

Senators Parkinson & Pangelinan  
July 1, 1994  
Page 2

projects, of course, will still be subject to PUC approval as the bill provides sufficient language to enforce PUC regulatory authority for the additional projects.

Section 4, Lines 16 & 17:

It is suggested that Sec. 4, Lines 16 and 17 be amended to read:

"... and no impact on rates until construction and installation of the generator is [projected to be] completed and the generator is [projected to be] on line and providing power, revenue and benefits to GPA and the people of ..."

The reason for this recommendation is to avoid any implication that the Legislature would prevent compliance with the rate covenants in the existing contract/obligations with the holders of GPA's previously issued bonds.

These comments and attachments are submitted for your consideration.

Sincerely,



Charles P. Crisostomo  
Administrator

CPC/KL/dc

Enclosure: Written comments from bond counsel

cc: Governor's Office  
Office of the Speaker

**ORRICK, HERRINGTON  
& SUTCLIFFE**

Direct Dial  
415-773-5828

June 30, 1994

The Honorable Joseph F. Ada  
Governor of Guam  
P.O. Box 2950  
Adelup Complex  
Agana, Guam 96910

Re: GPA 1994 Proposed Financing:  
Revised Legislation

Dear Governor Ada:

Enclosed is an revised draft of the proposed legislation (Bill No. 1068) authorizing GPA, subject to the approval of the PUC, to issue bonds to finance a new baseload generating unit and four other projects described in Section 2. This draft bill, if enacted, would permit the issuance of the bonds in one or more issues or series and would leave the final approval of the projects to be financed to the PUC (and, of course, to the GPA Board of Directors), as already provided by existing law.

Certain of the suggestions made by the form of substitute bill drafted by Senator Parkinson have been included in the enclosed draft. In particular, (1) the enclosed draft explicitly recognizes that the PUC has the power under its statute to approve the issuance and terms of the bonds, and (2) the enclosed draft would require the capitalization of financing costs and interest on the bonds for the baseload unit through the projected completion date. I have used the term "projected completion date" in order to avoid any implication that the legislation would prevent compliance with the rate covenant in the existing contract with the holders of GPA's previously issued bonds. If unexpected events (for example, an earthquake) prevented the completion of the baseload unit on the projected schedule, I would not think it advisable to force GPA to issue more bonds to provide for more capitalized interest, if existing rates at that point did not provide sufficient revenues to comply with the rate covenant.

Old Federal Reserve Bank Building • 400 Sansome Street • San Francisco, California 94111-3143  
Telephone 415 392 1122 • Facsimile 415 773 9759

Los Angeles 213 629 2020 • New York 212 326 8800 • Sacramento 916 447 8200 • Washington, D.C. 202 626 0600

SP7-26945.2

BRICK, HERRINGTON  
& SUTCLIFFE

I have not included certain other changes suggested by the proposed substitute bill, but I have the following thoughts about them:

1. Section 8 of the proposed substitute bill would be workable, except that I note that power revenue bonds are not customarily made redeemable from excess proceeds, and it would be better, therefore, to use the phrase "to pay principal", rather than "to prepay principal".

2. Most of the substance of the proposed substitute bill's Section 7 is covered in the enclosed draft's recognition that the PUC has the power under existing law to approve the bonds and the projects. However, I have not included the last two sentences of said Section 7 which create, perhaps unintentionally, the risk that PUC would "micromanage" the project, a responsibility that is probably best left to GPA and that is given to GPA under the existing bond indenture.

3. I have no particular view about the liquidated damages provision (Section 5) or the provision requiring an explanation of any failure to complete the baseload unit on time (Section 6).

Please let me know if I can be of further help.

Very truly yours,

*Stanley J. Dirks*  
Stanley J. Dirks

OHS DRAFT 6/30/94

TWENTY-SECOND GUAM LEGISLATURE  
1994 (FIRST) Regular Session

Bill No. \_\_\_\_\_

Introduced by:

AN ACT TO APPROVE THE TERMS AND CONDITIONS OF THE  
ISSUANCE OF GUAM POWER AUTHORITY REVENUE BONDS.

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

Section 1. Legislative Findings. (a) Section §203 of Title 12, Guam Code Annotated, provides that the Board of Directors of the Guam Power Authority ("GPA") is authorized to incur indebtedness by the issuance of revenue bonds to raise funds for the purpose of establishing the electric power system of GPA, or of acquiring lands for said system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring said system, or any part thereof, or for the purpose of refunding any such bonds.

(b) Section 2103(k) of Title 12, Guam Code Annotated, provides that agencies and instrumentalities of the government of Guam shall issue obligations only by means of and through the agency of the Guam Economic Development Authority ("GEDA").

(c) Said Section 2103(k) further provides that GEDA shall not sell any obligation without the approval of the Legislature of the terms and conditions of the issuance of the obligations.

(d) The Legislature has been presented with a copy of the Indenture of GPA dated as of December 1, 1992 (the "Indenture"), previously approved by the Board of Directors of GEDA, and a proposed form of supplemental indenture pursuant to which GPA proposes to issue revenue bonds for purposes set forth in paragraph (a) above.

(e) Said proposed form of supplemental indenture has been presented to the Board of Directors of GEDA, which has adopted a resolution approving the sale of GPA revenue bonds

pursuant to the provisions of the Indenture and a supplemental indenture in such form.

**Section 2. Approval of Terms and Conditions of GPA Bonds.** The Legislature, pursuant to Section 2103(k) of Title 12, Guam Code Annotated, hereby approves the terms and conditions of the issuance by GPA of revenue bonds in one or more issues or series in an aggregate principal amount not to exceed \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), with a final maturity not exceeding thirty (30) years and bearing interest at a fixed or variable rate not exceeding nine percent (9%) per annum. The bonds shall be issued pursuant to the Indenture and one or more supplemental indentures in the form of the supplemental indenture presented to this Legislature, which Indenture and form of supplemental indenture are hereby approved by the Legislature as provided in Section 8210 of Title 12, Guam Code Annotated. The proceeds of such bonds may be applied to pay for costs of issuance thereof, accrued and capitalized interest thereon and credit enhancement therefor, to provide for reserves and to pay costs of the following capital projects:

1. Acquisition and construction of one [39-41] megawatt nameplate capacity slow speed diesel baseload generating unit to be installed at the Cabras Power Plant location along with necessary ancillary equipment and buildings.
2. [34.5 KV transmission line and 34.5/13.8 KV substation for service to Guam International Airport Terminal and vicinity]
3. [34.5/13.8 KV substation at Umatac]
4. [34.5/13.8 KV substation at Pagat]
5. [115 KV substation at Tamuning]

The projects actually to be financed by the bonds, the amount of bonds to be issued, and the terms of the bonds shall be as approved by the Public Utilities Commission pursuant to Chapter 12 of Title 12 of the Guam Code Annotated, subject to the limitations of this section. [Financing costs and interest on the bonds relating to the baseload generating unit shall be capitalized to the date on which the unit is projected to be complete and on line.]

**Section 3. Local Sale of Bonds.** GPA and GEDA shall undertake their best efforts to cause a portion of any bonds approved pursuant to this Act to be offered for sale in Guam, as well as in other jurisdictions, if and to the extent that such offer and any sales resulting from such offer do not increase the cost to GPA and GEDA of issuing and repaying such bonds.

**TESTIMONY ON BILL NO. 1068  
AN ACT TO APPROVE THE TERMS AND  
CONDITIONS OF THE ISSUANCE OF GUAM  
POWER AUTHORITY REVENUE BONDS  
COMMITTEE ON ELECTRICAL POWER AND  
CONSUMER PROTECTION PUBLIC HEARING  
WEDNESDAY, JUNE 29, 1994**

GOOD MORNING MR. CHAIRMAN; AND MEMBERS OF THE COMMITTEE ON ELECTRICAL POWER AND CONSUMER PROTECTION; LADIES AND GENTLEMEN:

MY NAME IS CHARLES P. CRISOSTOMO, ADMINISTRATOR OF THE GUAM ECONOMIC DEVELOPMENT AUTHORITY. I AM HERE TODAY ON BEHALF OF THE AUTHORITY TO PROVIDE TESTIMONY IN SUPPORT OF BILL 1068 WHICH AUTHORIZES THE ISSUANCE OF REVENUE BONDS IN AN AGGREGATE PRINCIPAL AMOUNT OF EIGHTY-FIVE MILLION DOLLARS (\$85,000,000) FOR THE PURPOSES OF FINANCING THE PURCHASE AND CONSTRUCTION OF A 40 MEGAWATT BASELOAD GENERATOR FOR THE GUAM POWER AUTHORITY AND TO ADD A FOURTH UNIT TO THEIR CABRAS POWER PLANT.

IN RESPONDING TO THE REQUEST FROM GOVERNOR ADA IN 1992, GEDA PARTICIPATED IN THE REVIEW OF FINANCING ALTERNATIVES THAT COULD BE MADE AVAILABLE FOR URGENTLY NEEDED CAPITAL IMPROVEMENT PROJECTS FOR GPA. THE AUTHORITY, IN CONJUNCTION WITH THE GOVERNOR'S OFFICE, FORMULATED AND DISSEMINATED TO VARIOUS UNDERWRITING FIRMS AND ALL LOCAL LENDING INSTITUTIONS, REQUESTS FOR PROPOSALS TO PROVIDE RELATED FINANCIAL SERVICES NORMALLY ASSOCIATED WITH PUBLIC DEBT

*Exhibit "B"*

ISSUES. THIS RFP WAS ISSUED, IN FULL COMPLIANCE WITH PUBLIC LAW 19-12, AND WAS CIRCULATED WITH A 30 DAY SUBMISSION DEADLINE.

SUBSEQUENTLY, A JOINT REVIEW OF THE GOVERNOR'S FINANCIAL OFFICE AND THE AUTHORITY'S STAFF WAS CONDUCTED TO ANALYZE THE PROPOSALS RECEIVED. IN JULY OF 1992, THE REVIEW WAS COMPLETED AND THE GEDA BOARD OF DIRECTORS APPROVED THE RECOMMENDED SELECTION OF MORGAN STANLEY AS SENIOR MANAGER (LEAD BOOK RUNNER) WITH SMITH BARNEY AND KIDDER PEABODY AS CO-MANAGERS OF A FINANCIAL UNDERWRITING TEAM.

THE SELECTION WAS BASED ON FOUR CONSIDERATIONS WHICH WERE; 1) OVERALL QUALIFICATIONS AND DEMONSTRATED EXPERIENCE WITH THE UNDERWRITING OF PUBLIC ELECTRIC UTILITY REVENUE BONDS; 2) TECHNICAL EXPERTISE AND INNOVATION AS DEMONSTRATED BY THE FINANCING PLANS SUBMITTED; 3) BOND MARKETING CAPABILITIES; AND; 4) OVERALL FEES AND COSTS.

IN JUNE OF 1992, THE GEDA BOARD OF DIRECTORS ALSO APPROVED THE RETENTION OF THE LAW FIRM OF ORRICK, HERRINGTON AND SUTCLIFF TO PROVIDE BOND COUNSEL SERVICES FOR THE PROPOSED ISSUE. IF I MAY ADD, THIS FIRM'S REPUTATION IS EXEMPLARY AND THEIR OPINIONS ON TAX EXEMPT ISSUES ARE HIGHLY REGARDED IN THE MUNICIPAL BOND MARKET. ADDITIONALLY, THE FIRM HAS A LONG STANDING WORKING RELATIONSHIP WITH THE AUTHORITY AND HAS

PROVIDED BOND COUNSEL SERVICES TO THE TERRITORY SINCE THE LATE 1970'S.

FOR THE PURPOSES OF CONTINUITY AND RECOGNITION OF THE LONG TERM OBJECTIVES OF GPA WITH REGARDS TO ITS 10 YEAR EXPANSION PLAN, THE GEDA BOARD RETAINED THE FINANCIAL AND LEGAL SERVICES OF THESE FIRMS UNTIL THE CLOSE OF CALENDAR YEAR 1995 TO ASSIST GPA IN ITS ACCESS FOR CAPITAL IN THE MUNICIPAL BOND MARKET. AS AN AFFIRMATION TO THE UNDERWRITING TEAM'S INTEGRITY AND CAPABILITIES, THE TEAM BRINGS WITH IT FIRST HAND EXPERIENCE AND KNOWLEDGE OF THE COMPLEXITIES OF THE GUAM POWER AUTHORITY'S PAST AND CURRENT FINANCIAL CONDITION AS DEMONSTRATED WITH THE ISSUANCE OF GPA BONDS IN 1992 AND 1993.

THE FINANCING OF THIS CAPITAL IMPROVEMENT PROJECT IS PART OF THE GUAM POWER AUTHORITY'S CONTINUING 10-YEAR EXPANSION PLAN. THIS SECOND BASE LOAD GENERATOR FALLS IN LINE WITH PREVIOUS CAPITAL IMPROVEMENT PROJECTS SUCH AS THE RESERVE PEAK LOAD FAST TRACK GENERATORS, THE NEW STATE OF THE ART ELECTRICAL MANAGEMENT SYSTEM (EMS) WHICH WILL REPLACE THE EXISTING SUPERVISORY CONTROL AND DATA ACQUISITION SYSTEM (SCADA), THE 40 MEGAWATT BASELOAD GENERATOR, CURRENTLY UNDER CONSTRUCTION, THE REFURBISHMENT OF THE CABRAS SWITCHYARD, AND THE ANIGUA SUBSTATION. THESE PROJECTS WERE FINANCED AS A RESULT OF THE UNIFIED EFFORTS OF THE GUAM LEGISLATURE, THE PUBLIC UTILITIES COMMISSION AND THE ADMINISTRATION BY THE ISSUANCE OF THE 1992 AND 1993 GPA BONDS.

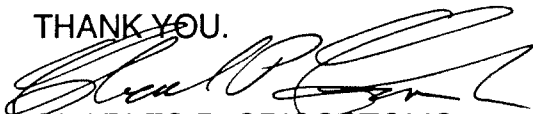


ALTHOUGH THE GEDA BOARD HAS NOT ADOPTED ITS RESOLUTION APPROVING THE ISSUANCE OF THESE BONDS, I AM SUBMITTING FOR THE COMMITTEE'S REVIEW THE FINAL DRAFT OF THE AUTHORITY'S RESOLUTION AND THE FINAL DRAFT OF THE BOND PURCHASE AGREEMENT. THE GEDA BOARD OF DIRECTORS IS SCHEDULED TO MEET THIS THURSDAY, JUNE 30TH TO CONSIDER THIS MATTER.

ALL OTHER RELATED DOCUMENTS ASSOCIATED WITH THIS ISSUE HAVE BEEN TRANSMITTED TO THIS LEGISLATURE VIA THE OFFICE OF THE GOVERNOR AND/OR THE GUAM POWER AUTHORITY.

PLEASE ALLOW ME TO THANK THE COMMITTEE FOR PERMITTING THE AUTHORITY TO PROVIDE ITS TESTIMONY IN FAVOR OF BILL 1068.

THANK YOU.



CHARLES P. CRISOSTOMO  
ADMINISTRATOR  
GUAM ECONOMIC DEVELOPMENT AUTHORITY



GUAM ECONOMIC DEVELOPMENT AUTHORITY

ATURIDAT INADILANTON IKUNUMIHA GUAHAN

GEDA

BOARD OF DIRECTORS OF THE  
GUAM ECONOMIC DEVELOPMENT AUTHORITY

RESOLUTION NO. 94-004

DRAFT

RESOLUTION APPROVING THE ISSUANCE AND SALE OF  
GUAM POWER AUTHORITY REVENUE BONDS AND  
APPROVING AND AUTHORIZING THE EXECUTION  
OF RELATED DOCUMENTS, AGREEMENTS AND ACTIONS

WHEREAS, the Guam Power Authority ("GPA") has determined that there exists a need for certain additions and improvements to the electric power system of GPA (as described in §8113.3, Title 12, Guam Code Annotated) (the "Projects") and proposes to issue and sell revenue bonds (the "Bonds") pursuant to Chapter 8, Title 12, Guam Code Annotated (§8101 et seq.) (the "Act") for the purposes of financing such additions and improvements; and

WHEREAS, pursuant to §2103(k), Title 12, Guam Code Annotated, agencies and instrumentalities of the Government shall issue bonds and other obligations only by means of and through the agency of the Guam Economic Development Authority ("GEDA"); and

WHEREAS, GPA has by resolution requested that GEDA approve the issuance and sale of the Bonds; and

Whereas, this Board of Directors has determined that it is in the public interest for GPA to sell the Bonds for the purpose of financing the Projects; and

WHEREAS, this Board of Directors has previously approved a form of indenture pursuant to which the Bonds in one or more series would be issued, and an indenture in such form, dated as of December 1, 1992, has been executed and delivered and is now in effect; and

WHEREAS, there have been presented to this Board of Directors the proposed forms of a supplemental indenture pursuant to which one or more series of the Bonds would be issued (the "Supplemental Indenture") and a bond purchase agreement pursuant to which such series of the Bonds would be sold (the "Bond Purchase Agreement");

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Guam Economic Development Authority as follows:

Section 1. The issuance and sale of the Bonds in an aggregate principal amount not to exceed Eighty-Five Million Dollars (\$85,000,000), (the "1994 Bonds") are hereby approved in accordance with said §2103(k).

DRAFT

Section 2. The form of Supplemental Indenture presented to this meeting, relating to the 1994 Bonds, and to be approved by the Board of Directors of GPA for execution and delivery on behalf of GPA, is hereby approved for execution and delivery on behalf of GPA in substantially such form, with such additions, changes and modifications as said Board may approve, or may authorize the General Manager of GPA and his staff to approve upon consultation with the Administrator of GEDA and legal counsel, such approval to be conclusively evidenced by the adoption of one or more bond resolutions by said Board and by execution and delivery of one or more supplemental indentures in the form of such Supplemental Indenture on behalf of GPA.

Section 3. The form of Bond Purchase Agreement presented to this meeting, relating to the 1994 Bonds, and to be approved by the Board of Directors of GPA for execution and delivery on behalf of GPA, is hereby approved for execution and delivery by GPA in substantially such form, with such additions, changes and modifications as said Board may approve, or may authorize the General Manager of GPA and his staff to approve upon consultation with the Administrator of GEDA and legal counsel, such approval to be conclusively evidenced by the adoption of one or more bond resolutions by said Board and by execution and delivery of one or more bond purchase agreements in the form of such Bond Purchase Agreement on behalf of GPA and GEDA.

Section 4. The General Manager of GPA, upon appropriate authorization and delegation by the Board of Directors of GPA, and the Administrator of GEDA are hereby expressly authorized to determine, consistent with the Act and upon approval by the Governor of Guam, the aggregate principal amount of 1994 Bonds to be issued under this resolution [not to exceed Eighty-Five Million Dollars (\$85,000,000)], the number of series of such Bonds, and the maturity or maturities (not to exceed 30 years), the interest rates [not to exceed ten percent (10%) per annum], interest payment dates, denominations, forms, registration privileges, terms and place or places of payment, terms of redemption, security and other terms of each series of the 1994 Bonds and the designation of the various accounts provided in the Indenture.

Said General Manager and Administrator are hereby also expressly authorized to arrange, upon approval by the Governor, for such bond insurance, letter of credit or other supplemental security arrangements for each series of the 1994 Bonds as they may deem in the public interest, and to enter into any reimbursement or other similar agreements deemed by them to be necessary or appropriate in connection therewith.

Notwithstanding any other provision of this resolution, the 1994 Bonds and any obligations of GPA under any reimbursement or other similar agreement shall be limited obligations payable solely from the revenues and other assets of GPA pledged for such purpose and shall not be a debt or liability of the Government of Guam.



DRAFT

Section 5. The General Manager of GPA, upon appropriate authorization and delegation by the Board of Directors of GPA, and the Administrator of GEDA are hereby authorized and directed to do any and all things and to execute and deliver any and all documents which they may deem necessary or advisable in order to consummate the sale of the 1994 Bonds and otherwise to effectuate the purposes of this resolution. Such actions may include, but are not limited to, the approval of the distribution for each series of the 1994 Bonds of such preliminary official statement and final official statement as said General Manager may approve upon consultation with the Administrator and legal counsel (such approval to be conclusively evidenced by the execution of the final official statement by said General Manager or by the Chairman of the Board of GPA), the distribution of other information and material relating to the 1994 Bonds and the holding of any appropriate information meetings concerning the 1994 Bonds.

Section 6. The Bonds shall not be issued without the approval of the Public Utilities Commission of Guam.

Section 7. This resolution shall take effect from and after its adoption.

DRAFT



DRAFT

SECRETARY'S CERTIFICATE

I, Cecilia C.A. Perez, Secretary of the Board of Directors of the Guam Economic Development Authority, do hereby certify as follows:

The foregoing is a full, true and correct copy of a resolution duly adopted at a Special Meeting of the members of the Board of Directors of said Authority duly and legally held at the regular meeting place thereof on June 30, 1994, of which meeting all of said members had due notice and at which at least a majority thereof were present.

At said meeting said resolution was adopted by the following vote:

Ayes:

Noes:

Absent:

Said original resolution has not been amended, modified or rescinded since the date of its adoption, and the same is now in full force and effect.

DATED: June 30, 1994.

DRAFT

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Secretary to the Board of Directors





# GUAM POWER AUTHORITY

ATURIDAT ILEKTRESEDAT GUAHAN  
P.O. BOX 2977, AGANA, GUAM, USA 96910-2977

June 21, 1994

Senator Don Parkinson  
Chairman, Committee on Electrical  
Power and Consumer Protection  
22nd Guam Legislature  
192 Archbishop Flores St. - Room 203  
Agana, Guam 96910

REF: Revenue Bond Legislation Documentation

Dear Senator Parkinson:

For your information and files, I am providing the Supplemental Indenture to the December 1, 1992 Revenue Bond. This was prepared by our Bond Counsel in the firm of Orrick, Herrington & Sutcliffe, and is intended to ensure the proposed bond issuance is in compliance with all pertinent statutes.

Bond Counsel is also preparing resolutions for adoption by both GEDA and the Guam Power Authority. These drafts will be completed within the next day or two.

Should you have any question, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Bruce E. Pecon". The signature is stylized and somewhat cursive.

BRUCE E. PECON  
Comptroller

Enclosures

Exhibit "C"

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**O**RRICK, HERRINGTON  
& SUTCLIFFE

Direct Dial  
415-773-5733

June 14, 1994

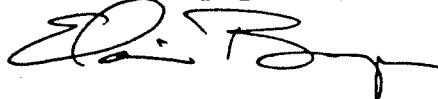
Carl W. Taitano  
Governor's Office  
Territory of Guam  
P.O. Box 2950  
Adelup Complex  
Agana, Guam 96910

Re: GPA 1994 Proposed Financing

Dear Carl:

Enclosed is an initial draft of the proposed supplemental indenture you requested for GPA. I very much look forward to working with you on this financing.

Very truly yours,



Elaine R. Bayus

ERB/lcl

Enclosure

cc: ✓ Bruce Pecon  
Kimbly S.A. Lujan  
Philip D. Isaac  
Stanley J. Dirks  
Lynne T. Hirata  
Thomas V. Yauger  
Philip Kassin  
Donald L. Hunt  
Fred G. Yanney

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GUAM POWER AUTHORITY

and

BANK OF GUAM,  
as Trustee and Depositary

and

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION,

as Co-Trustee

SUPPLEMENTAL INDENTURE

Dated as of \_\_\_\_\_ 1, 1994

Relating to \$ \_\_\_\_\_ Principal Amount  
of Guam Power Authority  
Revenue Bonds, 1994 Series A

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EXHIBIT A FORM OF 1994 SERIES A BOND

THIS SUPPLEMENTAL INDENTURE, made and entered into as of the first day of \_\_\_\_\_, 1994, by and among the GUAM POWER AUTHORITY, a public corporation and autonomous instrumentality of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (the "Authority"), BANK OF GUAM, a banking corporation organized under the laws of Guam, authorized to do business within Guam, and being qualified to accept and administer the trusts hereby created (the "Trustee" or the "Depositary"), and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, a national banking association organized under the laws of the United States of America, and being qualified to accept and administer the trusts hereby created (the "Co-Trustee"),

W I T N E S S E T H

WHEREAS, pursuant to the Guam Power Authority Act of 1968, being Chapter 8, Title 12, Guam Code Annotated, as amended (the "Act"), the Board of Directors of the Authority (the "Board") is authorized to incur indebtedness by the issuance of revenue bonds, with the approval of the Governor, to raise funds for the purpose of establishing the electric power system of the Authority (the "System"), or of acquiring lands for the system, or of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the system, or any part thereof, or for the purpose of refunding any such bonds, or for any combination of such purposes;

WHEREAS, the Authority has determined to issue revenue bonds for such purposes and to that end has duly authorized the execution and delivery of that certain Indenture, dated as of December 1, 1992, as previously supplemented, among the Authority, the Trustee and the Co-Trustee (the "Indenture"), to secure the payment of the principal thereof and the interest and premium, if any, thereon, and the observance of the covenants and conditions therein contained;

WHEREAS, revenue bonds may be issued pursuant to the Indenture and one or more indentures supplemental thereto, from time to time, in an aggregate principal amount not limited except as therein provided, and said revenue bonds are to be designated as the "Guam Power Authority Revenue Bonds" (the "Bonds");

WHEREAS, it is now desirable and necessary and in the best interests of the Authority to authorize the issuance of \$ \_\_\_\_\_ principal amount of Bonds further designated as "1994 Series A" in order to provide money to be used for the cost of the acquisition, construction, improvement, equipment, maintenance, repair, renewal, replacement, reconstruction and insurance of the System;

WHEREAS, as required by Section 2103(k), Title 12, Guam Code Annotated, the Legislature of Guam has, by P.L. No. \_\_\_\_\_, approved the terms and conditions of the issuance of not to exceed \_\_\_\_\_ million Dollars (\$\_\_\_\_\_) principal amount of revenue bonds for the purposes set forth therein;

WHEREAS, as provided by Section 2103(k), Title 12, Guam Code Annotated, the Guam Economic Development Authority has approved the issuance and sale of the 1994 Series A Bonds; and

WHEREAS, all acts, conditions and things required by the laws of the United States of America and the Government of Guam to exist, to have happened and to have been performed precedent to and in connection with the issuance of the 1994 Series A Bonds exist, have happened, and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to issue said Bonds for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, THIS SUPPLEMENTAL INDENTURE WITNESSETH, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the 1994 Bonds by the owners thereof, and for other valuable considerations, the receipt whereof is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee, the Depositary and the Co-Trustee as follows:

#### ARTICLE XIV

#### DEFINITIONS

SECTION 16.01. Definitions. Unless the context otherwise requires, the terms defined in the Indenture shall, for all purposes of this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings specified in the Indenture.

In addition, unless the context otherwise requires, the terms defined in this Section shall for all purposes of the Indenture and this Supplemental Indenture and of any certificate, opinion or other document herein mentioned, have the meanings herein specified.

#### Bond Year

"Bond Year" means, with respect to the 1994 Series A Bonds, the period of twelve consecutive months ending on \_\_\_\_\_ 1 of each year if 1994 Series A Bonds are or will be Outstanding in such twelve-month period, provided the first Bond

Year shall commence on the date of delivery of the 1994 Series A Bonds and end on \_\_\_\_\_ 1, 1995.

1994 Series A Bonds

"1994 Series A Bonds" means the Guam Power Authority Revenue Bonds, 1994 Series A, issued hereunder.

"Serial Bonds" means, with respect to the 1994 Series A Bonds, the 1994 Series A Bonds designated as such by Section 17.02, and for which no Mandatory Sinking Account Payments are provided.

"Term Bonds" means, with respect to the 1994 Series A Bonds, the 1994 Series A Bonds designated as such by Section 17.02, and which are payable at or before their specified maturity date or dates from Mandatory Sinking Account Payments established for that purpose and calculated to retire such Bonds on or before their specified maturity date or dates.

1994 Series A Projects

"1994 Series A Projects" means each of the following, as the same may be modified in accordance with Section 3.03:

[To be provided.]

ARTICLE XVII

AUTHORIZATION AND TERMS OF THE 1994 SERIES A BONDS

SECTION 17.01. Authorization of 1994 Series A Bonds.  
A Series of Bonds to be issued under the Indenture is hereby created for the purpose of providing moneys for deposit into the Construction Fund and withdrawal therefrom in accordance with law for purposes other than the refunding of Bonds. The Bonds of such Series are designated as the "Guam Power Authority Revenue Bonds, 1994 Series A." The aggregate principal amount of 1994 Series A Bonds which may be issued and Outstanding under this Supplemental Indenture shall not exceed \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

SECTION 17.02. Terms of 1994 Series A Bonds; Appointments.

The 1994 Series A Bonds shall be issued as fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. The 1994 Series A Bonds shall be dated as of \_\_\_\_\_ 1, 1994, and interest thereon (based on a 360-day year of twelve thirty-days months) shall be payable on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 of each year, commencing \_\_\_\_\_ 1, 199\_ (each, an "Interest Payment Date" for the 1994 Series A Bonds).

The 1994 Series A Bonds shall mature on the dates and in the amounts and shall bear interest at the rates per annum specified in the following table:

<u>Maturity Date</u> ( _____ 1 )	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Principal Payment Period for the 1994 Series A Bonds shall be the twelve calendar months next preceding each maturity date or Mandatory Sinking Account Payment date for such Bonds.

The 1994 Series A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_\_, through \_\_\_\_\_ 1, \_\_\_\_\_, are Serial Bonds, and the 1994 Series A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_\_ and \_\_\_\_\_ 1, \_\_\_\_\_, are Term Bonds.

The Record Date for all scheduled payments of principal of and interest on the 1994 Series A Bonds shall be the 15th day of the calendar month next preceding the date each such payment is due, whether or not such 15th day is a Business Day.

The Co-Trustee is hereby appointed Paying Agent for the 1994 Series A Bonds. The Principal Office of the Paying Agent shall be in Los Angeles, California.

Each 1994 Series A Bond shall bear interest, computed on the basis of a 360-day year of twelve 30-day months, from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day after a Record Date and on or before the related Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before the Record Date for the first Interest Payment Date, in which event it shall bear interest from its date; provided, however, that if, at the time of authentication of any 1994 Series A Bond, interest is in default on Outstanding Bonds, such Bond shall bear interest from the date to which interest has previously been paid or made available for payment on the Outstanding Bonds. Payment of the interest on any Bond shall be made to the person whose name appears on the bond registration books of the Co-Trustee as the registered owner thereof as of the close of business on the Record Date immediately preceding an Interest Payment Date, such interest to be paid by check or draft mailed by first class mail to such registered owner at such registered owner's address as it appears on such registration books. The principal or Redemption Price of the 1994 Series A Bonds shall be payable in lawful money of the United States of America upon surrender thereof at the Principal Office of the Paying Agent. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of 1994 Series A Bonds received prior to the applicable Record Date, payment of interest on and principal (including Redemption Price) of such Bonds shall be made by wire transfer from the Paying Agent to the registered owner of such Bonds to an account within the United States. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the 1994 Series A Bonds with respect to which such payment is made. Each payment of interest or principal on 1994 Series A Bonds, whether by check, draft or wire transfer, shall be accompanied by information specifying, for each maturity of such Bonds with respect to which such payment is being made, the amount and the CUSIP number (if available).

The 1994 Series A Bonds of each maturity shall be assigned a letter in consecutive alphabetical order from A onward (excepting therefrom the letters "I" and "O") and shall be numbered in consecutive numerical order within each such maturity from 1 upwards.

The 1994 Series A Bonds shall be subject to redemption as provided in Section 17.03.

The 1994 Series A Bonds, the Registrar's certificate of authentication and registration and the form of assignment to appear thereon shall be in substantially the forms set forth in Exhibit A hereto, respectively, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture. Any portion of the text of any 1994 Series A Bond may be printed on the back of such Bond and there may be inserted, in place of such text, a legend to the following effect: "Reference is hereby made to the further provisions of this Bond set forth on the back hereof and such further provisions are hereby incorporated by reference as if set forth here."

SECTION 17.03. Terms of Redemption of the 1994 Series A Bonds.

(A) The 1994 Series A Bonds maturing after \_\_\_\_\_ 1, \_\_\_\_\_ are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any date on or after \_\_\_\_\_ 1, \_\_\_\_\_, as a whole, or in part by such maturity or maturities as may be specified by Request of the Authority (and by lot within a maturity), at the Redemption Prices (expressed as percentages of principal amount) set forth in the table below plus interest accrued thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
_____ 1, 200_ through _____ 30, 200_	%
_____ 1, 200_ through _____ 30, 200_	%
_____ 1, 200_ and thereafter	%

The option of the Authority under this Section 17.03(A) may only be exercised by depositing with the Trustee prior to the giving of the notice of such redemption in accordance with Section 4.03 Federal Securities sufficient in amount and maturing in a timely manner to provide for such redemption. The Authority shall notify the Trustee and the Co-Trustee in writing at least 60 days prior to the date to be fixed for redemption of its intention to exercise its redemption option.

(B)(1) The 1994 Series A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_\_ are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (B)(1), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the

Indenture) and on \_\_\_\_\_ 1 in the years hereinafter set forth:

Mandatory Sinking Account  
Payments for Bonds Due

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
-------------	---------------	-------------	---------------

\*

\_\_\_\_\_  
\* maturity

(2) The 1994 Series A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_\_ are also subject to redemption prior to their stated maturity in part, by lot, from Mandatory Sinking Account Payments established for such maturity in this subsection (B)(2), upon payment of the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium. Subject to the terms and conditions set forth in this Section and in the Indenture, such Bonds shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bonds, in the amounts (after giving effect to the credits provided for in Section 5.03 of the Indenture) and upon \_\_\_\_\_ 1 in the years hereinafter set forth:

Mandatory Sinking Account  
Payments for Bonds Due

<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
-------------	---------------	-------------	---------------

\*

\_\_\_\_\_  
\* maturity

Upon the redemption of 1994 Series A Bonds pursuant to subsection (A) of this Section, the principal amount of such



Bonds shall be credited against remaining Mandatory Sinking Account Payments in such manner as if such Mandatory Sinking Account Payments were maturities (i.e., to produce as nearly proportional reductions as practicable, provided that Mandatory Sinking Account Payments shall remain as integral multiples of the applicable minimum authorized Bond denomination).

(C) The 1994 Series A Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service for the 1994 Series A Bonds for each 1994 Series A Bond Year after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in Section 6.14, at the principal amount thereof plus interest accrued thereon, without premium.

SECTION 17.04. Special Covenants as to Book-Entry Only System for 1994 Series A Bonds. (a) Notwithstanding any of the provisions of Sections 2.03 through 2.09 to the contrary, the 1994 Series A Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of such Bonds, representing the aggregate principal amount of the 1994 Series A Bonds of such maturity; and the 1994 Series A Bonds shall be governed by the provisions of this Section 17.04.

(b) Except as provided in this paragraph (b) and in paragraph (d) of this Section 17.04, all of the Outstanding 1994 Series A Bonds shall be registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC. With respect to the 1994 Series A Bonds registered in the registration books kept by the Co-Trustee in the name of Cede & Co., as nominee of DTC, the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository shall have no responsibility or obligation to any Participant or to any person on behalf of which a Participant holds an interest in the 1994 Series A Bonds. Without limiting the immediately preceding sentence, the Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest in the 1994 Series A Bonds, (ii) the delivery to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Co-Trustee, of any notice with respect to the 1994 Series A Bonds, including any notice of redemption, or (iii) the payment to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Co-Trustee, of any amount with

respect to principal of, premium if any, or interest on the 1994 Series A Bonds. The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository may treat and consider the person in whose name each Bond is registered in the registration books kept by the Co-Trustee as the holder and absolute owner of such Bond for the purpose of payment of principal, premium and interest with respect to such Bond, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Co-Trustee as provided in Section 2.06, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Bondholder, as shown in the registration books kept by the Co-Trustee, shall receive a certificated 1994 Series A Bond evidencing the obligation of the Authority to make payments of principal, premium, if any, and interest pursuant to the Indenture. Upon delivery by DTC to the Authority or the Co-Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to Record Dates, the words "Cede & Co." in the Indenture shall refer to such new nominee of DTC.

(c) The delivery by the Authority of the Representation Letter relating to the 1994 Series A Bonds shall not in any way limit the provisions of paragraph (b) of this Section or in any other way impose upon the Authority any obligation whatsoever with respect to persons having interests in the Bonds other than the Bondholders, as shown on the registration books kept by the Co-Trustee. The Co-Trustee shall take all action necessary for all representations of the Co-Trustee in the Representation Letter with respect to the Co-Trustee to be complied with at all times.

(d) DTC may determine to discontinue providing its services with respect to the 1994 Series A Bonds at any time by giving reasonable written notice to the Authority and the Co-Trustee and discharging its responsibilities with respect thereto under applicable law. The Authority, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the 1994 Series A Bonds. Upon the discontinuance or termination of the services of DTC with respect to the 1994 Series A Bonds, unless a substitute securities depository is appointed to undertake the functions of DTC hereunder, the Authority is obligated to deliver Bond certificates at the expense of the beneficial owners of the 1994

Series A Bonds, as described in the Indenture, and the 1994 Series A Bonds shall no longer be restricted to being registered in the registration books kept by the Co-Trustee in the name of Cede & Co. as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging 1994 Series A Bonds shall designate, in accordance with the provisions of the Indenture.

(e) Notwithstanding any other provision of the Indenture to the contrary, so long as any 1994 Series A Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal or, premium, if any, and interest on such 1994 Series A Bond and all notices with respect to such 1994 Series A Bond shall be made and given, respectively, in the manner provided in the Representation Letter. Bondholders shall have no lien or security interest in any rebate or refund paid by DTC to the Paying Agent which arises from the payment by the Paying Agent of principal of or interest on the 1994 Series A Bonds in immediately available funds to DTC.

(f) The Co-Trustee is hereby authorized and requested to execute and deliver the Representation Letter relating to the 1994 Series A Bonds and, in connection with any successor nominee for DTC or any successor depository, enter into comparable arrangements, and shall have the same rights with respect to its actions thereunder as it has with respect to its actions under this Supplemental Indenture.

#### ARTICLE XVIII

##### ISSUANCE OF 1994 SERIES A BONDS; APPLICATION OF PROCEEDS

SECTION 18.01. Issuance of 1994 Series A Bonds. At any time after the execution and delivery of this Supplemental Indenture, the Authority may sell and execute and the Co-Trustee shall authenticate and, upon the Order of the Authority, deliver 1994 Series A Bonds in an aggregate principal amount not to exceed \_\_\_\_\_ Dollars (\$ \_\_\_\_\_).

SECTION 18.02. Application of Proceeds of 1994 Series A Bonds. The proceeds received by the Authority from the sale of the 1994 Series A Bonds shall be deposited with the Trustee, who shall forthwith apply such proceeds in the following manner, as directed by a Request of the Authority:

(A) The Trustee shall transfer to the Co-Trustee for deposit in the Bond Reserve Fund an amount sufficient to increase the amount on deposit therein to the Bond Reserve Fund Requirement.

(B) The Trustee, acting as Depository for the Construction Fund moneys derived from the issuance of the 1994 Series A Bonds, shall deposit the balance of such proceeds in the Construction Fund.

The foregoing deposits pursuant to clauses (A) and (B) shall be deemed to have been made to the Construction Fund for purposes of compliance with Section 8236 of the Act.

SECTION 18.03. Application of Construction Fund. The Depository for the Construction Fund moneys derived from the issuance of the 1994 Series A Bonds shall reserve within the Construction Fund and transfer on or before each of the following dates from the Construction Fund to the Co-Trustee for deposit in the Bond Fund the amounts specified below for such dates for the payment of Capitalized Interest on the 1994 Series A Bonds:

Dates

Amounts

\$

The remaining moneys that have been so reserved shall be released within the Construction Fund and no further such transfers shall be made after the Interest Payment Date next succeeding the date of receipt by the Depository and the Co-Trustee of a Certificate of the Authority to the effect that the 1994 Series A Projects have been completed.

The balance of the proceeds of the 1994 Series A Bonds shall be applied in accordance with the provisions of Section 3.03 of the Indenture.

## ARTICLE XIX

### TAX COVENANTS

#### SECTION 19.01. 1994 Series A Rebate Account.

(A) The Trustee shall establish and maintain within the Rebate Fund a separate subaccount designated as the "1994 Series A Rebate Account." There shall be deposited in the 1994 Series A Rebate Account from amounts in the Revenue Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate with respect to the 1994 Series A Bonds. All money at any time deposited in the 1994 Series A Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement

for the 1994 Series A Bonds (as defined in the Tax Certificate with respect to the 1994 Series A Bonds), for payment to the United States of America, and the United States of America is hereby granted a first lien on such money until such payment. All amounts required to be deposited into or on deposit in the 1994 Series A Rebate Account shall be governed exclusively by this Section and by the Tax Certificate with respect to the 1994 Series A Bonds (which is incorporated herein by reference).

In the event that the amount in the 1994 Series A Rebate Account exceeds the Rebate Requirement for the 1994 Series A Bonds, upon the Request of the Authority, the Trustee shall transfer the excess from the 1994 Rebate Account to the Revenue Fund.

(B) Notwithstanding any provisions of this Section, if the Authority shall provide to the Trustee an opinion of Bond Counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on any Series of Bonds, the Trustee and the Authority may conclusively rely on such opinion in complying with the requirements of this Section, and, notwithstanding Article IX of the Indenture, the covenants hereunder shall be deemed to be modified to that extent.

SECTION 19.02. Tax Covenants for 1994 Series A Bonds.

(A) The Authority intends that interest on the 1994 Series A Bonds be excluded from gross income for federal income tax purposes and that the 1994 Series A Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia.

(B) The Authority shall not use or permit the use of any proceeds of the 1994 Series A Bonds or any other funds of the Authority, directly or indirectly, to acquire any securities or obligations, and shall not use or permit the use of any amounts received by the Authority in any manner, and shall not take or permit to be taken any other action or actions, which would cause any such Bond to be an "arbitrage bond" within the meaning of Section 148 of the Code or to be "federally guaranteed" within the meaning of Section 149(b) of the Code.

(C) The Authority shall at all times do and perform all acts and things permitted by law and the Indenture which are necessary or desirable in order to assure that interest paid on the 1994 Series A Bonds (or on any of them) shall be excluded from gross income for federal income tax purposes.

IN WITNESS WHEREOF, the GUAM POWER AUTHORITY has caused this Supplemental Indenture to be signed in its name by its duly authorized officers, under its seal; BANK OF GUAM, as Trustee and as a Depositary, in token of its acceptance of the trusts created hereunder, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers and its corporate seal to be hereunto affixed; and BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, as Co-Trustee and as a Paying Agent, in token of its acceptance of the trusts created hereunder, has caused this Supplemental Indenture to be signed in its corporate name by one of its authorized officers, all as of the day and year first above written.

GUAM POWER AUTHORITY

By \_\_\_\_\_  
Title:

[SEAL]

By \_\_\_\_\_  
Title:

BANK OF GUAM, as Trustee and  
Depositary

[CORPORATE SEAL]

By \_\_\_\_\_  
Name:  
Title:

BANK OF AMERICA NATIONAL TRUST AND  
SAVINGS ASSOCIATION, as Co-Trustee  
and Paying Agent

By \_\_\_\_\_  
Name:  
Title:

The foregoing Supplemental Indenture of the Guam Power Authority is hereby approved this \_\_\_\_ day of \_\_\_\_\_, 1994.

\_\_\_\_\_  
Governor of Guam

[SEAL]

Attest:

\_\_\_\_\_  
Lieutenant Governor

The foregoing Supplemental Indenture of the Guam Power Authority, and the appointment of the Trustee, the Co-Trustee and the Depositary and the exercise of their respective powers and functions as set forth in such Supplemental Indenture, is hereby approved this \_\_\_\_ day of \_\_\_\_\_, 1994.

\_\_\_\_\_  
Director of Administration  
Department of Administration  
Government of Guam

EXHIBIT A

[FORM OF 1994 SERIES A BOND]

No. \_\_\_ - \_\_\_\_\_

\$ \_\_\_\_\_

GUAM POWER AUTHORITY

REVENUE BOND, 1994 SERIES A

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DATED</u>	<u>CUSIP</u>
		_____ 1, 1994	

Registered Holder:

Principal Sum:

Dollars

The GUAM POWER AUTHORITY, a public corporation and autonomous instrumentality of the Government of Guam duly organized and existing under and by virtue of the laws of Guam (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues and other assets pledged therefor as hereinafter mentioned) to the registered holder identified above or registered assigns, on the maturity date specified above (subject to any right of prior redemption hereinafter mentioned), the principal sum specified above in lawful money of the United States of America; and to pay interest thereon, in like lawful money and solely from said Revenues and assets, from the interest payment date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period from the sixteenth day of the month next preceding any interest payment date to such interest payment date, inclusive, in which event it shall bear interest from such interest payment date, or unless this Bond is authenticated on or before \_\_\_\_\_ 15, 199\_, in which event it shall bear interest from \_\_\_\_\_ 1, 1994) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the interest rate specified above per annum, payable semiannually on \_\_\_\_\_ 1 and \_\_\_\_\_ 1 in each year, commencing \_\_\_\_\_ 1, 199\_. The principal (or redemption price) hereof is payable upon surrender hereof at the corporate trust office of Bank of America National Trust and Savings Association (herein called the "Co-Trustee" or the "Paying Agent") in Los Angeles, California, and the interest hereon is payable by check or draft mailed by first class mail to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month immediately preceding an interest payment date, at such person's address as it appears on the Bond registration books of the Co-Trustee. Upon the written request of any registered owner of \$1,000,000 or more in



aggregate principal amount of 1994 Series A Bonds, payment of the principal or redemption price of and interest on such Bonds will be made by wire transfer as provided in the Indenture; provided that any such principal or redemption payment shall nevertheless be subject to the prior surrender of the 1994 Series A Bonds with respect to which such payment is made.

The Bonds are limited obligations of the Authority and are not a lien or charge upon the funds or property of the Authority, except to the extent of the pledge and assignment hereinafter described. Neither the payment of the principal of this Bond nor any part thereof, nor of any interest thereon, is a debt, liability or obligation of the Territory of Guam.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Guam Power Authority Revenue Bonds" (herein called the "Bonds"), unlimited in aggregate principal amount, except as otherwise provided in the laws of the United States of America and the Government of Guam and in the Indenture hereinafter mentioned, which issue of Bonds consists or may consist of one or more series of varying dates, maturities, interest rates and redemption and other provisions, all issued or to be issued pursuant to Chapter 8, Title 12, Guam Code Annotated, as amended, and pursuant to that certain Indenture, dated as of December 1, 1992, as previously supplemented and as supplemented by a Supplemental Indenture dated as of \_\_\_\_\_ 1, 1994, each by and among the Authority, the Co-Trustee and Bank of Guam, as Trustee and Depositary (herein collectively called the "Indenture"). This Bond is also one of a duly authorized series of Bonds additionally designated "1994 Series A" (herein called the "1994 Series A Bonds"), in the aggregate principal amount of \_\_\_\_\_ Dollars (\$ \_\_\_\_\_), all issued under the provisions of the Indenture. The Bonds are issued for the purpose of providing moneys for the expansion and improvement of the Authority's electric power system. Reference is hereby made to the Indenture (a copy of which is on file at said office of the Co-Trustee and at the office of the Trustee in Agana, Guam) and all indentures supplemental thereto for a description of the rights thereunder of the registered owners of the Bonds, of the nature and extent of the security and provisions for payment of the Bonds, of the rights, duties and immunities of the Trustee, the Co-Trustee and the Depositary and of the rights and obligations of the Authority thereunder, to all the provisions of which Indenture the registered owner of this Bond, by acceptance hereof, assents and agrees.

The Bonds and the interest thereon (to the extent set forth in the Indenture) are payable from Revenues (as that term is defined in the Indenture) and other assets pledged as provided in the Indenture, and are secured by a pledge of said Revenues and assets (except to the extent of the Rebate Requirement

referred to in the Indenture), subject only to provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth in the Indenture.

The 1994 Series A Bonds maturing after \_\_\_\_\_ 1, \_\_\_\_\_ are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available funds, on any interest payment date on or after \_\_\_\_\_ 1, \_\_\_\_\_, as a whole, or in part by such maturity or maturities as may be specified by the Authority (and by lot within a maturity), at the Redemption Prices (expressed as percentages of principal amount) set forth in the table below plus interest accrued thereon to the date fixed for redemption:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
_____ 1, 200_ through _____	30, 200_ %
_____ 1, 200_ through _____	30, 200_
_____ 1, 200_ and thereafter	

The 1994 Series A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_\_ are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on \_\_\_\_\_ 1, \_\_\_\_\_, and on each \_\_\_\_\_ 1 thereafter to and including \_\_\_\_\_ 1, \_\_\_\_\_, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

The 1994 Series A Bonds maturing on \_\_\_\_\_ 1, \_\_\_\_\_ are also subject to redemption prior to their respective stated maturities, in part in lots of \$5,000 principal, from Mandatory Sinking Account Payments established for such maturity as provided in the Indenture, on \_\_\_\_\_ 1, \_\_\_\_\_ and on each \_\_\_\_\_ 1 thereafter to and including \_\_\_\_\_ 1, \_\_\_\_\_, at the principal amount thereof and interest accrued thereon to the date fixed for redemption, without premium.

The 1994 Series A Bonds are subject to redemption on any date prior to their respective state maturities, as a whole, or in part by lot within each maturity so that the reduction in Annual Debt Service (as that term is defined in the Indenture) for the 1994 Series A Bonds for each 1994 Series A Bond Year (as that term is defined in the Indenture) after such redemption date shall be as nearly proportional as practicable, from and to the extent of proceeds received by the Authority due to a governmental taking of the System or portions thereof by eminent domain proceedings, if such amounts are not used for additions, improvements or extensions to the System, under the circumstances and upon the conditions and terms set forth in the Indenture, at

the principal amount thereof plus interest accrued thereon, without premium.

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Co-Trustee not less than 30 nor more than 60 days before the date fixed for redemption by first class mail to each of the registered owners of Bonds designated for redemption at their addresses appearing on the Bond registration books of the Co-Trustee on the date the Bonds to be redeemed are selected. Receipt of such notice by such registered owners shall not be a condition precedent to such redemption.

If this Bond is called for redemption and payment is duly provided therefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

If an Event of Default (as that term is defined in the Indenture) shall occur, the principal of all Bonds (and the interest accrued thereon) may be declared due and payable upon the conditions, in the manner and with the effect provided in the Indenture. The Indenture provides that in certain events such a declaration and its consequences may be rescinded by the registered owners of not less than a majority in Accreted Value of the Bonds then outstanding.

The 1994 Series A Bonds are issuable only in fully registered form in denominations of \$5,000 or any integral multiple thereof. Subject to the limitations and upon payment of the charges, if any, provided in the Indenture, this Bond may be exchanged, at said office of the Co-Trustee, for a new fully registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the aggregate principal amount of this Bond then remaining outstanding.

This Bond is transferable by the registered owner hereof, in person or by its attorney duly authorized in writing, at said office of the Co-Trustee, but only in the manner, subject to the limitations and upon payment of the charges, if any, provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer a new registered Bond or Bonds, of the same series, maturity and tenor and of any authorized denomination or denominations and for the same aggregate principal amount of this Bond then remaining outstanding, will be issued to the transferee in exchange therefor. The Co-Trustee shall not be required to register the transfer of this Bond during the five days next preceding any date established by the Co-Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Authority, the Trustee, the Co-Trustee, the Paying Agent and the Depository may treat the registered owner hereof as the absolute owner hereof for all purposes, and neither the Authority, the Trustee, the Co-Trustee nor the Depository shall be affected by any notice to the contrary.

The Indenture and the rights and obligations of the Authority, the registered owners of the Bonds, the Trustee, the Co-Trustee and the Depository may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Indenture, provided that no such modification or amendment shall (i) extend the fixed maturity of this Bond, or reduce the amount of principal hereof, or extend the time of payment or reduce the amount of any Mandatory Sinking Account Payment provided in the Indenture for the payment of this Bond, or extend the time of payment of any interest on this Bond or reduce the rate of interest hereon, without the consent of the registered owner hereof, or (ii) reduce the percentage of the principal amount of Bonds the consent of the registered owners of which is required to effect any such modification or amendment, permit the creation of any lien on the Revenues and other assets pledged as security for the Bonds (including additional Bonds hereafter issued) prior to or on a parity with the lien created by the Indenture or deprive the registered owners of the Bonds of the lien of the Indenture (except as expressly provided in the Indenture), without the consent of the registered owners of all Bonds then outstanding, all as more fully set forth in the Indenture.

This Bond shall not be entitled to any benefit under the Indenture, or become valid or obligatory for any purpose, until the certificate of authentication and registration hereon endorsed shall have been dated and signed by the Co-Trustee.

It is hereby certified and recited that any and all conditions, things and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the laws of the United States of America and the Government of Guam, and that the amount of this Bond, together with all other indebtedness of the Authority, does not exceed any limit prescribed by such laws, and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

IN WITNESS WHEREOF, THE GUAM POWER AUTHORITY has caused this Bond to be executed in its name and on its behalf by the facsimile signatures of its Chairman of the Board of Directors and the Secretary of the Board of Directors of the Authority and its seal to be reproduced hereon by facsimile, all as of the first day of \_\_\_\_\_, 1994.

GUAM POWER AUTHORITY

By \_\_\_\_\_  
Chairman of the Board of  
Directors of the Guam Power  
Authority

(SEAL)

Countersigned:

By \_\_\_\_\_  
Secretary of the Board of  
Directors of the Guam Power  
Authority

This is one the Bonds described in the within-mentioned Indenture which has been authenticated on \_\_\_\_\_.

BANK OF AMERICA NATIONAL TRUST AND  
SAVINGS ASSOCIATION, as Co-Trustee

By \_\_\_\_\_  
Authorized Officer

[FORM OF]  
ASSIGNMENT

The following abbreviations, when used in the inscription on the face of the within Bond and in the assignment below, shall be construed as though they were set out in full according to applicable laws or regulations.

TEN COM - as tenants in common  
TEN ENT - as tenants by the entireties  
JT TEN - as joint tenants with  
right of survivorship and  
not as tenants in common

UNIF GIFT MIN ACT - \_\_\_ Custodian \_\_\_  
(Cust) (Minor)  
under Uniform Gifts to Minors Act  
\_\_\_\_\_  
(State)

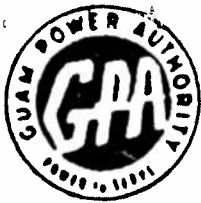
Additional abbreviations may also be used though not in the above list.

For value received the undersigned do(es) hereby sell, assign and transfer unto \_\_\_\_\_ the within-mentioned registered Bond and hereby irrevocably constitute(s) and appoint(s) \_\_\_\_\_ attorney, to transfer the same on the books of the Co-Trustee with full power of substitution in the premises.

Dated: \_\_\_\_\_  
NOTICE: The signature on this Assignment must correspond with the name as it appears on the face of the within Bond in every particular, without alteration or enlargement or any change whatsoever.

Signature Guaranteed: Social Security Number, Taxpayer Identification Number or other Identifying Number of Assignee:

\_\_\_\_\_  
Notice: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.



# GUAM POWER AUTHORITY

ATURIDAT ILEKTRESEDAT GUAHAN  
P.O. BOX 2977, AGANA, GUAM, USA 96910-2977

June 17, 1994

6-20-94 8:26 a.  
JBU

Received by \_\_\_\_\_  
Filed by \_\_\_\_\_  
S. LOR \_\_\_\_\_  
\_\_\_\_\_

Senator Parkinson  
Chairman, Committee on Electrical  
Power and Consumer Protection  
22nd Guam Legislature  
192 Archbishop Flores St. - Room 203  
Agana, Guam 96910

Re: Revenue Bond Legislation for Cabras #4

Dear Senator Parkinson:

As you requested, the following documents are provided in support for the proposed \$85 million debt authorization legislation submitted by the Governor to the Speaker on June 16, 1994:

- (1) Copy of Indenture of GPA Bond, dated December 1, 1992
- (2) Copy of PUC approval of the proposed Cabras #4 40MW baseload unit

Documents that are in process and will soon be provided include:

- (1) Supplemental Indenture to the December 1, 1992 Revenue Bond issuance. This Supplemental Indenture is being prepared by our Bond Counsel, and is expected to be couriered to Guam early in the week of June 20, 1994. This Supplemental Indenture will describe the terms and conditions of this proposed bond issuance.
- (2) A GEDA Board Resolution approving the sales of the proposed bonds (in accordance with the 1992 Indenture and the Supplemental Indenture) will hopefully be obtained at its next Board meeting - well before the July 11th Legislative session.
- (3) Although the PUC approved the Cabras #4 construction, they are still in the process of approving the financing for the unit. We expect the PUC will act expeditiously in issuing the needed Order to authorize the bond issuance.

Exhibit "A"

Ltr. to Senator Parkinson  
Re: Revenue Bond Legislation - Cabras 4  
Page 2

Four Substation Projects

With regards to the support documents for the additional four substation projects I faxed to you this morning, the proposed legislation and the Supplemental Indenture could be amended with minor wording changes to accommodate them if the your Committee (and Legislature) agrees to the need for these projects at this time. The Authority has already submitted requests to the PUC requesting approval of these four projects and for approval of GPA to finance them through revenue bonds. I believe that the PUC will act promptly on these requests; we will advise you on the timing and likelihood of the PUC action during the week of June 20th.

Thank you for your support.

Sincerely,



BRUCE E. PECON, ACTING  
General Manager

Enclosures

cc: Kimbo Lujan (GEDA) - w/o attachments  
Carl Taitano (Governor's Office) - w/o attachments  
Phil Isaac (GPA Legal Counsel) - w/o attachments  
Elaine Bayus (Bond Counsel) - w/o attachments





Weber barge [after the expenditure of \$1,500,000];

- iii] Chronic GPA generation maintenance problems, which have displaced the recently installed 76 MW of fast tract generation [as of May 16, 1994, 120 MW of existing and rated IWPS capacity was unavailable for service].

° The early installation of Cabras #4 will enable GPA to dispose of the uneconomic Piti Station;

° Under GPA's June 18, 1993 contract with KHIC, GPA would receive a 5% discount on the Cabras #4 contract price if the option is exercised on or before July 1, 1994.

**NOW, THEREFORE,** in light of the above findings and in consideration of the GPA and GCG's May 27, 1994 stipulation herein and for good cause shown, the Commission

**HEREBY ORDERS THAT:**

1. GPA is authorized to procure a second 39.5 MW slow speed power station from KHIC under its June 18, 1993 contract, subject to the following terms and conditions:

a. Prior to exercising the option and as conditions for authority to do so, GPA shall first:

i] obtain Legislative authorization to incur financing for the unit;

ii] bring current its quarterly generation compliance report filings in accordance with section C(2) of the stipulation on generation approval procedures;

iii] file with the Commission a plan for diagnosing and resolving its chronic generation maintenance and outage problems in form acceptable to the Commission's ALJ; and

iv] obtain the Commission's ALJ's certification that preconditions i, ii and iii above have been satisfied.

b. GPA shall not incur, in the procurement and construction of Cabras #4: i] direct capital costs in excess of \$55,500,000; or ii] indirect costs in excess of two million dollars for environmental permitting project/construction management, or other related activities. Any cost

overruns in excess of the above limits plus 10% shall be subject to prior Commission approval pursuant to section A(4) of the Stipulation on Generation Approval Procedures dated December 13, 1991, as approved by the Commission on December 18, 1991.

c. GPA shall obtain Commission approval of the financing package for Cabras #4.

2. Unless otherwise ordered by the Commission, all costs associated with Piti units 2 and 3 shall be removed from the IWPS, effective upon the commencement of service of the first slow speed station [Cabras #3]. [Navy has agreed to this condition by Admiral Kristensen's October 18, 1993 letter]. The Commission reserves the authority to consider and order the removal of Piti units 2 and 3 from the IWPS in the event GPA's generating maintenance improves and/or the Marbo CT and MDI Diesels commence service, thereby creating an adequate reserve margin.

3. Unless otherwise ordered by the Commission, upon the service commencement of Cabras #4 either all costs associated with Piti Units 4 and 5 shall be removed from the IWPS or the Piti Station shall be transferred to GPA, under terms and conditions approved by the Commission. [Navy has agreed to this condition by Admiral Kristensen's October 18, 1993 letter].

4. GPA shall use best efforts to:

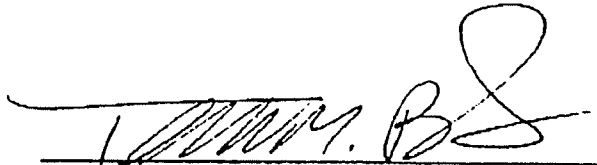
a. hold Piti Station operation and maintenance expenses [exclusive of fuel] within a range of six to eight million dollars on an annualized basis and;

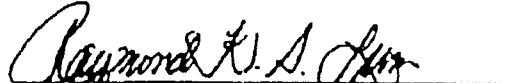
b. develop a greater and more proactive role in the management and/or operation of the Piti Station.


5. This order supercedes the provisions of section 1(d) and (f) of the Commission's September 15, 1993 Order herein.

6. The Commission's ALJ is authorized to engage the Doherty group (including approval of a workscope and budget) as an extension of its April 2, 1992 consultant agreement with the Commission, to : a) evaluate and report to the Commission on the maintenance and outage plan required of GPA pursuant to paragraph 1(a)(iii) of this order and on GPA's attempted refurbishment of the Weber barge; and b) to conduct, under ALJ supervision, such examination of GPA's generation facilities and such other discovery as is reasonably necessary for this evaluative process.

Dated this 31 day of May, 1994.

  
TERRENCE M. BROOKS

  
RAYMOND K.S. LUM

  
MARY LOUISE ANDERSON

  
VICENTE D. GUMATAOTAO

  
KATHLEEN M. PEREZ

  
KALEO S. MOYLAN

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GUAM POWER AUTHORITY

AND

BANK OF GUAM,  
as Trustee and Depository

AND

BANK OF AMERICA NATIONAL TRUST  
AND SAVINGS ASSOCIATION,  
as Co-Trustee

---

INDENTURE

Dated as of December 1, 1992

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GUAM POWER AUTHORITY REVENUE BONDS

including \$158,000,000  
aggregate principal amount of  
1992 SERIES A BONDS

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