

ORRICK, HERRINGTON
& SUTCLIFFE

DRAFT

Direct Dial

415-773-5733

June 14, 1994

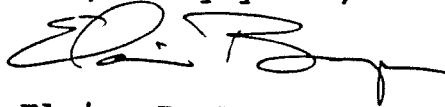
Carl W. Taitano
Governor's Office
Territory of Guam
P.O. Box 2950
Adelup Complex
Agana, Guam 96910

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
✓ Kimbley 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

RAFT

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:

Maturity Date (_____ 1)	Principal Amount	Interest Rate
----------------------------	---------------------	------------------

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>
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*

* 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 Depositary 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 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 Depositary 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 Depositary 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 Depositary 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 Depository, 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
Depository

[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 Depository 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

INTEREST RATE MATURITY DATE DATED CUSIP
_____ 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 Depositary 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 Depositary 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 Depositary 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 of 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.

JAN 24 '94

TWENTY-SECOND GUAM LEGISLATURE
(SECOND) Regular Session 1994

CHAIRPERSON, COMMITTEE ON RULES

Bill No. 1068(COR)

Introduced by:

At the request of the Governor
[Signature]

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

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

Section 1. Legislative Findings. (a) Section 8203 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.

1 Section 2. Approval of Terms and Conditions of GPA Bonds. The
2 Legislature, pursuant to Section 2103 (k) of Title 12, Guam Code Annotated,
3 hereby approves the terms and conditions of the issuance by GPA of revenue
4 bonds in one or more series in an aggregate principal amount not to exceed
5 EIGHTY-FIVE MILLION Dollars (\$85,000,000.), with a final maturity not exceeding
6 Thirty (30) years and bearing interest at a fixed or variable rate not exceeding
7 nine percent (9%) per annum. The bonds shall be issued pursuant to the
8 Indenture and one or more supplemental indentures in the form of the
9 supplemental indenture presented to this Legislature, which Indenture and form of
10 supplemental indenture are hereby approved by the Legislature as provided in
11 Section 8210 of Title 12, Guam Code Annotated. The proceeds of such bonds
12 may be applied to pay for costs of issuance thereof, accrued and capitalized
13 interest thereon and credit enhancement therefor, to provide for reserves and to
14 pay costs of the following capital project: One (1) Approximately 40 megawatt
15 slowspeed diesel baseload generating unit to be installed at the Cabras Power
16 Plant location.

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