITY: The 1989 bonds are payable solely from and secured by a pledge of Section 30 revenues and the net revenues (i.e., revenues after payment of certain operation and maintenance expenses and capital costs of the water system)

derived from operation of the Government's water system (including all rates, fees and charges received by PUAG for providing water and sewer service but excluding development charges, assessments, hook-up fees and other special charges).

PARITY & SENIOR LIEN
OBLIGATIONS:

Obligations Senior to the 1989 Bonds
Pursuant to the Second Refinancing Agreement and related agreements executed between the Guam Power Authority ("GPA") and the Secretary of Interior ("the Secretary"), the Federal Financing Bank has the right to direct the Secretary to withhold Section 30 revenues in an amount equal to any payment default by GPA on the Federal Financing Bank loan that was refinanced in 1984. In addition, in the event of a default other than a payment default, those same agreements permit the Secretary to accelerate the loan and set-off the accelerated amount against Section 30 revenues. Under the terms of the loan, GPA makes annual principal and interest payments of approximately \$3.4 million through September 15, 2004.

Obligations on a Parity with the 1989 Bonds

The Government's 1986 general obligation bonds ("1986 bonds" or "1986 bond issue") are secured by a pledge of and lien on Section 30 revenues. With regard to Section 30 revenues, the 1986 bonds are on a parity with the 1989 bonds. The 1986 bond issue has a final maturity of July 1, 1996 and requires annual debt service payments of approximately \$6.3 million.

IV. FLOW OF FUNDS

Water System Revenues

1. The Government will deposit all water system revenues into a Water System Revenue Fund which it will establish and hold in trust.
2. Not later than the second business day before June 20 and December 20 of each year, the Government will transfer from the Water System Revenue Fund to the trustee for deposit into the Water System Bond Account (which is a new account being created within the Bond Fund established in connection with the 1986 bond issue), to the extent funds are available, an amount sufficient to pay the sum of all principal and interest due on

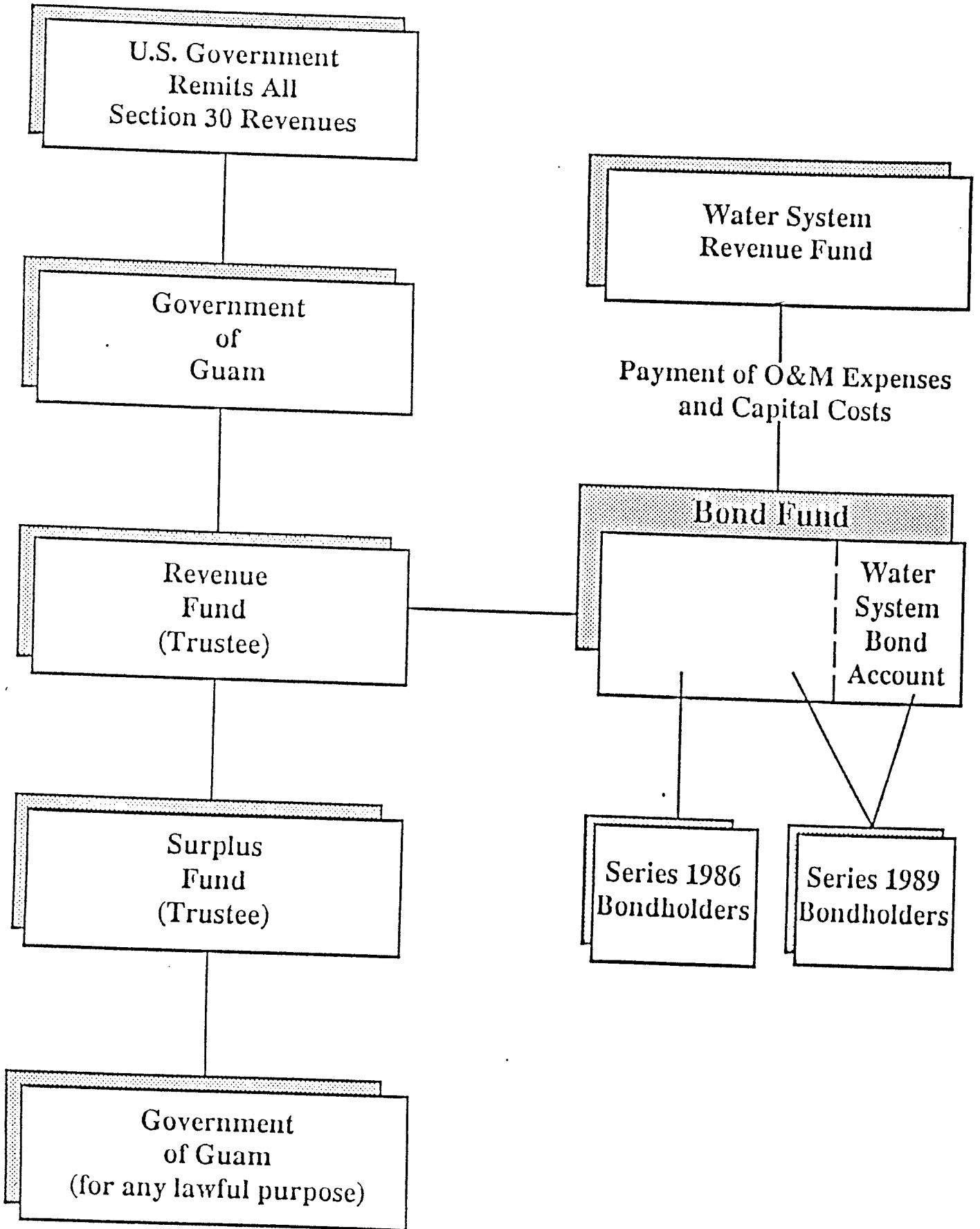
the 1989 bonds during the current year.

Section 30 Revenues

1. The Government will deposit all Section 30 revenues, upon receipt, in the Revenue Fund that was established in connection with the 1986 bond issue.
2. On or before December 20 and June 20 of each year, the trustee will transfer moneys from the Revenue Fund into the Bond Fund (established in connection with the 1986 issue) the amount necessary to increase the balance in the Bond Fund to the sum of all principal and interest due on the 1986 bonds, the 1989 bonds and any other additional bonds on a parity with respect to Section 30 revenues.
3. All funds remaining in the Revenue Fund after the necessary deposits to the Bond Fund shall be deposited by the trustee into the Surplus Fund. All amounts in the Surplus Fund may be withdrawn by the Government for any lawful purpose.

V. MAJOR COVENANTS OF THE GOVERNMENT

1. Covenant against encumbrances upon Section 30 revenues (subject to rights of Federal Financing Bank with respect to GPA loan).
2. Various covenants not to take actions that will violate provisions of IRS rules and regulations for tax-exempt bonds.
3. Covenant not to sell, lease or otherwise dispose of the water system or any part thereof essential to its proper operation.
4. Covenant to acquire and construct the improvements to the water system to be financed with the 1989 bond proceeds with all practicable dispatch and in an expeditious manner.
5. Covenant to use best efforts to arrange for the deposit by the federal government of Section 30 revenues directly with the trustee.
6. Covenant to comply with all obligations and to cause GPA to comply with all of GPA's obligations relating to GPA's 1984 promissory note issued to the Federal Financing Bank.



5. Agat/Santa Rita Sewer System, Part of Phase I, all of Phase II
6. Finegayan/Tumon Waterline
7. Barrigada/Toto Waterline
8. Tumon/Tamuning Waterline
9. Agana/Asan/Piti Water System Improvement
10. Agat/Umatac Water System Improvement
11. Yigo/Mangilao Waterline

FINANCIAL TERMS

4. PRELIMINARY DEBT SERVICE SCHEDULES AND INTEREST COST CALCULATIONS

Summary of Preliminary Debt Service Calculations

	Credit Ratings (Moody's/S & P)	
	Aaa/AAA	Baa/BBB
Final Maturity:	11/1/09	11/1/09
Issue Size:	\$48,625,000	\$47,360,000
Serial Bonds:	Through July 1, 2004	Through July 1, 2000
Term Bond:	July 1, 2009	July 1, 2009
Annual Debt Service:	\$4,775,000	\$4,889,000
All-In Borrowing Cost ¹ :	7.910%	8.315%

¹ Represents interest cost adjusted upward to account for underwriting fee and, if applicable, enhancement fees.

Government of Guam
 Public Utility Agency of Guam
 20 Year Debt - Current Coupon Bonds - Aaa/AAA

DEBT SERVICE SCHEDULE

DATE	PRINCIPAL	COUPON	INTEREST	PERIOD TOTAL	FISCAL TOTAL
1/ 1/90			2,719,902.19	2,719,902.19	
7/ 1/90	1,150,000.00	7.000000	1,813,268.13	2,963,268.13	5,683,170.31
1/ 1/91			1,773,018.13	1,773,018.13	
7/ 1/91	1,230,000.00	7.100000	1,773,018.13	3,003,018.13	4,776,036.25
1/ 1/92			1,729,353.13	1,729,353.13	
7/ 1/92	1,315,000.00	7.150000	1,729,353.13	3,044,353.13	4,773,706.25
1/ 1/93			1,682,341.88	1,682,341.88	
7/ 1/93	1,410,000.00	7.200000	1,682,341.88	3,092,341.88	4,774,683.75
1/ 1/94			1,631,581.88	1,631,581.88	
7/ 1/94	1,515,000.00	7.200000	1,631,581.88	3,146,581.88	4,778,163.75
1/ 1/95			1,577,041.88	1,577,041.88	
7/ 1/95	1,620,000.00	7.250000	1,577,041.88	3,197,041.88	4,774,083.75
1/ 1/96			1,518,316.88	1,518,316.88	
7/ 1/96	1,740,000.00	7.250000	1,518,316.88	3,258,316.88	4,776,633.75
1/ 1/97			1,455,241.88	1,455,241.88	
7/ 1/97	1,865,000.00	7.300000	1,455,241.88	3,320,241.88	4,775,483.75
1/ 1/98			1,387,169.38	1,387,169.38	
7/ 1/98	2,000,000.00	7.350000	1,387,169.38	3,387,169.38	4,774,338.75
1/ 1/99			1,313,669.38	1,313,669.38	
7/ 1/99	2,150,000.00	7.350000	1,313,669.38	3,463,669.38	4,777,338.75
1/ 1/ 0			1,234,656.88	1,234,656.88	
7/ 1/ 0	2,305,000.00	7.400000	1,234,656.88	3,539,656.88	4,774,313.75
1/ 1/ 1			1,149,371.88	1,149,371.88	
7/ 1/ 1	2,475,000.00	7.450000	1,149,371.88	3,624,371.88	4,773,743.75
1/ 1/ 2			1,057,178.13	1,057,178.13	
7/ 1/ 2	2,660,000.00	7.500000	1,057,178.13	3,717,178.13	4,774,356.25
1/ 1/ 3			957,428.13	957,428.13	
7/ 1/ 3	2,860,000.00	7.500000	957,428.13	3,817,428.13	4,774,856.25
1/ 1/ 4			850,178.13	850,178.13	
7/ 1/ 4	3,075,000.00	7.550000	850,178.13	3,925,178.13	4,775,356.25
1/ 1/ 5			734,096.88	734,096.88	
7/ 1/ 5	3,305,000.00	7.625000	734,096.88	4,039,096.88	4,773,193.75
1/ 1/ 6			608,093.75	608,093.75	
7/ 1/ 6	3,560,000.00	7.625000	608,093.75	4,168,093.75	4,776,187.50
1/ 1/ 7			472,368.75	472,368.75	
7/ 1/ 7	3,830,000.00	7.625000	472,368.75	4,302,368.75	4,774,737.50
1/ 1/ 8			326,350.00	326,350.00	
7/ 1/ 8	4,125,000.00	7.625000	326,350.00	4,451,350.00	4,777,700.00
1/ 1/ 9			169,084.38	169,084.38	
7/ 1/ 9	4,435,000.00	7.625000	169,084.38	4,604,084.38	4,773,168.75
	48,625,000.00		47,786,252.81	96,411,252.81	
ACCRUED			443,243.32	443,243.32	
	48,625,000.00		47,343,009.49	95,968,009.49	

DATED 4/ 1/89 WITH DELIVERY OF 5/15/89
 BOND YEARS 634,461.250
 AVERAGE COUPON 7.532
 AVERAGE LIFE 13.048
 N I C % 7.531784 % USING 100.0000000
 T I C % 7.910976 % From Dated Date

BOND INSURANCE: ... 1.000000 % OF
 (TOTAL DEBT SERVICE - ACCRUED - CAP. INT.) = 959,680.09

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Government of Guam
Public Utility Agency of Guam
20 Year Debt - Current Coupon Bonds - Aaa/AAA

NET DEBT SERVICE REQUIREMENTS

DELIVERY DATE: 5/15/89

PERIOD ENDING	PRINCIPAL	COUPON	INTEREST	TOTAL DEBT SERVICE	CONSTR. EARNINGS	FUND +	DEBT SVC. CAP. INT.	RES.	NET DEBT SERVICE	SURPLUS FUNDS REMAINING
1/ 1/90			2,719,902.19	2,719,902.19						
7/ 1/90	1,150,000.00	7.000000	1,813,268.13	2,963,268.13			443,243.32		2,276,658.87	
1/ 1/91			1,773,018.13	1,773,018.13					2,963,268.13	
7/ 1/91	1,230,000.00	7.100000	1,773,018.13	3,003,018.13					1,773,018.13	
1/ 1/92			1,729,353.13	1,729,353.13					3,003,018.13	
7/ 1/92	1,315,000.00	7.150000	1,729,353.13	3,044,353.13					1,729,353.13	
1/ 1/93			1,682,341.88	1,682,341.88					3,044,353.13	
7/ 1/93	1,410,000.00	7.200000	1,682,341.88	3,092,341.88					1,682,341.88	
1/ 1/94			1,631,581.88	1,631,581.88					3,092,341.88	
7/ 1/94	1,515,000.00	7.200000	1,631,581.88	3,146,581.88					1,631,581.88	
1/ 1/95			1,577,041.88	1,577,041.88					3,146,581.88	
7/ 1/95	1,620,000.00	7.250000	1,577,041.88	3,197,041.88					1,577,041.88	
1/ 1/96			1,518,316.88	1,518,316.88					3,197,041.88	
7/ 1/96	1,740,000.00	7.250000	1,518,316.88	3,258,316.88					1,518,316.88	
1/ 1/97			1,455,241.88	1,455,241.88					3,258,316.88	
7/ 1/97	1,865,000.00	7.300000	1,455,241.88	3,320,241.88					1,455,241.88	
1/ 1/98			1,387,169.38	1,387,169.38					3,320,241.88	
7/ 1/98	2,000,000.00	7.350000	1,387,169.38	3,387,169.38					1,387,169.38	
1/ 1/99			1,313,669.38	1,313,669.38					3,387,169.38	
7/ 1/99	2,150,000.00	7.350000	1,313,669.38	3,463,669.38					1,313,669.38	
1/ 1/ 0			1,234,656.88	1,234,656.88					3,463,669.38	
7/ 1/ 0	2,305,000.00	7.400000	1,234,656.88	3,539,656.88					1,234,656.88	
1/ 1/ 1			1,149,371.88	1,149,371.88					3,539,656.88	
7/ 1/ 1	2,475,000.00	7.450000	1,149,371.88	3,624,371.88					1,149,371.88	
1/ 1/ 2			1,057,178.13	1,057,178.13					3,624,371.88	
7/ 1/ 2	2,660,000.00	7.500000	1,057,178.13	3,717,178.13					1,057,178.13	
1/ 1/ 3			957,428.13	957,428.13					3,717,178.13	
7/ 1/ 3	2,860,000.00	7.500000	957,428.13	3,817,428.13					957,428.13	
1/ 1/ 4			850,178.13	850,178.13					3,817,428.13	
7/ 1/ 4	3,075,000.00	7.550000	850,178.13	3,925,178.13					850,178.13	
1/ 1/ 5			734,096.88	734,096.88					3,925,178.13	
7/ 1/ 5	3,305,000.00	7.625000	734,096.88	4,039,096.88					734,096.88	
1/ 1/ 6			608,093.75	608,093.75					4,039,096.88	
7/ 1/ 6	3,560,000.00	7.625000	608,093.75	4,168,093.75					608,093.75	
1/ 1/ 7			472,368.75	472,368.75					4,168,093.75	
7/ 1/ 7	3,830,000.00	7.625000	472,368.75	4,302,368.75					472,368.75	
1/ 1/ 8			326,350.00	326,350.00					4,302,368.75	
7/ 1/ 8	4,125,000.00	7.625000	326,350.00	4,451,350.00					326,350.00	
1/ 1/ 9			169,084.38	169,084.38					4,451,350.00	
7/ 1/ 9	4,435,000.00	7.625000	169,084.38	4,604,084.38					169,084.38	
	48,625,000.00		47,786,252.81	96,411,252.81			443,243.32		95,968,009.49	

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Government of Guam
 Public Utility Agency of Guam
 20 Year Debt - Current Coupon Bonds - Aaa/AAA
 =====
 S O U R C E S A N D U S E S O F F U N D S
 =====
 DELIVERY DATE: 5/15/89

SOURCES
 =====

PAR AMOUNT OF BONDS.....	\$48,625,000.00	
+PREMIUM /-DISCOUNT.....	\$0.00	
BOND PROCEEDS.....		48,625,000.00
ACCRUED INTEREST.....		443,243.32

		\$49,068,243.32

USES OF FUNDS
 =====

UNDERWRITERS DISCOUNT (% or \$).....(1.100000%)...		534,875.00
BOND COUNSEL FEES.....		85,000.00
GEDA FEES.....		125,000.00
OTHER COSTS.....		250,000.00
BOND INSURANCE.....(1.000000%)...		959,680.09
ACCRUED INTEREST.....		443,243.32
NET CONSTRUCTION FUND AMOUNT.....		46,670,312.40
CONTINGENCY.....		132.51

		\$49,068,243.32

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Public Utility Agency of Guam
20 Year Debt - Current Coupon Bonds - Aaa/AAA

CONSTRUCTION FUND

DELIVERY DATE: 5/15/89

DRAW DATE	CONSTRUCTION FUND BALANCE	CONSTRUCTION DRAW NEEDED	NET CONSTR. FUND DRAW	INV. RATE OF DRAW	CONSTR. FUND EARNINGS	DEBT SERVICE RESERVE	CAPITALIZED INT. EARNINGS	REMAINING CONSTR. FUNDS
7/ 1/89	46,670,312.40	3,180,000.00	2,723,490.31	7.764900				
10/ 1/89	43,946,822.09	3,180,000.00	2,335,016.72	7.764900	456,509.69			43,946,822.09
1/ 1/90	41,611,805.37	3,180,000.00	2,379,913.03	7.764900	844,983.28			41,611,805.37
4/ 1/90	39,231,892.34	3,180,000.00	2,425,672.58	7.764900	800,086.97			39,231,892.34
7/ 1/90	36,806,219.76	5,300,000.00	4,592,311.96	7.764900	754,327.42			36,806,219.76
10/ 1/90	32,213,907.80	5,300,000.00	4,680,610.20	7.764900	707,688.04			32,213,907.80
1/ 1/91	27,533,297.60	5,300,000.00	4,770,606.18	7.764900	619,389.80			27,533,297.60
4/ 1/91	22,762,691.43	5,300,000.00	4,862,332.55	7.764900	529,393.82			22,762,691.43
7/ 1/91	17,900,358.88	3,710,000.00	3,365,822.58	7.764900	437,667.45			17,900,358.88
10/ 1/91	14,534,536.30	3,710,000.00	3,430,538.61	7.764900	344,177.42			14,534,536.30
1/ 1/92	11,103,997.69	3,710,000.00	3,496,498.96	7.764900	279,461.39			11,103,997.69
4/ 1/92	7,607,498.74	3,710,000.00	3,563,727.55	7.764900	213,501.04			7,607,498.74
7/ 1/92	4,043,771.19	1,060,000.00	982,248.78	7.764900	146,272.45			4,043,771.19
10/ 1/92	3,061,522.41	1,060,000.00	1,001,134.87	7.764900	77,751.22			3,061,522.41
1/ 1/93	2,060,387.53	1,060,000.00	1,020,384.10	7.764900	58,865.13			2,060,387.53
4/ 1/93	1,040,003.43	1,060,000.00	1,040,003.43	7.764900	39,615.90			1,040,003.43
					19,996.57			0.00
	53,000,000.00	46,670,312.40			6,329,687.60			

RUNDATE: 04-10-1989 @ 16:29:27 FILENAME: GUAM2 KEY: 20CUR

Government of Guam
Public Utility Agency of Guam
20 Year Debt - Current Coupon Bonds - Aaa/AAA

DATED 4/ 1/89
DELIVERY 5/15/89

Par		
Underwriters Discount	(1.100000 %)	48,625,000.00
Bond Insurance	(1.000000 %)	-534,875.00
% of (Total D/S -Accrued -	0.00 Cap. Interest)	-959,680.09
TIC Target Value	 47,130,444.91

T I C % 7.91097569 % From Dated Date

RUNDATE: 04-10-1989 @ 13:49:24 FILENAME: GUAM2 KEY: 20CUR

JAN 04 '89

TWENTIETH GUAM LEGISLATURE
1989 (FIRST) Regular Session

Bill No. 166 (COR)

Introduced by:

T.S. Nelson



AN ACT TO APPROVE ISLAND-WIDE CAPITAL
IMPROVEMENT PROJECTS USING THE PROCEEDS OF
THE FIFTY-THREE MILLION DOLLAR (\$53,000,000)
WATER BOND.

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

3 Section 1. Section 108 (f) of Public Law 19-5 is hereby
4 repealed and reenacted to read:

5 [(f) The capital improvement projects to be funded from
6 the proceeds of the bonds shall be determined by statute.
7 The Governor shall promptly recommend various projects to
8 the Legislature and the priorities of such projects.]

9 "(f) The following capital improvement projects shall be
10 funded from the proceeds of the bonds in order of priority:

- | | | |
|----|---|--------------|
| 11 | (1) Yigo/Dededo Water Source and
Storage System Improvements | \$13,553,000 |
| 12 | | |
| 13 | (2) Malojloj-Inarajan Water
Source Development | 3,900,000 |
| 14 | | |
| 15 | (3) Replacement of Water Distri-
bution Lines in Agat | 4,472,000 |
| 16 | | |
| 17 | (4) Gayinero-Takano Water
Transmission Line | 938,000 |
| 18 | | |
| | (5) Agat/Santa Rita Sewer System,
Part of Phase I and Total of
Phase II | 7,300,000 |

1	(6) Agat/Umatac Water System Improvements	\$ 5,008,000
2		
3	(7) Agana/Asan/Piti Water System Improvements	5,781,000
4		
5	(8) Water Transmission Line from Y-Sengsong intersection South along Route 3, West along Route 1 past Harmon Loop Reservoir to intersection with 14" Water Main	6,480,000
6		
7		
8	(9) Water Transmission Line along Route 8 from Route 10 intersection to Canada-Toto Road	1,078,000
9		
10	(10) Water Transmission Line from intersection of Route and 14" Water Main (near Haruna Restaurant) South Westerly along Route 1 to Camp Watkins Road intersection	3,000,000
11		
12		
13	(11) Water Transmission Line from Takano intersection South along Route 15 to Carnation Road intersection	1,490,000
14		
15		
16	(12) Design and construction of 6" water distribution line in Ipan-Talofofa	<u>585,000</u>
17		
	Total:	\$53,585,000