

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

REQUEST BY THE GUAM)	
WATERWORKS AUTHORITY FOR)	GWA DOCKET 20-03
APPROVAL OF THE ISSUANCE OF)	
WATER AND WASTEWATER SYSTEM)	
REVENUE BONDS, DEBT SERVICE)	
COVERAGE RATIO AND)	
ASSOCIATED DOCUMENTS)	
_____)	

ORDER

By its petition filed on February 3, 2020, as amended on February 28, 2020, Guam Waterworks Authority ("GWA") petitioned the Commission for authority to issue up to \$134,000,000 in bonds for the purpose, among others, of financing new capital projects, and an additional amount of bonds to redeem or retire a portion of GWA's outstanding Water and Wastewater System Revenue Bonds, Series 2013 (the "2013 Bonds"). Also, in keeping with the Rate Stipulation adopted by the Commission on February 27, 2020, the targeted minimum Debt Service Coverage Ratio to be in place at the time of this bond issuance and refunding shall be 1.40.

The Commission has examined the petition, the prior Stipulation and the findings and recommendations of its regulatory consultant and Administrative Law Judge. After discussion at a duly convened Commission meeting on March 26, 2020 and upon specific findings and on motion duly seconded and carried by the undersigned Commissioners, the Guam Public Utilities Commission hereby **ORDERS** that:

1. The order in form attached ("Debt Order") approving long-term debt (the "2020 Bonds") shall be and is hereby adopted by the Commission.
2. A portion of the proceeds of the 2020 Bonds authorized by the Debt Order is authorized to be used to redeem or retire a portion of the outstanding 2013 Bonds, provided that such redemption or retirement results in a net present value savings to GWA and its ratepayers of at least two percent (2%).
3. GWA is reminded that it must obtain prior Commission approval of the projects listed in Exhibit A to the Debt Order (the "Projects") before procurement can begin on such Projects or before bond proceeds can be expended or committed on them, except for such Projects otherwise approved by the Commission as conforming with an order or decree of the United States District Court of Guam. Any reprogramming of Projects and/or associated proceeds of the 2020 Bonds for other projects shall be subject to prior Commission approval.
4. GWA must obtain prior approval to use any excess proceeds of the 2020 Bonds or contingency funds not previously committed to an approved new project before such excess proceeds of the 2020 Bonds or contingency funds can be expended or committed.

5. No implied approval is provided by the Commission regarding revenue and expense pro-forma statements utilized in the financing if such statements have not been previously approved by the Commission.
6. The Commission authorizes its Chairman to approve any changes to the maximum principal amount of the 2020 Bonds to be issued and other matters not inconsistent with the terms of this Order.
7. As soon as possible after the refunding is completed, GWA shall provide PUC with the details and results of the refunding.
8. In ninety (90) days after such refunding bonds have been issued, GWA shall submit a petition to the Commission indicating the manner in which actual savings shall be allocated, and the purposes for which GWA intends to expend the savings from this bond issuance.
9. GWA shall provide quarterly reports in a manner approved by the Commission 45 days after the close of each quarter on the actual uses of the 2020 Bonds.
10. GWA is further required to take the refunding and the savings pursuant thereto into account when the 2021 update to the 5-year Financial Plan is provided to the PUC and GCG to determine the next step of the 5-Year Financial Plan implementation
11. From the date of issuance of this order and until otherwise modified by this Commission, the Debt Service Coverage Ratio to be maintained by GWA for the purpose of setting just and reasonable rates and for use in all bond related financial disclosures shall be a minimum of 1.40x calculated consistent with GWA's indenture (and common municipal finance practice).

[SIGNATURES TO FOLLOW ON NEXT PAGE]

Dated this 26th day of March 2020.

Jeffrey C. Johnson
Chairman

Rowena E. Perez-Camacho
Vice Chairwoman

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner

Pedro S.N. Guerrero
Commissioner

BEFORE THE GUAMPUBLIC UTILITIES COMMISSION

REQUEST BY THE GUAM)
WATERWORKS AUTHORITY FOR) GWA DOCKET 20-03
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WATER AND WASTEWATER SYSTEM)
REVENUE BONDS AND TO APPROVE)
THE ASSOCIATED DOCUMENTS)
_____)

ORDER APPROVING LONG-TERM DEBT

On October 27, 2005, this Commission adopted an Order in Docket No. 05-10 (the "2005 Order") approving certain aspects of the proposal of the Guam Waterworks Authority ("GWA") to issue and sell long-term debt in the form of revenue bonds (the "Bonds") pursuant to Article 2 of Chapter 14 of Title 12 of the Guam Code Annotated (the "Act") for the purposes of financing certain additions and improvements to the water and wastewater systems of GWA (collectively, the "System").

The proposed form of an indenture pursuant to which the Bonds were proposed to be issued in one or more series (the "General Indenture") was presented to the Commission at that time. In accordance with the Act, the terms and conditions pursuant to which the Bonds were to be issued, and included in the General Indenture, were approved by the Commission pursuant to the 2005 Order.

GWA executed and delivered the General Indenture, dated as of December 1, 2005, and issued one series of Bonds on December 7, 2005, having the terms and issued for the purposes authorized and approved by Orders of the Commission heretofore adopted (the "2005 Bonds").

On October 29, 2010, this Commission approved an Order in GWA Docket 10-03 approving the issuance and sale by GWA of long-term debt in the form of Bonds pursuant to the Act for the purposes of financing certain additions and improvements to the System. GWA issued one series of Bonds on November 23, 2010, having the terms and issued for the purposes authorized and approved by Orders of the Commission heretofore adopted (the "2010 Bonds").

On November 18, 2013, the Commission approved an Order in GWA Docket 14-01 approving the issuance and sale by GWA of long-term debt in the form of Bonds pursuant to the Act for the purposes of financing certain additions and improvements to the System. GWA issued one series of Bonds on December 12, 2013, in the aggregate principal amount of \$172,630,000, having the terms and issued for the purposes authorized and approved by Orders of the Commission theretofore adopted (the "2013 Bonds").

On June 26, 2014, the Commission approved an Order in GWA Docket 14-05 approving the issuance and sale by GWA of long-term debt in the form of Bonds pursuant to the Act for the purposes of redeeming or retiring all or a portion of the outstanding 2005 Bonds and 2010 Bonds. GWA issued two series of Bonds on August 7, 2014, in the principal amount of \$70,000,000 (tax-exempt Bonds) and \$15,600,000 (taxable Bonds), respectively, having the terms and issued for the purposes authorized and approved by Orders of the Commission theretofore adopted.

On December 10, 2015, the Commission approved an Order in GWA Docket 15-10 approving the issuance and sale by GWA of long-term debt in the form of Bonds pursuant to the Act for the purposes of financing certain additions and improvements to the System. GWA issued one series of Bonds on February 24, 2016 in the aggregate principal amount of \$143,310,000, having the terms and issued for the purposes authorized and approved by Orders of the Commission theretofore adopted.

On September 12, 2017, the Commission approved an Order in GWA Docket 17-10 approving the issuance and sale by GWA of long-term debt in the form of Bonds pursuant to the Act for the purposes of redeeming or retiring all or a portion of the outstanding 2010 Bonds. GWA issued one series of Bonds on December 20, 2017 in the aggregate principal amount of \$107,660,000, having the terms and issued for the purposes authorized and approved by Orders of the Commission theretofore adopted.

GWA has now applied to the Commission for approval of the issuance of one or more additional series of Bonds in an aggregate principal amount not to exceed \$134,000,000 (the “Additional Bonds”) for the purposes of financing certain additions and improvements described in Exhibit A to this Order (the “Projects”), together with an additional principal amount (the “Refunding Bonds” and, together with the Additional Bonds, the “2020 Bonds”) sufficient to provide funds for the purpose of redeeming or retiring a portion of GWA’s outstanding 2013 Bonds (the “Bonds to be Refunded”), in each case subject to the limitations provided in Section 4 of Public Law 28-71, as amended by Public Law 30-145, and by Public Law 32-069 (including Section 3 thereof) (as amended, the “GWA Bonds Law”), and of the terms and conditions pursuant to which such Additional Bonds and Refunding Bonds are to be issued.

The proposed form of supplemental indenture pursuant to which the 2020 Bonds are proposed to be issued (the “Supplemental Indenture”) has been presented to the Commission (together with certain financial and other relevant information) and is attached hereto, together with the General Indenture, as Exhibit B.

By the Commission, having duly considered the application of GWA and the information presented on GWA’s behalf, and having determined that the issuance of the 2020 Bonds for such purposes is just and reasonable, and subject to the GWA Bonds Law, it is ordered as follows:

1. The issuance of the 2020 Bonds and the terms and conditions pursuant to which the 2020 Bonds are to be issued and included in Exhibit B are hereby approved; provided, however, that any material modification or amendment of the Supplemental Indenture shall be subject to the Commission’s prior review and approval. GWA shall have the responsibility of bringing any such material modification or amendment to the Commission’s attention.
2. For the purpose of financing the Projects, GWA is authorized to borrow funds under the terms and conditions described in Exhibit B. The principal amount of Additional Bonds that may be issued may not exceed \$134,000,000, and shall be the amount projected to be necessary to implement the Projects, and provide for costs of issuance and such other costs as applicable, including original issue discount, a credit enhancement fee, underwriters’ discount, a debt service reserve fund deposit (or a surety bond in

accordance with the Indenture) and capitalized interest. As provided in the GWA Bonds Law, the Additional Bonds shall bear interest at such rate or rates and shall be sold for such price or prices as shall result in a net yield to the bondholders not exceeding seven and one-half percent (7.5%) per annum. Original issue discount and credit enhancement each shall not be used unless it results in a lower yield on such Additional Bonds, as evidenced by a certificate of GWA. Capitalized interest shall not exceed an amount sufficient to pay interest on the Additional Bonds for the period to and including May 1, 2022. The Additional Bonds shall have a final maturity not later than 30 years from their date of issuance.

3. The principal amount of Refunding Bonds that may be issued may not exceed an aggregate principal amount sufficient to provide funds for the redemption or retirement of the Bonds to be Refunded, and provide for costs of issuance and such other costs of retirement or redemption of the Bonds to be Refunded. As provided in the GWA Bonds Law, the Refunding Bonds shall have a final maturity not later than the final maturity of the Bonds to be Refunded; the Refunding Bonds shall be issued and sold pursuant to the Indenture and in compliance with the Act; and the present value of debt service on the Refunding Bonds shall be at least two percent (2%) less than the present value of debt service on the Bonds to be Refunded, using the yield on the Refunding Bonds as the discount rate. All obligation of GWA to pay debt service on, and the redemption price of, the Bonds to be Refunded shall be discharged concurrently with the issuance of the Refunding Bonds; and thereafter, the Bonds to be Refunded shall be payable solely from and secured solely by an escrow established for such purpose in accordance with the Indenture.
4. Underwriters' discount (not including original issue discount) shall not exceed one percent (1.0%) of the original aggregate principal amount of the 2020 Bonds. Other costs of issuance (including, but not limited to, fees and disbursements of bond counsel, printing fees, rating agency fees, initial trustee's fees, consulting engineer fees and the fee of the Guam Economic Development Authority) or any portion thereof payable from 2020 Bonds designated as tax-exempt shall not exceed two percent (2.0%) of the original principal amount of such 2020 Bonds.

Dated this 26th day of March 2020.

Jeffrey C. Johnson
Chairman

Rowena E. Perez-Camacho
Vice Chairwoman

Joseph M. McDonald
Commissioner

Michael A. Pangelinan
Commissioner

Peter Montinola
Commissioner

Doris Flores Brooks
Commissioner

Pedro S.N. Guerrero
Commissioner

EXHIBIT A
PROJECTS LIST

EXHIBIT A - TABLE OF PROJECTS FUNDED BY SERIES 2020A BONDS

GWA Cat	Project #	Description	Series 2020A Funding Amount (\$000)		
			FY2020	FY2021	FY2022
EE	EE 09-02	Electrical Upgrade - Water Wells	\$ 90		
EE	EE 09-04	Electrical Upgrade -Water Booster	\$ 150		
EE	EE 09-05	Electrical Upgrade - Other Water	\$ 100		
EE	EE 09-07	SCADA Improvements – Phase 2	\$ 45		
EE	EE 09-08	SCADA Improvements – Phase 3	\$ 25		
EE	MP-Gen-EE-01	SCADA Implementation Phase A2 – Initial Project Completion	\$ 2,000	\$ 2,250	
MISC	MP-Gen-Misc-01	GWA Systems Planning	\$ 500		
MISC	MP-Gen-Misc-02B	WRMP Update (Interim Update)	\$ 200		
MISC	MP-Gen-Misc-04	Information Technology Improvements	\$ 400		
MISC	MP-Gen-Misc-05	GWA Infrastructure Improvements	\$ 500		
MISC	MP-Gen-Misc-07	Mobile Equipment Replacement Program	\$ 800		
MISC	MP-Gen-Misc-08	General Plant Improvements	\$ 1,000		
MISC	MP-Gen-Misc-09	Security and Resilience Program	\$ 100		
PW	PW 05-06	Water Booster Pump Station		\$ 500	
PW	PW 05-13	Deep Well Rehabilitation	\$ 350		
PW	PW 05-14	New Deep Wells at Down Hard	\$ 500		
PW	PW 05-15	Rehabilitation of Asan Springs	\$ 550		
PW	PW 09-03	Water Distribution System Pipe Replacement and Upgrades	\$ 500	\$ 500	\$ 1,250
PW	PW 09-11	Water System Reservoirs 2005 Improvements	\$ 25,000		
PW	PW 11-02	Ugum Water Treatment Plant Reservoir	\$ 7,500		
PW	PW 12-06	Tank Replacement Piti & Hyundai	\$ 6,500		
PW	MP-PW-Pipe-04	Hyundai Well Piping	\$ 500		
PW	MP-PW-Pipe-05	Kaiser Zone Looping	\$ 300		
PW	MP-PW-Pipe-06	Mangilao Pressure Zone Realignment	\$ 300		
PW	MP-PW-Pipe-07	Mataguac BPS Suction Piping		\$ 500	
PW	MP-PW-Pipe-10	Miscellaneous Piping Projects	\$ 100	\$ 100	
PW	MP-PW-Pipe-11	Miscellaneous Piping Connections	\$ 100	\$ 100	
PW	MP-PW-Pipe-12	Rehabilitation and Replacement Program	\$ 1,000	\$ 1,000	
PW	MP-PW-Pipe-13	2-Inch Pipe Replacement Program	\$ 1,730	\$ 800	
PW	MP-PW-Pipe-15	PRV Rehab and Replacement	\$ 500	\$ 1,000	
PW	MP-PW-Pipe-16	Valve Exercise, Repair, and Replacement Program	\$ 250		
PW	MP-PW-Pipe-17	Cross Island Highway Piping		\$ 100	
PW	MP-PW-Tank-22	Existing Tank Inspections	\$ 150		
PW	MP-PW-Tank-23	Recurring Tank Inspections	\$ 200	\$ 200	
PW	MP-PW-BPS-01	Rehabilitate and Replace BPSs	\$ 209		
PW	MP-PW-BPS-02	Nimitz Hill Upper BPS	\$ 48		
PW	MP-PW-SWTP-02	Ugum SWTP Intake Modifications	\$ 1,000		
PW	MP-PW-SWTP-03	Ugum SWTP Reliability Improvements	\$ 1,000		
PW	MP-PW-Well-01	Well Rehabilitation Program	\$ 200	\$ 1,500	
PW	MP-PW-Well-05	Wellhead Protection Program	\$ 250		
PW	MP-PW-Well-06	Well Repair Program	\$ 250	\$ 250	
PW	MP-PW-Misc-02	Master Meter Implementation and Ongoing Meter Replacement	\$ 500	\$ 250	
WW	WW 05-04	Wastewater System Planning	\$ 150		
WW	WW 09-06	Wastewater Collection System Repl/ Rehabilitation	\$ 100		
WW	MP-WW-Pipe-01	Gravity Pipe Rehabilitation/Replacement Program	\$ 170		
WW	MP-WW-Pipe-02	Barrigada Pump Station Pipe Rehabilitation/Replacement			
WW	MP-WW-Pipe-03	Route 1 Piti Pipe Rehabilitation/Replacement	\$ 340		
WW	MP-WW-Pipe-04	Southern Link Pump Station Pipe Rehabilitation/Replacement	\$ 657		
WW	MP-WW-Pipe-17	Mamajanao Capacity Replacement	\$ 400		
WW	MP-WW-Pipe-26	Finile Drive Rehabilitation - Agat	\$ 813		
WW	MP-WW-Pipe-27	Septic/Cesspool System Reduction Program			\$ 350

EXHIBIT A - TABLE OF PROJECTS FUNDED BY SERIES 2020A BONDS

GWA Cat	Project #	Description	Series 2020A Funding Amount (\$000)		
			FY2020	FY2021	FY2022
WW	MP-WW-MH-01	Manhole Rehabilitation Program	\$ 350		
WW	MP-WW-FM-01	Force Main Rehabilitation/Replacement Program		\$ 100	
WW	MP-WW-FM-02	Replace Yigo Lift Station Force Main		\$ 200	
WW	MP-WW-FM-03	Route 1 Asan Force Main Rehabilitation/Replacement	\$ 2,124		
WW	MP-WW-FM-04	Hagåtña WWTP Force Main Rehabilitation/Replacement	\$ 6,500		
WW	MP-WW-Pump-01	Lift Station Rehabilitation/Replacement Program	\$ 1,420	\$ 6,500	
WW	MP-WW-Pump-02	Tumon Basin - Fujita Lift Station Analysis	\$ 6,000	\$ 3,000	
WW	MP-WW-Pump-03	Replacement of Former Navy Pump Station (Donut Hole)	\$ 1,301		
WW	MP-WW-WWTP-08	Northern District WWTP Completion		\$ 7,500	
Subtotal by Fund Source			\$ 75,722	\$ 26,350	\$ 1,600
Grand Total by Fund Source			\$		103,672

GWA Cat Description
 PW Potable Water
 WW Wastewater
 EE SCADA Electrical

EXHIBIT B

[Indenture, Seventh Supplemental Indenture]

GUAM WATERWORKS AUTHORITY

and

**BANK OF GUAM,
as Trustee,**

and

**U.S. BANK NATIONAL ASSOCIATION,
as Co-Trustee**

SEVENTH SUPPLEMENTAL INDENTURE

Dated as of [[CLOSING MONTH] 1, 2020]

Relating to

**[\$[2020A PAR]
Guam Waterworks Authority
Water and Wastewater System Revenue Bonds
Series 2020A**

**[\$[2020B PAR]
Guam Waterworks Authority
Water and Wastewater System Revenue Refunding Bonds
Series 2020B (Taxable)**

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THIS SEVENTH SUPPLEMENTAL INDENTURE, made and entered into and dated as of [[CLOSING MONTH] 1, 2020], by and among the GUAM WATERWORKS AUTHORITY, a duly organized public corporation of the government of Guam (the "Authority"), BANK OF GUAM, a domestic banking corporation duly organized and existing under and by virtue of the laws of Guam, having a corporate trust office in Guam, and being qualified to accept and administer the trusts hereby created and to do business within Guam, as trustee (the "Trustee"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized under the laws of the United States of America and qualified to accept and administer the trusts hereby created, as co-trustee (the "Co-Trustee"),

W I T N E S S E T H:

WHEREAS, pursuant to Article 2, Chapter 14 of Title 12 of the Guam Code Annotated (the "Act"), the Authority is authorized to issue and sell revenue bonds to raise funds for the purpose of acquiring, constructing, improving, equipping, maintaining, repairing, renewing, replacing, reconstructing or insuring the System (as defined in the Indenture), or any part thereof, or for the purpose of refunding any such bonds or any other prior obligations of the Authority, 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 entered into that certain Indenture, dated as of December 1, 2005 (the "Indenture"), between the Authority and the Trustee, 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 ("Supplemental Indentures"), 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 Waterworks Authority Water and Wastewater System Revenue Bonds" (the "Bonds");

WHEREAS, the Authority, the Trustee and the Co-Trustee have heretofore entered into a Supplemental Indenture dated as of December 1, 2005 pursuant to which \$101,175,000 aggregate principal amount of Bonds further designated as "Series 2005 Bonds" were issued, a Supplemental Indenture dated as of November 1, 2010, pursuant to which \$118,825,000 of Bonds further designated as "Series 2010 Bonds" were issued, a Third Supplemental Indenture dated as of December 1, 2013, pursuant to which \$172,630,000 of Bonds further designated as "Series 2013 Bonds" were issued, a Fourth Supplemental Indenture dated as of August 1, 2014, pursuant to which \$85,600,000 of Bonds further designated as "Series 2014 Bonds" were issued, a Fifth Supplemental Indenture dated as of February 1, 2016 pursuant to which \$143,310,000 aggregate principal amount of Bonds further designated as "Series 2016 Bonds" were issued, and a Sixth Supplemental Indenture dated as of December 1, 2017 pursuant to which \$107,660,000 aggregate principal amount of Bonds further designated as "Series 2017 Bonds" were issued;

WHEREAS, it is now desirable and necessary and in the best interests of the Authority to authorize the issuance of \$[2020A PAR] aggregate principal amount of Bonds further designated as "Series 2020A Bonds" (the "Series 2020A Bonds") to raise funds for the purposes of financing the Series 2020A Project (as defined herein), funding capitalized interest on the Series 2020A Bonds, making a deposit into the Bond Reserve Fund, and paying costs of issuance, [and \$[2020B PAR] aggregate principal amount of Bonds further designated as "Series 2020B Bonds" (the "Series 2020B Bonds" and, together with the Series 2020A Bonds, the "Series 2020 Bonds") to raise funds for the purposes of refunding [a portion of] the remaining Outstanding Series 2013 Bonds and paying related costs of issuance and of such refunding];

WHEREAS, pursuant to and subject to the terms and conditions set forth in Public Law No. 28-71, as amended by Public Law Nos. 30-145 and 32-069, the Legislature of Guam (as required by Section 50103(k) of Title 12, Guam Code Annotated (the "GEDA Law")) approved the terms and conditions of the issuance of said Series 2020 Bonds, so long as the Series 2020 Bonds meet the requirements set forth in the Act;

WHEREAS, the Guam Economic Development Authority has approved the issuance and sale of said Series 2020 Bonds as required by the GEDA Law;

WHEREAS, all acts, conditions and things required by the laws of the United States of America and the laws of Guam to exist, to have happened and to have been performed precedent to and in connection with the issuance of said Series 2020 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;

WHEREAS, no Event of Default (as defined in the Indenture) has occurred or is now occurring;

NOW, THEREFORE, THIS SEVENTH SUPPLEMENTAL INDENTURE WITNESSETH, in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Series 2020 Bonds by the owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the Authority does hereby covenant and agree with the Trustee and the Co-Trustee as follows:

ARTICLE XXXVII

DEFINITIONS

SECTION 37.01 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" means, with respect to the Series 2020 Bonds, the period of twelve consecutive months ending on [CLOSING DATE ANNIV] of each year if Series 2020 Bonds are or will be Outstanding in such twelve-month period; provided that the first Bond Year shall commence on the date of delivery of the Series 2020 Bonds and end on [CLOSING DATE + 1 YEAR].

"DTC" means The Depository Trust Company, New York, New York, and its successors and assigns.

["Escrow Agent" means, with respect to the Series 2020A Bonds, the Co-Trustee in its capacity as Escrow Agent under the 2013 Escrow Agreement.]

["2013 Bond Escrow Fund" means the fund by such name established pursuant to the 2013 Escrow Agreement.]

["2013 Escrow Agreement" means, with respect to the Series 2020B Bonds, that certain Escrow Agreement, dated as of [Month] 1, 2020, executed by the Authority and the Co-Trustee, as escrow agent thereunder, relating to the refunding of the Series 2013 Bonds to be refunded.]

"Series 2020 Bonds" means the \$[2020A PAR] aggregate principal amount of Guam Waterworks Authority Water and Wastewater System Revenue Bonds, Series 2020A [and \$[2020B PAR] aggregate principal amount of Guam Waterworks Authority Water and Wastewater System Refunding Revenue Bonds, Series 2020B (Taxable).]

"Series 2020 Project" means, with respect to the Series 2020 Bonds, the acquisition, construction, improvement, equipping, maintenance, repair, renewal, replacement and reconstruction of those certain parts of the System to be funded with proceeds of the Series 2020 Bonds.

"Series 2020 Serial Bonds" means the Series 2020 Bonds designated as Serial Bonds by Section 30.02, and for which no Mandatory Sinking Account Payments are provided.

"Series 2020 Term Bonds" means the Series 2020 Bonds designated as Term Bonds by Section 30.02, and for which Mandatory Sinking Account Payments are provided.

ARTICLE XXXVIII

AUTHORIZATION AND TERMS OF THE SERIES 2020 BONDS

SECTION 38.01 Authorization of Series 2020 Bonds. One Series of Bonds is hereby authorized and created under the Act to raise funds for the Project Costs of the Series 2020 Project, including to fund capitalized interest on the Series 2020 Bonds and to pay the Costs of Issuance of such Series 2020 Bonds, and to make a deposit into the Bond Reserve Fund. Such Series of Bonds is further designated as the "Guam Waterworks Authority Water and Wastewater System Revenue Bonds Series 2020." The aggregate principal amount of Series 2020 Bonds which may be issued and Outstanding under this Supplemental Indenture shall not exceed \$[2020 PAR].

The Series 2020 Bonds shall be treated as a single Series under the Indenture.

SECTION 38.02 Terms of Series 2020 Bonds; Appointments; Designations.

(a) The Series 2020 Bonds shall be issued as fully registered Bonds without coupons in the denominations of \$5,000 or any integral multiple thereof. The Series 2020 Bonds shall be dated their date of delivery, and interest thereon (based on a 360-day year of twelve thirty-day months) shall be payable on January 1 and July 1 of each year, commencing [January 1/July 1, 20__] (each, an "Interest Payment Date" for the Series 2020 Bonds).

(b) The Series 2020 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	Principal Amount	Interest Rate
	\$	%

(c) [The Series 2020 Bonds maturing on July 1, 20[___] through and including July 1, 20[___] are Serial Bonds, and the Series 2020 Bonds maturing on July 1, 20[___] and July 1, 20[___] are Term Bonds.]

(d) The Principal Payment Period for the Series 2020 Bonds shall be the twelve calendar months next preceding each maturity date or Mandatory Sinking Account Payment date for such Bonds.

(e) The Record Date for all scheduled payments of principal of and interest on the Series 2020 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.

(f) The Co-Trustee is hereby appointed Paying Agent for the Series 2020 Bonds and Registrar for the Series 2020 Bonds, and the Co-Trustee's corporate trust office in Los Angeles, California, is hereby designated as the Principal Office of the Co-Trustee. The Trustee is hereby appointed Depository for the Series 2020 Construction Account and the Series 2020 Capitalized Interest Account.

(g) The principal of and premium, if any, on each Series 2020 Bond shall be payable in lawful money of the United States of America to the Owner of such Bond, upon the surrender of such Bond at the Principal Office of any Paying Agent for such Bond. The interest on each Series 2020 Bond shall be payable in like lawful money to the person whose name appears on the bond registration books of the Registrar for such Bond as the Owner of such Bond as of the close of business on the Record Date for such Bond preceding the Interest Payment Date, whether or not such Record Date is a Business Day, such interest to be paid by check or mailed by first class mail to such Owner at such address as appears on such registration books or at such address as such Owner may have filed with the Registrar for that purpose. Upon the written request of a registered owner of one million dollars (\$1,000,000) or more in aggregate principal amount of Series 2020 Bonds, 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. Any such principal payment by wire transfer shall nevertheless be subject to prior surrender of the Series 2020 Bonds with respect to which such payment is made. Each payment of interest or principal on Series 2020 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).

(h) Each Series 2020 Bond shall bear interest from the Interest Payment Date next preceding the date of authentication thereof unless it is authenticated as of a day during the period from the Record Date preceding any Interest Payment Date to the Interest Payment Date, inclusive, in which event it shall bear interest from such Interest Payment Date, or unless it is authenticated on or before [_____ 15, 2020], in which event it shall bear interest from its date of delivery; provided,

however, that if, at the time of authentication of any Series 2020 Bond, interest is in default on Outstanding Bonds of such Series, such Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment on the Outstanding Bonds of such Series.

(i) The Series 2020 Bonds shall be subject to redemption as provided in Section 30.03.

(j) The Registrar for the Series 2020 Bonds shall assign each Series 2020 Bond authenticated and registered by it a distinctive letter, or number, or letter and number, and shall maintain a record thereof which shall be available to the Authority for inspection.

(k) The Series 2020 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, with necessary or appropriate variations, omissions and insertions as permitted or required by this Indenture.

SECTION 38.03 Terms of Redemption of the Series 2020 Bonds.

(a) Extraordinary Optional Redemption. The Series 2020 Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole, or in part so that the reduction in Annual Debt Service for the Series 2020 Bonds for each Bond Year after such redemption 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 greater of par or Amortized Value, plus accrued interest to the date fixed for redemption, without premium. "Amortized Value" means on any interest payment date, the then current value of the bond amortizing the original issue premium over the period ending on the first call date using the constant yield method.

(b) Optional Redemption. The Series 2020 Bonds maturing on or after [July] 1, 20[___] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available moneys, on any date on or after [July] 1, 20[___], as a whole, or in part by such maturities or portions of maturities as shall be determined by the Authority (or by lot within a maturity in the absence of such a determination), at a redemption price equal to the principal amount of each Series 2020 Bond called for redemption plus interest accrued to the date fixed for redemption, without premium.

(c) Mandatory Sinking Account Redemption. The Series 2020 Term Bonds maturing on July 1, 20[___] are subject to redemption prior to their stated maturity in part, by lot, on July 1 of each year from Mandatory Sinking Account Payments, commencing July 1, 20[___], at a redemption price equal to their principal amount, plus accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the amounts, as set forth below:

<u>Date</u>	<u>Amount</u>
-------------	---------------

†

† Final maturity.

(d) Mandatory Sinking Account Redemption. The Series 2020 Term Bonds maturing on January 1, 20[___] are subject to redemption prior to their stated maturity in part, by lot, on July 1 of each year from Mandatory Sinking Account Payments, commencing July 1, 20[___], at a redemption price equal to their principal amount, plus accrued interest thereon to the date fixed for redemption, without premium, on the dates and in the amounts, as set forth below:

<u>Date</u>	<u>Amount</u>
	\$

†

† Final maturity.

SECTION 38.04 Special Covenants as to Book-Entry Only System for Series 2020 Bonds. Except as otherwise provided in subsections (b) and (c) of this Section 30.04, all of the Series 2020 Bonds initially issued shall be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”), or such other nominee as DTC shall request pursuant to the Representation Letter. Payment of the interest on any Series 2020 Bond registered in the name of Cede & Co. shall be made on each interest payment date for such Series 2020 Bonds to the account, in the manner and at the address indicated in or pursuant to the Representation Letter.

(a) The Series 2020 Bonds initially shall be issued in the form of a single authenticated fully registered bond for each stated maturity of each portion of each series of Series 2020 Bonds, representing the aggregate principal amount of the Series 2020 Bonds of such portion, series and maturity. Upon initial issuance, the ownership of all such Series 2020 Bonds shall be registered in the registration records maintained by the Registrar pursuant to Section 2.05 hereof in the name of Cede & Co., as nominee of DTC, or such other nominee as DTC shall request pursuant to the Representation Letter. The Trustee, the Co-Trustee, the Registrar, the Authority and any paying agent may treat DTC (or its nominee) as the sole and exclusive owner of the Series 2020 Bonds registered in its name for the purposes of payment of the principal or redemption price of and interest on such Series 2020 Bonds, selecting the Series 2020 Bonds or portions thereof to be redeemed, giving any notice permitted or required to be given to Bondowners hereunder, registering the transfer of Series 2020 Bonds, obtaining any consent or other action to be taken by Bondowners of the Series 2020 Bonds and for all other purposes whatsoever; and the Trustee, the Co-Trustee, the Registrar, the Authority and any paying agent shall not be affected by any notice to the contrary. Neither the Trustee, the Co-Trustee, the Authority nor any paying agent shall have any responsibility or obligation to any Participant (which shall mean, for purposes of this Section 38.04, securities brokers and dealers, banks, trust companies, clearing corporations and other entities, some of whom directly or indirectly own DTC), any person claiming a beneficial ownership interest in the Series 2020 Bonds under or through DTC or any Participant, or any other person which is not shown on the registration records as being a Bondowner, with respect to (i) the accuracy of any records maintained by DTC or any Participant, (ii) the payment by DTC or any Participant of any amount in respect of the principal or redemption price of or interest on the Series 2020 Bonds, (iii) any notice which is permitted or required to be given to Holders of Series 2020 Bonds hereunder, (iv) the

selection by DTC or any Participant of any person to receive payment in the event of a partial redemption of the Series 2020 Bonds, or (v) any consent given or other action taken by DTC as Holder of Series 2020 Bonds. The Paying Agent shall pay all principal of and premium, if any, and interest on the Series 2020 Bonds only at the times, to the accounts, at the addresses and otherwise in accordance with the Representation Letter, and all such payments shall be valid and effective to satisfy fully and discharge the Authority's obligations with respect to the principal of and premium, if any, and interest on the Series 2020 Bonds to the extent of the sum or sums so paid. Upon delivery by DTC to the Trustee and Co-Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of its then existing nominee, the Series 2020 Bonds will be transferable to such new nominee in accordance with subsection (f) of this Section 38.04.

(b) In the event that the Authority elects to discontinue the book-entry system for any Series 2020 Bonds, the Trustee shall, upon the written instruction of the Authority, so notify DTC, whereupon DTC shall notify the Participants of the availability through DTC of bond certificates. In such event, such Series 2020 Bonds will be transferable in accordance with subsection (f) of this Section 38.04. DTC may determine to discontinue providing its services with respect to the Series 2020 Bonds at any time by giving written notice of such discontinuance to the Authority or the Trustee and Co-Trustee and discharging its responsibilities with respect thereto under applicable law. In such event, the Series 2020 Bonds will be transferable in accordance with subsection (f) of this Section 38.04. Whenever DTC requests the Authority, the Trustee and the Co-Trustee to do so, the Trustee, the Co-Trustee and the Authority will cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of all certificates evidencing the Series 2020 Bonds then Outstanding. In such event, the Series 2020 Bonds will be transferable to such securities depository in accordance with subsection (f) of this Section 38.04, and thereafter, all references in this Supplemental Indenture to DTC or its nominee shall be deemed to refer to such successor securities depository and its nominee, as appropriate.

(c) Notwithstanding any other provision of this Supplemental Indenture to the contrary, so long as all Series 2020 Bonds Outstanding are registered in the name of any nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on each such Series 2020 Bond and all notices with respect to each such Series 2020 Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

(d) The Co-Trustee is hereby authorized and requested to execute and deliver the Representation Letter 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.

(e) In the event that any transfer or exchange of Series 2020 Bonds is authorized under subsection (b) or (c) of this Section 38.04, such transfer or exchange shall be accomplished upon receipt by the Registrar from the registered owner thereof of the Series 2020 Bonds to be transferred or exchanged and appropriate instruments of transfer to the permitted transferee, all in accordance with the applicable provisions of Sections 2.03 and 2.04 of the Indenture. In the event Series 2020 Bond certificates are issued to Holders other than Cede & Co., its successor as nominee for DTC as holder of all the Series 2020 Bonds, another securities depository as holder of all the Series 2020 Bonds, or the nominee of such successor securities depository, the provisions of Sections 2.03 and 2.04 of the Indenture shall also apply to, among other things, the registration, exchange and transfer of the Series 2020 Bonds and the method of payment of principal of, premium, if any, and interest on the Series 2020 Bonds.

SECTION 38.05 Waiver of Brokerage Confirmations. The Authority acknowledges that to the extent regulations of the Comptroller of the Currency or another applicable regulatory entity grant the Authority the right to receive brokerage confirmations of security transactions as they occur, the Authority specifically waives receipt of such confirmations to the extent permitted by law. The Co-Trustee shall furnish the Authority and the Trustee periodic cash transaction statements which shall include detail for all investment transactions made by the Co-Trustee.

ARTICLE XXXIX

ISSUANCE OF SERIES 2020 BONDS; APPLICATION OF PROCEEDS; FUNDS AND ACCOUNTS

SECTION 39.01 Issuance of Series 2020 Bonds. At any time after the execution and delivery of this Seventh Supplemental Indenture, the Authority may sell and execute and the Registrar for the Series 2020 Bonds shall authenticate and, upon the Order of the Authority, deliver the Series 2020 Bonds in an aggregate principal amount not to exceed \$[2020 PAR].

SECTION 39.02 Application of Proceeds of Series 2020 Bonds and Other Moneys. The net proceeds received by the Authority from the sale of the Series 2020 Bonds in the amount of \$160,364,807.98 shall be deposited with the Trustee, who shall forthwith transfer or apply such proceeds in the following manner, as directed by a Request of the Authority:

- (a) The Trustee shall deposit in the Series 2020 Capitalized Interest Account, the amount of \$[_____];
- (b) the Trustee shall deposit in the Series 2020 Costs of Issuance Account, the amount of \$[_____];
- (c) the Trustee shall deposit in the Series 2020 Construction Account the amount of \$[_____];
- (d) the Trustee shall transfer to the Co-Trustee, for deposit in the Bond Reserve Fund, the amount of \$[_____], which shall bring the total amount on deposit therein to \$[_____], which shall be at least equal to the Bond Reserve Requirement; and
- (e) [the Co-Trustee, as Escrow Agent, shall deposit \$[_____] in the 2013 Bond Escrow Fund established pursuant to the 2013 Escrow Agreement for the purpose of refunding the Series 2013 Bonds to be refunded, as described in the 2013 Escrow Agreement.]

SECTION 39.03 Establishment of Funds and Accounts.

- (a) To ensure the proper application of such portion of proceeds from the sale of the Series 2020 Bonds, including to pay Costs of Issuance of the Series 2020 Bonds, there is hereby established within the Construction Fund the "Series 2020 Costs of Issuance Account", which shall be held by the Trustee, as Depository therefor. Any of such funds that remain on deposit in the Series 2020 Costs of Issuance Account 180 days after the Closing Date shall be transferred and deposited in the Revenue Fund and the Series 2020 Costs of Issuance Account shall be closed.
- (b) To ensure the proper application of such portion of proceeds from the sale of the Series 2020 Bonds to be applied to pay Project Costs of the Series 2020 Project, there is hereby established within the Construction Fund the "Series 2020 Construction Account", which shall be held by the Trustee, as Depository therefor. The monies set aside and placed in the Series 2020

Construction Account to be applied to the Project Costs of the Series 2020 Project shall be expended for the purposes of the Series 2020 Project and shall not be used for any other purpose whatsoever.

(i) Before any payment from the Series 2020 Construction Account shall be made by the Depository, the Authority shall file or cause to be filed with the Depository a requisition of the Authority (each a "Requisition"), such Requisition to be signed by the Chairperson or the General Manager or by any other officer of the Authority duly authorized by resolution of the Board for that purpose and to include (1) the item number of such payment; (2) the name and address of the person to whom each such payment is due, which may be the Authority in the case of reimbursement for costs theretofore paid by the Authority; (3) the respective amounts to be paid; (4) the purpose by general classification for which each obligation to be paid was incurred; and (5) that obligations in the stated amounts have been incurred by the Authority and are presently due and payable and that each item thereof is a proper charge against the Series 2020 Construction Account and has not been previously paid from said Account.

(ii) When the Authority determines that the Series 2020 Project has been completed, a Certificate of the Authority shall be delivered to the Depository by the Authority stating: (1) the fact and date of such completion; (2) that all of the Project Costs of the Series 2020 Project have been determined and paid (or that all of such costs have been paid less specified claims that are subject to dispute and for which a retention in the Series 2020 Construction Account is to be maintained in the full amount of such claims until such dispute is resolved); and (3) that the Depository is to transfer the remaining balance in the Series 2020 Construction Account, less the amount of any such retention, to the Co-Trustee for deposit to the Bond Reserve Fund, to the extent of any deficiency therein, and then to the Debt Service Fund.

(c) To ensure the proper application of such proceeds from the sale of the Series 2020 Bonds to be applied to pay Capitalized Interest on the Series 2020 Bonds, there is hereby established within the Series 2020 Construction Account the "Series 2020 Capitalized Interest Account," which shall be held by the Trustee as Depository therefor. The Depository shall transfer all money in the Series 2020 Capitalized Interest Account to the Co-Trustee, and the Co-Trustee shall apply such money to pay interest due on the Series 2020 Bonds (which amount in respect of proceeds of the Series 2020 Bonds initially deposited therein shall not exceed the amount sufficient to pay interest on the Series 2020 Bonds to and including September 30, 20[___]) in accordance with the following schedule, provided that any amounts remaining in the Series 2020 Capitalized Interest Account after the final transfer shall be transferred to the Co-Trustee for deposit in the Debt Service Fund and the Depository shall close the 2020 Capitalized Interest Account:

Series 2020 Capitalized Interest Schedule

<u>Date</u>	<u>Capitalized Interest Transfer Amount</u>
July 1, 20[___]	\$[_____]
January 1, 20[___]	[_____]
July 1, 20[___]	[_____]
January 1, 20[___]*	Balance

* Final transfer

(d) As provided in Section 5.05 of the Indenture, the Series 2020 Bonds shall be payable from the Debt Service Fund, and, in accordance with Section 5.06 of the Indenture, the Series 2020 Bonds shall be secured by the Bond Reserve Fund. Pursuant to Section 5.06 of the

Indenture, to the extent that moneys in the Bond Reserve Fund exceed the Bond Reserve Fund Requirement, income derived from the investment of the proceeds of the Series 2020 Bonds in the Bond Reserve Fund prior to the completion of the Series 2020 Project shall be deposited in the Series 2020 Construction Account; otherwise such income shall be transferred and deposited in the Revenue Fund.

ARTICLE XL

TAX COVENANTS

SECTION 40.01 2020 Rebate Account.

(A) The Trustee, as Depository for the Revenue Fund, shall establish and maintain within the Rebate Fund a separate subaccount designated as the “2020 Rebate Account.” There shall be deposited in the 2020 Rebate Account from amounts in the Operation and Maintenance Fund or other lawfully available moneys such amounts as are required to be deposited therein pursuant to the Tax Certificate delivered by the Authority in connection with the issuance of the Series 2020 Bonds. All money at any time deposited in the 2020 Rebate Account shall be held by the Trustee in trust, to the extent required to satisfy the Rebate Requirement for the Series 2020 Bonds (as defined in such Tax Certificate), 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 2020 Rebate Account shall be governed exclusively by this Section and by such Tax Certificate (which is incorporated herein by reference).

In the event that the amount in the 2020 Rebate Account exceeds the Rebate Requirement for the Series 2020 Bonds, upon the Request of the Authority, the Trustee shall transfer the excess from the 2020 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 40.02 Tax Covenants for Series 2020 Bonds. (A) The Authority intends that interest on the Series 2020 Bonds be excluded from gross income for federal income tax purposes, that the Series 2020 Bonds and the interest thereon be exempt from taxation by any state or political subdivision or the District of Columbia and that interest on the Series 2020 Bonds not be treated as a specific preference item for purposes of the federal individual and corporate alternative minimum taxes. The Authority reserves the right to determine the desired tax status of any additional Series of Bonds.

(B) The Authority shall not use or permit the use of any proceeds of the Series 2020 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 this Indenture which are necessary or desirable in order to assure that interest paid on the Series 2020 Bonds (or on any of them) shall be excluded from gross income for federal income tax purposes and that interest paid on the Series 2020 Bonds shall not be treated as a specific preference item for purposes of the federal individual and corporate alternative minimum taxes.

SECTION 40.03 Continuing Disclosure. The Authority hereby covenants and agrees to comply with the Series 2020 Continuing Disclosure Agreement, by and between the Authority and the Co-Trustee (the "Series 2020 Continuing Disclosure Agreement"), as it may from time to time hereafter be amended or supplemented. Notwithstanding any other provision of the Indenture, failure of the Authority to comply with the requirements of the Series 2020 Continuing Disclosure Agreement shall not be considered an Event of Default and the Co-Trustee shall have no right to accelerate amounts due under the Indenture as a result thereof; provided, however, that the Trustee and the Owners of not less than 25% in principal amount of the Outstanding Series 2020 Bonds may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Authority to comply with its obligations in this Section with respect to the Series 2020 Continuing Disclosure Agreement.

IN WITNESS WHEREOF, the GUAM WATERWORKS AUTHORITY has caused this Seventh Supplemental Indenture to be signed in its name by its duly authorized officers; and BANK OF GUAM and U.S. BANK NATIONAL ASSOCIATION, in token of their acceptance of the respective trusts created hereunder, and being hereby appointed by the GUAM WATERWORKS AUTHORITY to such trusts, have caused this Seventh Supplemental Indenture to be signed in their respective corporate names by one of their authorized officers, all as of the day and year first above written.

GUAM WATERWORKS AUTHORITY

By _____
Chairperson of the Board

By _____
General Manager

BANK OF GUAM, as Trustee

By _____
Authorized Officer

U.S. BANK NATIONAL ASSOCIATION,
as Co-Trustee

By _____
Authorized Officer

Seventh Supplemental Indenture – Guam Waterworks Authority

The undersigned U.S. BANK NATIONAL ASSOCIATION, hereby accepts and agrees to perform the duties and obligations of Registrar and Paying Agent under this Seventh Supplemental Indenture.

U.S. BANK NATIONAL ASSOCIATION, as Registrar
and Paying Agent

By _____
Authorized Officer

Seventh Supplemental Indenture – Guam Waterworks Authority

The undersigned BANK OF GUAM, hereby accepts and agrees to perform the duties and obligations of Depository under this Seventh Supplemental Indenture.

BANK OF GUAM, as Depository

By _____
Authorized Officer

Seventh Supplemental Indenture – Guam Waterworks Authority

EXHIBIT A

FORM OF BOND

No. R- _____

\$ _____

GUAM WATERWORKS AUTHORITY
WATER AND WASTEWATER SYSTEM REVENUE BOND,
SERIES 2020

INTEREST RATE

MATURITY DATE
[January 1/July 1], 20__

DATED DATE
[Closing Date]

CUSIP

Registered Owner: CEDE AND CO.

Principal Sum: Dollars

The GUAM WATERWORKS AUTHORITY, a duly organized public corporation of the government of Guam (herein called the "Authority"), for value received, hereby promises to pay (but only out of the Revenues pledged therefor as hereinafter mentioned) to the registered owner 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, 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 Record Date preceding any Interest Payment Date to the 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, 2020], in which event it shall bear interest from its date of delivery, 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 on January 1 and July 1 in each year, commencing [_____ 1, 2020]; provided, however, that if, at the time of authentication of this Bond, interest is in default hereon, this Bond shall bear interest from the Interest Payment Date to which interest has previously been paid or made available for payment. The principal (or redemption price) hereof is payable upon surrender hereof at the Principal Office of U.S. Bank National Association (herein called the "Paying Agent") in Los Angeles, California (or such other office as may be subsequently designated), 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 U.S. Bank National Association (herein called the "Registrar"). Upon the written request of a registered owner of \$1,000,000 or more in aggregate principal amount of Series 2020 Bonds, payment of interest on and principal (including redemption price) of such Bonds will be made by wire transfer as provided in the Indenture; provided that any such principal payment shall nevertheless be subject to prior surrender of the Series 2020 Bonds with respect to which such payment is made.

This Bond is one of a duly authorized issue of bonds of the Authority designated as the "Guam Waterworks Authority Water and Wastewater System 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 Article 2, Chapter 14 of Title 12 of the Guam Code Annotated, as amended, and that certain Indenture, dated as of December 1, 2005 (as heretofore and hereafter supplemented and amended, the "Indenture"), by and between the

Authority, Bank of Guam, as trustee (herein called the "Trustee") and U.S. Bank National Association, as co-trustee (herein called the "Co-Trustee"). This Bond is also one of a duly authorized series of Bonds additionally designated "Series 2020" (herein called the "Series 2020 Bonds"), in the aggregate principal amount of [Par Written Out] Dollars (\$[2020 PAR]), all issued under the provisions of the Indenture and the Seventh Supplemental Indenture, dated as of [[CLOSING MONTH] 1, 2020], by and among the Authority, the Trustee and the Co-Trustee. Reference is hereby made to the Indenture (a copy of which is on file at said office of the Trustee), including 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 and other fiduciaries 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 solely from Revenues (as that term is defined in the Indenture) pledged as provided in the Indenture. Subject only to the provisions of the Indenture permitting the application thereof for or to the purposes and on the terms and conditions set forth therein, said Revenues are pledged under the Indenture to secure the payment of the principal of, premium, if any, and interest on the Bonds in accordance with their terms and the provisions of the Indenture and the payment of Credit Agreement Payments and Parity Payment Agreement Payments in accordance with their terms.

The Series 2020 Bonds are subject to redemption on any date prior to their respective stated maturities, as a whole, or in part so that the reduction in Annual Debt Service for the Series 2020 Bonds for each Bond Year after such redemption 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 greater of par or Amortized Value, plus accrued interest to the date fixed for redemption, without premium. "Amortized Value" means on any interest payment date, the then current value of the bond amortizing the original issue premium over the period ending on the first call date using the constant yield method.

[The Series 2020 Bonds maturing on or after July 1, 20[___] are subject to redemption prior to their respective stated maturities, at the option of the Authority, from any source of available moneys, on any date on or after July 1, 20[___], as a whole, or in part by such maturities or portions of maturities as shall be determined by the Authority (or by lot within a maturity in the absence of such a determination), at a redemption price equal to the principal amount of each Series 2020 Bond called for redemption plus interest accrued to the date fixed for redemption, without premium.]

[The Series 2020 Bonds maturing on July 1, 20[___] and January 1, 20[___] are subject to redemption prior to their stated maturity in part, by lot, on July 1 of each year from Mandatory Sinking Account Payments, commencing July 1, 20[___] and July 1, 20[___], respectively, at a redemption price equal to the Mandatory Sinking Account Payment amount for such date set forth in the Indenture, plus accrued interest thereon to the date fixed for redemption, without premium.]

Notice of any redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Registrar 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 Registrar 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 herefor as specified in the Indenture, interest shall cease to accrue hereon from and after the date fixed for redemption.

The Series 2020 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 the Principal Office of the Registrar, in Los Angeles, California, or such other office as the Registrar shall designate, 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 Registrar, 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 and maturity 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 Registrar shall not be required to register the transfer of this Bond during the period established by the Trustee for the selection of Bonds for redemption or at any time after selection of this Bond for redemption.

The Authority, the Trustee, the Paying Agent and the Registrar may treat the registered owner hereof as the absolute owner hereof for all purposes, and neither the Authority, the Paying Agent nor the Registrar 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 Registrar and other fiduciaries 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 (a) extend the fixed maturities of the Bonds, or extend the time for making any Mandatory Sinking Account Payments, or reduce the rate of interest thereon, or extend the time of payment of interest, or reduce the amount of principal thereof, or reduce any premium payable on the redemption thereof, without the consent of the Owner of each Bond so affected, (b) reduce the aforesaid percentage of Owners of Bonds whose consent is required for the execution of any amendment or modification of this Indenture or permit the creation of any lien on the Revenues prior to or on a parity with the lien created by this Indenture or deprive the Owners of the Bonds of the lien created by this Indenture upon such Revenues, without in each case the consent of the Owners of all of the Bonds then Outstanding.

The Bonds are limited obligations of the Authority, payable solely from and secured by a pledge of the Revenues as provided in the Indenture. The Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any property of the Authority or upon any of its income, receipts or revenues except the Revenues pledged to the payment thereof as provided in the Indenture.

Neither the Government of Guam nor any political subdivision thereof is obligated to pay the principal of, Redemption Price, if applicable, or interest on the Bonds, except from Revenues, and neither the Authority, the Government of Guam nor any political subdivision thereof has pledged its faith or credit to the payment of the principal of, redemption price, if applicable, or interest on the Bonds.

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 Registrar.

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 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 WATERWORKS AUTHORITY has caused this Bond to be executed in its name and on its behalf by the manual or facsimile signature of the Chairman of the Consolidated Commission on Utilities and the Chief Financial Officer of the Authority, all as of the dated date first set forth above.

GUAM WATERWORKS AUTHORITY

By _____
Chairman of the Board of Directors

By _____
Chief Financial Officer

[FORM OF] CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Bonds described in the within-mentioned Indenture, which has been registered as of _____.

U.S. BANK NATIONAL ASSOCIATION, as
Registrar

By _____
Authorized Officer

[FORM OF] ASSIGNMENT

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 Registrar 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.

Note: Transfer fees must be paid to the Registrar in order to transfer or exchange this bond as provided in the within-mentioned Indenture.