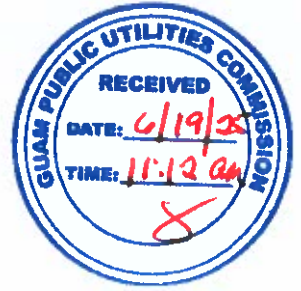


BEFORE THE GUAM PUBLIC UTILITIES COMMISSION



IN THE MATTER OF:) GWA Docket 25-08
)
GUAM WATERWORKS AUTHORITY'S)
SERIES 2025 WATER AND) **ALJ REPORT**
WASTEWATER SYSTEM REVENUE)
BONDS)
_____)

INTRODUCTION

This matter comes before the Guam Public Utilities Commission ("PUC") pursuant to Petition to Approve the Issuance and Sale of the Guam Waterworks Authority Water & Wastewater Series 2025A Revenue Bonds, filed by the Guam Waterworks Authority ("GWA") on June 6, 2025.¹

BACKGROUND

In the instant Petition, GWA seeks to issue and sell up to Three Hundred and Fifty Million Dollars (\$350,000,000.00) in Water and Wastewater System Revenue Bonds as authorized by P.L. 37-103.² In GWA Docket 24-05, on September 24, 2024, the PUC issued a "RATE DECISION" which established rates for GWA for the period of FY2025-2029.³ Therein the PUC found that the main driver for GWA's need for rate increases was a five-year capital improvement program estimated at a cost of \$899M.⁴ GWA submits that the \$350,000,000 amount "is within GWA's current financing plan and rate structure, as approved by the PUC in GWA's FY2024-2029 five-year plan, which will

¹ GWA Petition, GWA Docket 25-08, filed June 6, 2025.

² Id. at p. 2.

³ PUC Rate Decision, GWA Docket 24-05, dated September 24, 2024.

⁴ Id. at pgs. 6-8.

cover both interest and principal payments on the borrowing once they begin.”⁵ Under the bond structure, the principal on the bonds will not come due within the first five years from the date of issuance.⁶ GWA states that “no new rate increases will be required to support the issuance under GWA’s present five-year rate plan, ending in FY2029.”⁷

DISCUSSION

A. Bond Review Authority

Pursuant to 12 G.C.A. §12105, GWA cannot enter into any contractual agreements or obligations which could increase rates and charges without the PUC’s express approval. Additionally, pursuant to GWA’s Contract Review Protocol, all externally funded loan obligations and other financial obligations, such as lines of credit, bonds, etc., in excess of \$1,000,000, and any use of such funds, must be approved by the PUC.⁸

B. June 6, 2025, Petition to Approve the Issuance and Sale of the Guam Waterworks Authority Water & Wastewater Series 2025A Revenue Bonds

GWA’s Petition seeks approval from the PUC to issue up to \$350,000,000 in bonds. GWA submits that “the proceeds from this bond issuance will fund critical infrastructure projects necessary to construct, improve, maintain and repair GWA’s water and wastewater systems,” and that these investments “will also support the planned and required additions, upgrades and treatment systems mandated by court orders, federal regulations, and local environmental laws.”⁹ The \$350M amount sought

⁵ GWA Petition at p. 2.

⁶ Id.

⁷ Id.

⁸ See Contract Review Protocol for Guam Waterworks Authority, Administrative Docket 00-04, p. 1.

⁹ GWA Petition at p. 4.

by GWA is clearly authorized under P.L. 37-103. However, GWA's Petition indicates that the amount sought for bond issuance "has been set to reflect "worst case" conditions and uncertainty in the financial markets and that interest rates may increase (200 bps)." ¹⁰ The actual amount of the bond proceeds sought for the issuance may be in the range of \$274,947,933.75. ¹¹ The final par amount for the bonds "may increase if market interest rates move unfavorably, and specifically if basis points between 25 and 100 basis points, shift against GWA." ¹²

C. GWA Resolution No. 27-FY2025, issued by the Guam Consolidated Commission on Utilities

Pursuant to GWA Resolution No. 27-FY2025, the Consolidated Commission on Utilities (the "CCU") authorized the issuance of one or more series of additional bonds "in an aggregate principal amount not to exceed \$350,000,000 to finance the Projects, to pay cost of issuance of the Bonds, to pay for credit enhancement, if any, to pay for capitalized interest, and to fund a deposit to a debt service reserve fund." ¹³ According to the CCU, the issuance of revenue bonds is necessary to provide certain improvements to the System, including water production, treatment, storage and distribution projects, certain wastewater collection and treatment projects, electrical, monitoring and control projects. ¹⁴

¹⁰ Id. at p. 2.

¹¹ Preliminary Analysis of GWA Series 2025A Project Fund, prepared by Underwriter RBC Capital Markets LLC on June 4, 2025.

¹² GWA Petition at p. 3.

¹³ Guam Consolidated Commission on Utilities, GWA Resolution No. 27-FY2025, Resolution authorizing the Issuance and Sale of Guam Waterworks Authority Water and Wastewater System Revenue Bonds, Approving forms of Related Documents, Agreements and Actions, and Authorizing the Execution and Delivery thereof, adopted and approved on June 3, 2025.

¹⁴ GWA Petition at Exhibit B-001.

Pursuant to the Resolution, the CCU approved the Preliminary Official Statement and all documents related to the issuance of the bonds, including the Eleventh Supplemental Indenture, the Continuing Disclosure Agreement, the Bond Purchase Agreement, the Twelfth Supplemental Indenture, and the Bond Purchase Agreement.¹⁵

D. Public Law 37-103

In P.L. 37-103, the Guam Legislature (the “Legislature”) expressly approved GWA’s issuance and sale of revenue bonds having a principal amount not to exceed Five Hundred Sixty Million Dollars (\$560,000,000).¹⁶ The Legislature required that “the issuance, terms and conditions of the bonds shall have been approved by the Guam Public Utilities Commission...”.¹⁷ Such bonds “shall have maturity dates not to exceed forty (40) years from the respective issuance dates thereof, 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 percent (7.00%) per annum for fixed rate bonds sold through the public capital markets, and shall be issued and sold in the manner, for the purposes and subject to the requirements and limitations provided in Article 2, Chapter 14, Title 12, Guam Code Annotated.”¹⁸

Regarding the purposes for issuance of the bonds, the Legislature stated as follows:

In addition, “such bonds shall be issued for the purpose of (1) financing capital improvement projects necessary for compliance with regulatory enforcement actions, including any Consent Decree entered into between the Authority and the U.S. Environmental Protection Agency and U.S. Department of Justice; (2) financing capital improvement projects referenced in the Authority’s twenty (20)-year master plan, five (5)-year

¹⁵ Id. at ExhibitB-003-004.

¹⁶ P.L. 37-103, Section 3, Approval of Guam Waterworks Authority Revenue Bonds, enacted June 5, 2024.

¹⁷ Id.

¹⁸ Id.

Financial Plan and capital improvement program or other studies contemplating additional capital improvement projects from time to time; (3) financing capitalized interest with respect to the bonds; (4) funding a reserve fund deposit with respect to the bonds; and/or (5) paying expenses relating to the authorization, sale and issuance of such new bonds...”¹⁹

In the Section 1, Legislative Findings and Intent, the Legislature recognized that the current GWA five-year financial plan included a \$898 Million Dollar Investment in the GWA Capital Improvement Program (CIP), of which \$780 Million Dollars will need to be borrowed. “There are three main initiatives within the five (5)-year CIP: (1) addressing the 2024 Partial Consent Decree compliance requirements and remediation of emerging contaminants; (2) reducing water loss; and (3) Supervisory Control and Data Acquisition (SCADA) systems implementation and general plant and miscellaneous projects.”²⁰

E. Guam Economic Development Authority Approval

On June 19, 2025, the Board of Directors of the Guam Economic Development Authority (“GEDA”) enacted Resolution No. 25-009.²¹ GEDA approved the issuance and sale of the Guam Waterworks Authority Series 2025 Water & Wastewater Revenue Bonds in the aggregate amount not to exceed Three Hundred Fifty Million Dollars (\$350,000,000), as authorized by P.L. 37-103.

F. June 14, 2025, Georgetown Consulting Group Report

¹⁹ Id.

²⁰ Id. at Section 1.

²¹ Board of Directors of the Guam Economic Development Authority, Resolution No. 25-009, issued and approved on June 19, 2025.

The PUC's water and wastewater consultant, Georgetown Consulting Group Inc. ("GCG"), performed an independent review of GWA's Petition. Its findings are detailed in a Memorandum (the "Memorandum") to the Commission dated June 14, 2025. A copy of the GCG Memorandum on the Series 2025A Revenue Bond Issuance has been provided to the Commissioners. The following are GCG's key findings:

"GCG recommends approval of the GWA petition. The GWA petition is compliant with enabling legislation, and aligned with previously approved financial planning. The proposed bond issuance serves critical infrastructure and regulatory compliance needs. Final approval from GEDA is pending and will complete the required steps before GPUC action. The Commission can rely on the review and approval by both the CCU and GEDA as having cleared an important threshold... We have reviewed the Proposed Orders for regulatory and financial matters and do not have any concerns with those."²²

G. The "Up To" \$350M Bond Issuance, Series 2025A Revenue Bonds

1. A Description of the Bond Issuance

Attached hereto as Exhibit "1" is a June 4, 2025, Update on "Series 2025A Financing Considerations" prepared by GWA's Underwriters RBC Capital Markets. As of July 30, 2025, the bond principal amount is estimated at \$268,185,000, with a Bond Premium of \$6,762,934. The amount of \$250M will be placed in the Project Fund, and a deposit of \$19.6M in the Debt Service Reserve Fund. The "All-in TIC" calculation is 5.14%. Over the average life of the bonds of 20.6 years, GWA and the ratepayers will pay debt service of \$554.9M, with an average annual debt service of \$18.5M.²³

²²Georgetown Consulting Group, Inc., Memorandum on the Series 2025A Revenue Bond Issuance Dated June 14, 2025.

²³ RBC Capital Markets LLC, Series 2025A Financing Considerations", dated June 4, 2025.

The bond coupons are set at a mix of 5.00%, 5.25% and 5.50%. See “Series 2025A Preliminary Analysis” attached hereto as Exhibit “2”, which provides a similar description of the Series 2025A as included in the Financing Considerations.²⁴

2. The Justification for the Bond Issuance

In various documents submitted by GWA with its Petition, particularly the Preliminary Official Statement distributed May 31, 2025, and the Galardi Rothstein Group Feasibility Study for the Water and Wastewater System Revenue Bonds, Series 2025,²⁵ GWA has demonstrated the necessity for seeking the bond issuance to provide adequate funding for its CIP project for years FY2025-2029.

The allocation of 2025-2029 CIP project costs is among four categories: (1) Water production, treatment, distribution, and storage, (2) Wastewater collection and treatment, (3) Electrical, including monitoring and control, and (4) General plant and miscellaneous as well as the projected sources of funding for such projects by fiscal year. The CIP budget for 2025-2029 includes certain capital program requirements mandated by the 2024 Partial Consent Decree. The categories of costs and the breakdown year by year is set forth in the portion of the Preliminary Offering Statement, Capital Improvement Program, which is attached hereto as Exhibit “3”.²⁶

According to the Galardi Rothstein Study, the categories of Capital Program Projects include protection against emerging contaminants and PFOS, compliance with the 2024

²⁴ Exhibit “2”, RBC Capital Markets LLC, Series 2025A Preliminary Analysis”, dated June 2, 2025.

²⁵ These documents can be found, respectively, as attachments to the GWA Petition at pgs. Exhibit B-135 et. seq. and Exhibit B-214 et. Seq.

²⁶ Exhibit “3”, GWA Petition at pgs. Exhibit B, 191-193.

Partial Consent Decree, and the development of a Scada system. A description of the Capital program project categories is set forth in Exhibit “4” attached hereto.²⁷

The Garardi Rothstein Study concludes:

“GWA’s capital improvement program reflects priority needs of the System and comprises projects that will address regulatory requirements (such as the 2024 Partial Consent Decree), reduce System water loss, and provide for efficient renewal and replacement of aging infrastructure informed by GWA’s asset management program... GWA’s financing plan reflects a balanced approach for capital encumbrance requirements, using both short- and long-term debt instruments, net operating revenues of the System, grants, and other revenue sources to fund nearly \$900 million of capital encumbrance requirements over the five-year forecast period... GWA is successfully navigating a changing regulatory landscape through a proactive response to emerging contaminants and its successful completion of negotiations related to the 2024 Partial Consent Decree.”²⁸

3. Potential Issues regarding the Bonds

In reviewing GWA’s Petition, the ALJ considered certain issues relating to the Bond Issuance. On June 17, the ALJ met with GWA CFO Taling Taitano, GWA Legal Counsel Theresa Rojas, Lestor L. Carlson, Jr., Director of the Bureau of Budget and Management Research, Tina Garcia, Acting CEO/ Administrator of GEDA, and John Wang, the Orrick Law firm, Bond Counsel, to discuss the following issues:

Timing of the Bond Issuance.

GWA anticipates that the bond issuance will occur at the end of July, 2025. However, GWA’s Petition suggests there is a potential that “worst case” conditions could occur based upon “uncertainty in the financial markets, and that interest rates could increase by 200bps.” Based upon such matters as the Israel-Iran conflict, rising fuel prices and inflation, the ALJ wondered if the July time frame is necessarily the most opportune

²⁷ Exhibit “4”, The Galardi Rothstein Group Study, GWA Petition at pgs. Exhibit B, 279-280.

²⁸ Id. At Exhibit B-307.

time for the issuance of the bonds, or whether other scheduling should be considered. GWA group felt that the bond issuance needed to be done quickly, as the partial Consent Decree “drives” the calendar in this matter. Many tasks are required by a date certain. Mr. Carlson believed that a July timeframe was a good moment for GWA to enter the bond market, as the market was “good now”. Mr. Carlson felt that the GWA bonds would be attractive in the market as they are “triple-tax exempt.”

The Amount of the Bond Issuance.

GWA has requested issuance of “an amount not to exceed” \$350M. However, the Underwriter reports all refer to the par amount of the bonds as \$274,947,934. The ALJ asked why the amount of up to \$350M was specified as the amount of the bond issuance when the par amounts in the Underwriter reports were far less. GWA counsel Rojas was concerned that there could be unexpected contingencies that would require a higher amount for the bond issuance. Although there is a possibility that the bond issuance could be for less than \$350M, Bond Counsel Wang and Director Carlson agreed that the amount which they request the PUC to approve is “an amount not to exceed \$350M”.

The Bond “Total Interest Cost” rate.

The TIC rate for this bond issuance is 5.14%, which is higher than some earlier bond issuances (i.e. 2020 GWA Refunding Bonds, estimated TIC 4.01%; GWA Series 2024 Refunding Bonds, estimated TIC at 3.389%). However, Mr. Carlson pointed out that there have been other recent government of Guam bonds in the general range of 5.14%. While it is true that interest rates are high at the present time related to the federal interest rates, he felt that the estimated interest rate was within an acceptable range.

Five-Year Interest only Payments on the bond issuance.

For the first five years, GWA will only pay interest on the bond debt service and not principal. The Underwriters suggested that deferring the principal “as a way to ensure that proposed rate increases are sufficient to cover debt service.” In response to the ALJ’s question, Bond Counsel indicated that municipal bond issuances often included provisions for the deferral of principal for the first five years.

The Twelfth Supplemental Indenture.

This Bond issuance contains an Eleventh Supplemental Indenture, which is the type of new indenture ordinarily submitted for a new bond issuance. In this case there is also a Twelfth Bond Indenture. The group discussed the purposes of this Twelfth Supplemental Indenture. The Twelfth Supplemental Indenture changes certain provisions of the prior 2005 Indenture, relating to the calculation of the Annual Debt Service, a requirement of Bond Reserve Fund for additional Bonds, a reduction in the amount of the Bond Reserve Fund Requirement to 50% of the maximum Annual Debt Service for the current or any future year on all outstanding bonds, and various other matters.

Also, there must be a “Transition” period whereby at least 60% of the existing bond holders approve the Twelfth Supplemental Indenture so that it will be applicable to them. Thus, the reason for the lengthy Twelfth Supplemental Indenture is to make necessary revisions to the GWA 2005 Bond Indenture and to incorporate these and other changes; the ALJ understands the nature of the changes in the Twelfth Supplemental Indenture and has no further concerns relating thereto.

In sum, after the above referenced meeting, the ALJ was satisfied with the responses of the group and does not believe that any of the issues raised should prevent the issuance of the bonds as scheduled.

RECOMMENDATION


Based upon the record before the Commission, and on the independent review by PUC's consultant, Georgetown Consulting Group, Inc., the Administrative Law Judge recommends that the PUC approve GWA's Petition for issuance and sale of the Guam Waterworks Authority Water & Wastewater Series 2025A Revenue Bonds. The sale and issuance of the bonds are clearly authorized by P.L. 37-103. In accordance with Legislative requirements, the limit on the principal amount of the bonds, \$350,000,000, does not exceed the Legislative limit of \$560,000,000. The maturity dates for the bonds do not exceed forty (40) years from the respective issuance dates thereof. The interest rates proposed for the bonds, from 5.0 to 5.5 percent, do not exceed the 7 percent limitation on net yield to bond holders as set forth in the Legislation. The issuance of the bonds is for the proposed purposes set forth in P.L. 37-103 and for the specified Financial Plan and Capital Improvement Program.

Furthermore, the ALJ recommends that the Commission approve the form, terms, and conditions contained in the Bond Documents for the 2025 Series A Bonds, including but not limited to the Eleventh Supplemental Bond Indenture and the Twelfth Supplemental Indenture.

A Proposed Order and Order Approving Long-Term Debt are submitted herewith for the Commissioners' consideration.

ALJ Report
Series 2025 Water & Wastewater System Revenue Bonds
GWA Docket 25-08
June 20, 2025

Respectfully submitted this 20th day of June, 2025.


Frederick J. Horecky
Chief Administrative Law Judge

Guam Waterworks Authority

Series 2025A Financing Considerations

June 4, 2025

STRICTLY PRIVATE AND CONFIDENTIAL

EXHIBIT "1"



Capital
Markets

RAYMOND JAMES

Level Debt Service Series 2025A Financing Considerations

Preliminary – Subject to Change

Financing Assumptions

- Illustrative FY2025 GWA Long-term Fixed Rate Financing, structured to reflect:
 - GWA's "triple tax-exempt" borrowing yields in current market¹
 - No capitalized interest
 - Assumes a mix of 5.00%, 5.25%, and 5.50% coupons
 - Level Debt Service, 5 years Principal Deferral
 - 30-year final maturity
 - 10-year par call
 - \$250 million project fund allocated to CIP needs at issuance
 - Serial Bonds from 2031 through 2045
 - Term Bonds in 2050 and 2055

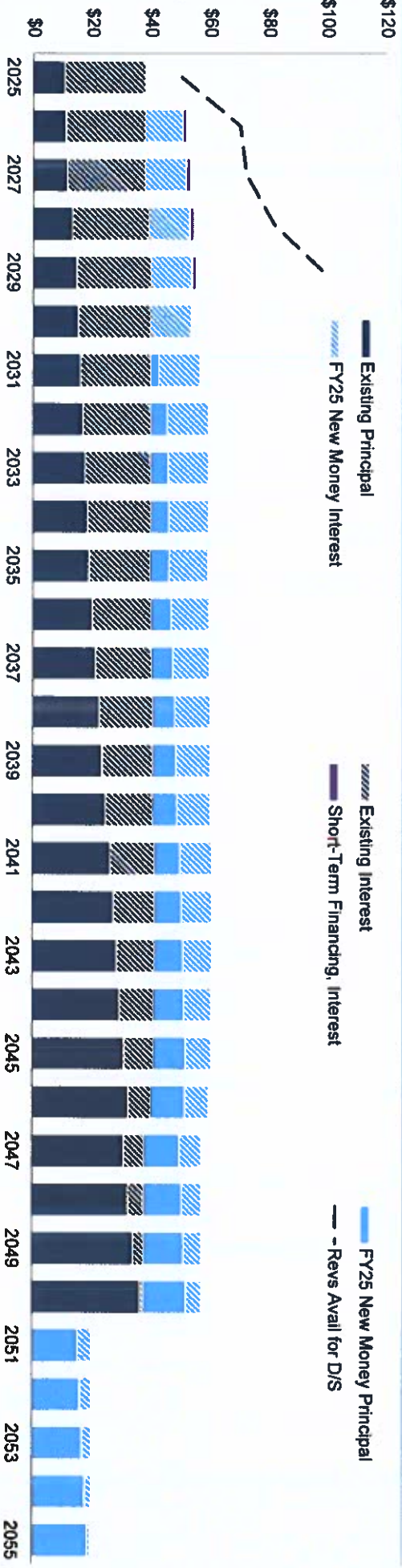
Post Series 2025A Debt Service Coverage

FY25	FY26	FY27	FY28	FY29
1.32 x	1.35 x	1.36 x	1.50 x	1.79 x

Illustrative Bond Summary Stats

	Long-Term Fixed Rate
Dated Date	07/30/2025
Bond Principal	\$268,185,000
Bond Premium	\$6,762,934
Project Fund	\$250,000,000
DSRF Deposit	\$19,583,838
First Maturity	07/01/2031
Final Maturity	07/01/2055
Arbitrage Yield	4.88%
All-in TIC	5.14%
Average Life	20.6 yr
Total Debt Service	\$554,860,901
Avg. Annual D/S	\$18,545,161

Resulting GWA Scheduled Debt Service Profile (\$mm, FY Ended 9/30)



(1) Assumes new money financing issued at GWA's current tax-exempt borrowing yields, as of 06/02/2025. Subject to change
(2) Reflects Revenues Available for Debt Service from "Consultant's Feasibility Study."

Debt Service Table

Debt Service (FY 9/30)			
Period Ending	Prior DS	Series 2025A	Aggregate DS
09/30/2025	\$37,854,343	\$0	\$37,854,343
09/30/2026	37,852,093	12,746,339	50,598,431
09/30/2027	37,848,843	13,863,088	51,711,930
09/30/2028	39,063,343	13,863,088	52,926,430
09/30/2029	39,785,718	13,863,088	53,648,805
09/30/2030	39,602,493	13,863,088	53,465,580
09/30/2031	39,766,343	16,623,088	56,389,430
09/30/2032	39,721,593	19,585,088	59,306,680
09/30/2033	39,792,330	19,587,088	59,379,418
09/30/2034	39,771,480	19,584,338	59,355,818
09/30/2035	39,591,880	19,586,338	59,178,218
09/30/2036	39,953,275	19,587,088	59,540,363
09/30/2037	40,120,835	19,585,838	59,706,673
09/30/2038	40,426,440	19,586,838	60,013,278
09/30/2039	40,420,785	19,584,088	60,004,873
09/30/2040	40,421,370	19,586,838	60,008,208
09/30/2041	41,025,575	19,583,838	60,609,413
09/30/2042	41,022,555	19,586,613	60,609,168
09/30/2043	41,025,005	19,584,188	60,609,193
09/30/2044	40,820,750	19,585,513	60,406,263
09/30/2045	40,817,000	19,584,013	60,401,013
09/30/2046	40,007,375	19,583,375	59,590,750
09/30/2047	37,580,000	19,582,675	57,162,675
09/30/2048	37,576,000	19,586,500	57,162,500
09/30/2049	37,575,000	19,582,650	57,157,650
09/30/2050	37,576,500	19,584,475	57,160,975
09/30/2051	0	19,584,500	19,584,500
09/30/2052	0	19,582,250	19,582,250
09/30/2053	0	19,586,750	19,586,750
09/30/2054	0	19,585,750	19,585,750
09/30/2055	0	19,582,500	19,582,500
Total	\$1,027,018,920	\$554,860,901	\$1,581,879,821

(1) Assumes new money financing issued at GWA's current tax-exempt borrowing yields, as of 06/02/2025. Subject to change

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Preliminary Analysis - Subject to Change
Rates as of June 2, 2025**

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SOURCES AND USES OF FUNDS

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Dated Date	07/30/2025
Delivery Date	07/30/2025

Sources:

Bond Proceeds:	
Par Amount	268,185,000.00
Net Premium	6,762,933.75
	274,947,933.75

Uses:

Project Fund Deposits:	
Project Fund	250,000,000.00
Other Fund Deposits:	
Debt Service Reserve Fund	19,583,837.50
Delivery Date Expenses:	
Cost of Issuance	2,681,850.00
Underwriter's Discount	2,681,850.00
	5,363,700.00
Other Uses of Funds:	
Additional Proceeds	396.25
	274,947,933.75

BOND SUMMARY STATISTICS

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Dated Date	07/30/2025
Delivery Date	07/30/2025
First Coupon	01/01/2026
Last Maturity	07/01/2055
Arbitrage Yield	4.880154%
True Interest Cost (TIC)	5.055582%
Net Interest Cost (NIC)	5.103618%
All-In TIC	5.136677%
Average Coupon	5.177322%
Average Life (years)	20.647
Weighted Average Maturity (years)	20.382
Duration of Issue (years)	12.545
Par Amount	268,185,000.00
Bond Proceeds	274,947,933.75
Total Interest	286,675,901.28
Net Interest	282,584,817.53
Total Debt Service	554,860,901.28
Maximum Annual Debt Service	19,587,087.50
Average Annual Debt Service	18,545,160.57
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	10.000000
Total Underwriter's Discount	10.000000
Bid Price	101.521742

Bond Component	Par Value	Price	Average Coupon	Average Life	Average Maturity Date	Duration	PV of 1 bp change
Serial Bonds	117,870,000.00	106.069	5.138%	14.022	08/07/2039	10.134	93,945.20
Term Bond 25yr	65,525,000.00	103.315	5.500%	23.026	08/08/2048	13.472	51,764.75
Term Bond 30yr	84,790,000.00	96.977	5.000%	28.017	08/05/2053	15.149	124,641.30
	268,185,000.00			20.647			270,351.25

	TIC	All-In TIC	Arbitrage Yield
Par Value	268,185,000.00	268,185,000.00	268,185,000.00
+ Accrued Interest			
+ Premium (Discount)	6,762,933.75	6,762,933.75	6,762,933.75
- Underwriter's Discount	-2,681,850.00	-2,681,850.00	
- Cost of Issuance Expense		-2,681,850.00	
- Other Amounts			
Target Value	272,266,083.75	269,584,233.75	274,947,933.75
Target Date	07/30/2025	07/30/2025	07/30/2025
Yield	5.055582%	5.136677%	4.880154%

BOND PRICING

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Serial Bonds:									
	07/01/2026		5.000%	3.070%	101.734				
	07/01/2027		5.000%	3.080%	103.549				
	07/01/2028		5.000%	3.100%	105.261				
	07/01/2029		5.000%	3.140%	106.806				
	07/01/2030		5.000%	3.220%	108.036				
	07/01/2031	2,760,000	5.000%	3.320%	108.958				247,240.80
	07/01/2032	5,860,000	5.000%	3.420%	109.659				566,017.40
	07/01/2033	6,155,000	5.000%	3.520%	110.148				624,609.40
	07/01/2034	6,460,000	5.000%	3.680%	109.958				643,157.60
	07/01/2035	6,785,000	5.000%	3.850%	109.404				638,061.40
	07/01/2036	7,125,000	5.000%	3.990%	108.203 C	4.062%	07/01/2035	100.000	584,463.75
	07/01/2037	7,480,000	5.000%	4.100%	107.271 C	4.217%	07/01/2035	100.000	543,870.80
	07/01/2038	7,855,000	5.000%	4.220%	106.265 C	4.360%	07/01/2035	100.000	492,115.75
	07/01/2039	8,245,000	5.000%	4.310%	105.518 C	4.463%	07/01/2035	100.000	454,959.10
	07/01/2040	8,660,000	5.000%	4.420%	104.613 C	4.570%	07/01/2035	100.000	399,485.80
	07/01/2041	9,080,000	5.250%	4.550%	105.534 C	4.750%	07/01/2035	100.000	503,040.60
	07/01/2042	9,570,000	5.250%	4.670%	104.558 C	4.852%	07/01/2035	100.000	436,200.60
	07/01/2043	10,070,000	5.250%	4.780%	103.674 C	4.938%	07/01/2035	100.000	369,971.80
	07/01/2044	10,800,000	5.250%	4.840%	103.195 C	4.987%	07/01/2035	100.000	338,670.00
	07/01/2045	11,155,000	5.250%	4.890%	102.798 C	5.026%	07/01/2035	100.000	312,116.90
		117,870,000							7,153,981.70
Term Bond 25yr:									
	07/01/2046	11,740,000	5.500%	5.070%	103.315 C	5.259%	07/01/2035	100.000	389,181.00
	07/01/2047	12,385,000	5.500%	5.070%	103.315 C	5.259%	07/01/2035	100.000	410,562.75
	07/01/2048	13,070,000	5.500%	5.070%	103.315 C	5.259%	07/01/2035	100.000	433,270.50
	07/01/2049	13,785,000	5.500%	5.070%	103.315 C	5.259%	07/01/2035	100.000	456,972.75
	07/01/2050	14,545,000	5.500%	5.070%	103.315 C	5.259%	07/01/2035	100.000	482,166.75
		65,525,000							2,172,153.75
Term Bond 30yr:									
	07/01/2051	15,345,000	5.000%	5.200%	96.977				-463,879.35
	07/01/2052	16,110,000	5.000%	5.200%	96.977				-487,005.30
	07/01/2053	16,920,000	5.000%	5.200%	96.977				-511,491.60
	07/01/2054	17,765,000	5.000%	5.200%	96.977				-537,035.95
	07/01/2055	18,650,000	5.000%	5.200%	96.977				-563,789.50
		84,790,000							-2,563,201.70
		268,185,000							6,762,933.75

Dated Date	07/30/2025	
Delivery Date	07/30/2025	
First Coupon	01/01/2026	
Par Amount	268,185,000.00	
Premium	6,762,933.75	
Production	274,947,933.75	102.521742%
Underwriter's Discount	-2,681,850.00	-1.000000%
Purchase Price	272,266,083.75	101.521742%
Accrued Interest		
Net Proceeds	272,266,083.75	

BOND DEBT SERVICE

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Dated Date 07/30/2025
Delivery Date 07/30/2025

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2026			12,746,338.78	12,746,338.78
09/30/2027			13,863,087.50	13,863,087.50
09/30/2028			13,863,087.50	13,863,087.50
09/30/2029			13,863,087.50	13,863,087.50
09/30/2030			13,863,087.50	13,863,087.50
09/30/2031	2,760,000	5.000%	13,863,087.50	16,623,087.50
09/30/2032	5,860,000	5.000%	13,725,087.50	19,585,087.50
09/30/2033	6,155,000	5.000%	13,432,087.50	19,587,087.50
09/30/2034	6,460,000	5.000%	13,124,337.50	19,584,337.50
09/30/2035	6,785,000	5.000%	12,801,337.50	19,586,337.50
09/30/2036	7,125,000	5.000%	12,462,087.50	19,587,087.50
09/30/2037	7,480,000	5.000%	12,105,837.50	19,585,837.50
09/30/2038	7,855,000	5.000%	11,731,837.50	19,586,837.50
09/30/2039	8,245,000	5.000%	11,339,087.50	19,584,087.50
09/30/2040	8,660,000	5.000%	10,926,837.50	19,586,837.50
09/30/2041	9,090,000	5.250%	10,493,837.50	19,583,837.50
09/30/2042	9,570,000	5.250%	10,016,612.50	19,586,612.50
09/30/2043	10,070,000	5.250%	9,514,187.50	19,584,187.50
09/30/2044	10,600,000	5.250%	8,985,512.50	19,585,512.50
09/30/2045	11,155,000	5.250%	8,429,012.50	19,584,012.50
09/30/2046	11,740,000	5.500%	7,843,375.00	19,583,375.00
09/30/2047	12,385,000	5.500%	7,197,675.00	19,582,675.00
09/30/2048	13,070,000	5.500%	6,516,500.00	19,586,500.00
09/30/2049	13,785,000	5.500%	5,797,650.00	19,582,650.00
09/30/2050	14,545,000	5.500%	5,039,475.00	19,584,475.00
09/30/2051	15,345,000	5.000%	4,239,500.00	19,584,500.00
09/30/2052	16,110,000	5.000%	3,472,250.00	19,582,250.00
09/30/2053	16,920,000	5.000%	2,666,750.00	19,586,750.00
09/30/2054	17,765,000	5.000%	1,820,750.00	19,585,750.00
09/30/2055	18,650,000	5.000%	932,500.00	19,582,500.00
	268,185,000		286,675,901.28	554,860,901.28

BOND DEBT SERVICE

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Dated Date 07/30/2025
Delivery Date 07/30/2025

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
03/30/2026			5,814,795.03	5,814,795.03	
09/30/2026			6,931,543.75	6,931,543.75	12,746,338.78
03/30/2027			6,931,543.75	6,931,543.75	
09/30/2027			6,931,543.75	6,931,543.75	13,863,087.50
03/30/2028			6,931,543.75	6,931,543.75	
09/30/2028			6,931,543.75	6,931,543.75	13,863,087.50
03/30/2029			6,931,543.75	6,931,543.75	
09/30/2029			6,931,543.75	6,931,543.75	13,863,087.50
03/30/2030			6,931,543.75	6,931,543.75	
09/30/2030			6,931,543.75	6,931,543.75	13,863,087.50
03/30/2031			6,931,543.75	6,931,543.75	
09/30/2031	2,760,000	5.000%	6,931,543.75	9,691,543.75	16,623,087.50
03/30/2032			6,862,543.75	6,862,543.75	
09/30/2032	5,860,000	5.000%	6,862,543.75	12,722,543.75	19,585,087.50
03/30/2033			6,716,043.75	6,716,043.75	
09/30/2033	6,155,000	5.000%	6,716,043.75	12,871,043.75	19,587,087.50
03/30/2034			6,562,168.75	6,562,168.75	
09/30/2034	6,460,000	5.000%	6,562,168.75	13,022,168.75	19,584,337.50
03/30/2035			6,400,668.75	6,400,668.75	
09/30/2035	6,785,000	5.000%	6,400,668.75	13,185,668.75	19,586,337.50
03/30/2036			6,231,043.75	6,231,043.75	
09/30/2036	7,125,000	5.000%	6,231,043.75	13,356,043.75	19,587,087.50
03/30/2037			6,052,918.75	6,052,918.75	
09/30/2037	7,480,000	5.000%	6,052,918.75	13,532,918.75	19,585,837.50
03/30/2038			5,865,918.75	5,865,918.75	
09/30/2038	7,855,000	5.000%	5,865,918.75	13,720,918.75	19,586,837.50
03/30/2039			5,669,543.75	5,669,543.75	
09/30/2039	8,245,000	5.000%	5,669,543.75	13,914,543.75	19,584,087.50
03/30/2040			5,463,418.75	5,463,418.75	
09/30/2040	8,660,000	5.000%	5,463,418.75	14,123,418.75	19,586,837.50
03/30/2041			5,246,918.75	5,246,918.75	
09/30/2041	9,080,000	5.250%	5,246,918.75	14,336,918.75	19,583,837.50
03/30/2042			5,008,306.25	5,008,306.25	
09/30/2042	9,570,000	5.250%	5,008,306.25	14,578,306.25	19,586,612.50
03/30/2043			4,757,093.75	4,757,093.75	
09/30/2043	10,070,000	5.250%	4,757,093.75	14,827,093.75	19,584,187.50
03/30/2044			4,492,756.25	4,492,756.25	
09/30/2044	10,600,000	5.250%	4,492,756.25	15,092,756.25	19,585,512.50
03/30/2045			4,214,506.25	4,214,506.25	
09/30/2045	11,155,000	5.250%	4,214,506.25	15,369,506.25	19,584,012.50
03/30/2046			3,921,687.50	3,921,687.50	
09/30/2046	11,740,000	5.500%	3,921,687.50	15,661,687.50	19,583,375.00
03/30/2047			3,598,837.50	3,598,837.50	
09/30/2047	12,385,000	5.500%	3,598,837.50	15,983,837.50	19,582,675.00
03/30/2048			3,258,250.00	3,258,250.00	
09/30/2048	13,070,000	5.500%	3,258,250.00	16,328,250.00	19,586,500.00
03/30/2049			2,898,825.00	2,898,825.00	
09/30/2049	13,785,000	5.500%	2,898,825.00	16,683,825.00	19,582,650.00
03/30/2050			2,519,737.50	2,519,737.50	
09/30/2050	14,545,000	5.500%	2,519,737.50	17,064,737.50	19,584,475.00
03/30/2051			2,119,750.00	2,119,750.00	
09/30/2051	15,345,000	5.000%	2,119,750.00	17,464,750.00	19,584,500.00
03/30/2052			1,736,125.00	1,736,125.00	
09/30/2052	16,110,000	5.000%	1,736,125.00	17,846,125.00	19,582,250.00
03/30/2053			1,333,375.00	1,333,375.00	
09/30/2053	16,920,000	5.000%	1,333,375.00	18,253,375.00	19,586,750.00
03/30/2054			910,375.00	910,375.00	
09/30/2054	17,765,000	5.000%	910,375.00	18,675,375.00	19,585,750.00
03/30/2055			466,250.00	466,250.00	
09/30/2055	18,650,000	5.000%	466,250.00	19,116,250.00	19,582,500.00
	268,185,000		286,675,901.28	554,860,901.28	554,860,901.28

AGGREGATE DEBT SERVICE

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)			
Period Ending		Prior DS	Aggregate Debt Service
09/30/2025		37,854,342.50	37,854,342.50
09/30/2026	12,746,338.78	37,852,092.50	50,598,431.28
09/30/2027	13,863,087.50	37,848,842.50	51,711,930.00
09/30/2028	13,863,087.50	39,063,342.50	52,926,430.00
09/30/2029	13,863,087.50	39,785,717.50	53,648,805.00
09/30/2030	13,863,087.50	39,602,492.50	53,465,580.00
09/30/2031	16,623,087.50	39,766,342.50	56,389,430.00
09/30/2032	19,585,087.50	39,721,592.50	59,306,680.00
09/30/2033	19,587,087.50	39,792,330.00	59,379,417.50
09/30/2034	19,584,337.50	39,771,480.00	59,355,817.50
09/30/2035	19,586,337.50	39,591,880.00	59,178,217.50
09/30/2036	19,587,087.50	39,953,275.00	59,540,362.50
09/30/2037	19,585,837.50	40,120,835.00	59,706,672.50
09/30/2038	19,586,837.50	40,426,440.00	60,013,277.50
09/30/2039	19,584,087.50	40,420,785.00	60,004,872.50
09/30/2040	19,586,837.50	40,421,370.00	60,008,207.50
09/30/2041	19,583,837.50	41,025,575.00	60,609,412.50
09/30/2042	19,586,612.50	41,022,555.00	60,609,167.50
09/30/2043	19,584,187.50	41,025,005.00	60,609,192.50
09/30/2044	19,585,512.50	40,820,750.00	60,406,262.50
09/30/2045	19,584,012.50	40,817,000.00	60,401,012.50
09/30/2046	19,583,375.00	40,007,375.00	59,590,750.00
09/30/2047	19,582,675.00	37,580,000.00	57,162,675.00
09/30/2048	19,586,500.00	37,576,000.00	57,162,500.00
09/30/2049	19,582,650.00	37,575,000.00	57,157,650.00
09/30/2050	19,584,475.00	37,576,500.00	57,160,975.00
09/30/2051	19,584,500.00		19,584,500.00
09/30/2052	19,582,250.00		19,582,250.00
09/30/2053	19,586,750.00		19,586,750.00
09/30/2054	19,585,750.00		19,585,750.00
09/30/2055	19,582,500.00		19,582,500.00
	554,860,901.28	1,027,018,920.00	1,581,879,821.28

AGGREGATE DEBT SERVICE

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)		Prior DS	Aggregate Debt Service
Period Ending			
09/30/2025		37,854,342.50	37,854,342.50
03/30/2026	5,814,795.03		5,814,795.03
09/30/2026	6,931,543.75	37,852,092.50	44,783,636.25
03/30/2027	6,931,543.75		6,931,543.75
09/30/2027	6,931,543.75	37,848,842.50	44,780,386.25
03/30/2028	6,931,543.75		6,931,543.75
09/30/2028	6,931,543.75	39,063,342.50	45,994,886.25
03/30/2029	6,931,543.75		6,931,543.75
09/30/2029	6,931,543.75	39,785,717.50	46,717,261.25
03/30/2030	6,931,543.75		6,931,543.75
09/30/2030	6,931,543.75	39,602,492.50	46,534,036.25
03/30/2031	6,931,543.75		6,931,543.75
09/30/2031	9,691,543.75	39,766,342.50	49,457,886.25
03/30/2032	6,862,543.75		6,862,543.75
09/30/2032	12,722,543.75	39,721,592.50	52,444,136.25
03/30/2033	6,716,043.75		6,716,043.75
09/30/2033	12,871,043.75	39,792,330.00	52,663,373.75
03/30/2034	6,562,168.75		6,562,168.75
09/30/2034	13,022,168.75	38,771,480.00	52,793,648.75
03/30/2035	6,400,668.75		6,400,668.75
09/30/2035	13,185,668.75	39,591,880.00	52,777,548.75
03/30/2036	6,231,043.75		6,231,043.75
09/30/2036	13,356,043.75	39,953,275.00	53,309,318.75
03/30/2037	6,052,918.75		6,052,918.75
09/30/2037	13,532,918.75	40,120,835.00	53,653,753.75
03/30/2038	5,865,918.75		5,865,918.75
09/30/2038	13,720,918.75	40,426,440.00	54,147,358.75
03/30/2039	5,669,543.75		5,669,543.75
09/30/2039	13,914,543.75	40,420,785.00	54,335,328.75
03/30/2040	5,463,418.75		5,463,418.75
09/30/2040	14,123,418.75	40,421,370.00	54,544,788.75
03/30/2041	5,246,918.75		5,246,918.75
09/30/2041	14,336,918.75	41,025,575.00	55,362,493.75
03/30/2042	5,008,306.25		5,008,306.25
09/30/2042	14,576,306.25	41,022,555.00	55,600,861.25
03/30/2043	4,757,093.75		4,757,093.75
09/30/2043	14,827,093.75	41,025,005.00	55,852,098.75
03/30/2044	4,492,756.25		4,492,756.25
09/30/2044	15,092,756.25	40,820,750.00	55,913,506.25
03/30/2045	4,214,506.25		4,214,506.25
09/30/2045	15,369,506.25	40,817,000.00	56,186,506.25
03/30/2046	3,921,687.50		3,921,687.50
09/30/2046	15,661,687.50	40,007,375.00	55,669,062.50
03/30/2047	3,598,837.50		3,598,837.50
09/30/2047	15,983,837.50	37,580,000.00	53,563,837.50
03/30/2048	3,258,250.00		3,258,250.00
09/30/2048	16,328,250.00	37,576,000.00	53,904,250.00
03/30/2049	2,898,825.00		2,898,825.00
09/30/2049	16,683,825.00	37,575,000.00	54,258,825.00
03/30/2050	2,519,737.50		2,519,737.50
09/30/2050	17,064,737.50	37,576,500.00	54,641,237.50
03/30/2051	2,119,750.00		2,119,750.00
09/30/2051	17,464,750.00		17,464,750.00
03/30/2052	1,736,125.00		1,736,125.00
09/30/2052	17,846,125.00		17,846,125.00
03/30/2053	1,333,375.00		1,333,375.00
09/30/2053	18,253,375.00		18,253,375.00
03/30/2054	910,375.00		910,375.00
09/30/2054	18,675,375.00		18,675,375.00
03/30/2055	466,250.00		466,250.00
09/30/2055	19,116,250.00		19,116,250.00
	554,860,901.28	1,027,018,920.00	1,581,879,821.28

FORM 8038 STATISTICS

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Dated Date 07/30/2025
Delivery Date 07/30/2025

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bonds:						
	07/01/2026		5.000%	101.734		
	07/01/2027		5.000%	103.549		
	07/01/2028		5.000%	105.261		
	07/01/2029		5.000%	106.806		
	07/01/2030		5.000%	108.036		
	07/01/2031	2,760,000.00	5.000%	108.958	3,007,240.80	2,760,000.00
	07/01/2032	5,860,000.00	5.000%	109.659	6,426,017.40	5,860,000.00
	07/01/2033	6,155,000.00	5.000%	110.148	6,779,609.40	6,155,000.00
	07/01/2034	6,460,000.00	5.000%	109.956	7,103,157.60	6,460,000.00
	07/01/2035	6,785,000.00	5.000%	109.404	7,423,061.40	6,785,000.00
	07/01/2036	7,125,000.00	5.000%	108.203	7,709,463.75	7,125,000.00
	07/01/2037	7,480,000.00	5.000%	107.271	8,023,870.80	7,480,000.00
	07/01/2038	7,855,000.00	5.000%	106.265	8,347,115.75	7,855,000.00
	07/01/2039	8,245,000.00	5.000%	105.518	8,699,959.10	8,245,000.00
	07/01/2040	8,660,000.00	5.000%	104.613	9,059,485.80	8,660,000.00
	07/01/2041	9,090,000.00	5.250%	105.534	9,593,040.60	9,090,000.00
	07/01/2042	9,570,000.00	5.250%	104.558	10,006,200.60	9,570,000.00
	07/01/2043	10,070,000.00	5.250%	103.674	10,439,971.80	10,070,000.00
	07/01/2044	10,600,000.00	5.250%	103.195	10,938,670.00	10,600,000.00
	07/01/2045	11,155,000.00	5.250%	102.798	11,467,116.90	11,155,000.00
Term Bond 25yr:						
	07/01/2046	11,740,000.00	5.500%	103.315	12,129,181.00	11,740,000.00
	07/01/2047	12,385,000.00	5.500%	103.315	12,795,562.75	12,385,000.00
	07/01/2048	13,070,000.00	5.500%	103.315	13,503,270.50	13,070,000.00
	07/01/2049	13,785,000.00	5.500%	103.315	14,241,972.75	13,785,000.00
	07/01/2050	14,545,000.00	5.500%	103.315	15,027,166.75	14,545,000.00
Term Bond 30yr:						
	07/01/2051	15,345,000.00	5.000%	96.977	14,881,120.65	15,345,000.00
	07/01/2052	16,110,000.00	5.000%	96.977	15,622,994.70	16,110,000.00
	07/01/2053	16,920,000.00	5.000%	96.977	16,408,508.40	16,920,000.00
	07/01/2054	17,765,000.00	5.000%	96.977	17,227,964.05	17,765,000.00
	07/01/2055	18,650,000.00	5.000%	96.977	18,086,210.50	18,650,000.00
		268,185,000.00			274,947,933.75	268,185,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	07/01/2055	5.000%	18,086,210.50	18,650,000.00		
Entire Issue			274,947,933.75	268,185,000.00	20.3817	4.8802%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	5,363,700.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	19,583,837.50

COST OF ISSUANCE

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Cost of Issuance	\$/1000	Amount
Other Cost of Issuance	10.00	2,681,850.00
	10.00	2,681,850.00

UNDERWRITER'S DISCOUNT

Guam Waterworks Authority
Series 2025A - \$250mm Project Fund (Level Debt Structure – 5 Year Principal Deferral)
Preliminary Analysis - Subject to Change
Rates as of June 2, 2025

Underwriter's Discount	\$/1000	Amount
Other Underwriter's Discount	10.00	2,681,850.00
	10.00	2,681,850.00

FUTURE SYSTEM CAPITAL REQUIREMENTS

Water Resources Master Plan Updates

In 2006, the Authority completed the original Water Resources Master Plan (2004-2007) (the “**2006 WRMP**”), a planning document that set forth an assessment of the Authority’s System and outlined capital improvements over a 20-year period. In 2018, the Authority completed an update to the 2006 WRMP (the “**2018 WRMP Update**”), which provided a comprehensive assessment of the Authority’s progress toward achieving the recommendations set forth in the 2006 WRMP and further developed a capital improvement program and financial plan to achieve the Authority’s goals and objectives to meet acceptable levels of service and system improvement for the next 20 years, through 2037. The long-term planning effort also addressed programmatic elements of the Authority’s operations to sustain the utility and maintain compliance with drinking water standards and clean water regulations. In 2025, the Authority completed an update to the 2018 WRMP Update (the “**Interim WRMP Update**”), which the CCU adopted on May 27, 2025. The Interim WRMP Update provides a revised capital program for Fiscal Years 2024-2037 that consists of remaining projects from the 2018 WRMP Update and new projects that are the result of updated analyses of the water and wastewater systems, mandates required by the 2024 Partial Consent Decree, new contaminant levels for PFAS compounds, and new general utility improvements identified by the Authority. The Interim WRMP Update calls for approximately \$1.892 billion of capital spending over the 2018-2037 forecast period. The Interim WRMP Update provides the basis for most of the capital improvements included in the current capital improvement program, which is further described herein. See “– Capital Improvement Program.”

See “REGULATORY ENVIRONMENT – Environmental Regulations – 2024 Partial Consent Decree” and “– Capital Improvement Program” and “THE SYSTEM – Rates and Charges – 2025-2029 Rate Plan.”

Capital Improvement Program

2025-2029 CIP: On March 4, 2024, the CCU approved the Authority’s 2025-2029 Financial Plan, which incorporates the Authority’s capital improvement program for Fiscal Years 2025-2029 (the “**2025-2029 CIP**”). The capital cost of implementing the 2025-2029 CIP, as shown in the following table, is \$898.7 million (in nominal dollars), and anticipated to be financed through a combination of proceeds of previously issued bonds, the 2025A Bonds and Additional Bonds expected to be issued in Fiscal Year 2028, various prior and future grants, including US EPA State Revolving Fund (“**State Revolving Fund**”) grants, operating revenues, revenues from System Development Charges and certain reserves. The Authority can provide no assurance that the total cost of the 2025-2029 CIP will not be higher than currently estimated. See “CERTAIN INVESTMENT CONSIDERATIONS – Implementation of Capital Improvement Program.”

The following table sets forth the allocation of 2025-2029 CIP project costs among four categories: (i) water production, treatment, distribution and storage, (ii) wastewater collection and treatment, (iii) electrical, including monitoring and control, and (iv) general plant and miscellaneous, as well as the projected sources of funding for such projects by Fiscal Year. Most notably, the 2025-2029 CIP includes certain capital program requirements mandated under the 2024 Partial Consent Decree, including wastewater collection system gravity line assessment, capacity analyses and certain rehabilitation/replacement for the portions of the sewer collection network; inventory, assessment and analyses are required for sewer pump station force main (discharge) piping and rehabilitation/replacement of a certain percentage of the Authority’s total force main piping inventory; assessment, design and construction of Tier 1 and a certain number of Tier 2 pump station upgrades as such tiers have been identified in the Authority’s 2018 WRMP Update. Furthermore, the 2025-2029 CIP includes planning and engineering to address new federal regulations for emerging contaminants such as PFAS and selected water tank projects.

Approximately \$356.4 million or 39.7% of the 2025-2029 CIP is allocated to projects to comply with the 2011 Court Order and the 2024 Partial Consent Decree (see “REGULATORY ENVIRONMENT – Environmental Regulations – 2003 Stipulated Order and 2011 Court Order” and “– 2024 Partial Consent Decree”); approximately \$204.7 million or 22.8% of the 2025-2029 CIP is allocated to projects relating to PFAS and other emerging contaminants (see “REGULATORY ENVIRONMENT – Environmental Regulations – Compliance with the SDWA

– *Water System*”); and approximately \$203.1 million or 22.6% of the 2025-2029 CIP is allocated to Water Loss Control Program projects (see “THE SYSTEM – Water Loss Control Program”).

For more information regarding the Authority’s 2025-2029 CIP, including project descriptions within the four categories and planned capital financing, see APPENDIX A – “Consultant’s Feasibility Study – Capital Improvement Program” and “– Financial Performance – Capital Financing.”

Table 19
CIP Encumbrance Requirements and Sources of Funds
Fiscal Years 2025 through 2029
(\$000)

	2025	2026	2027	2028	2029	Total
Capital Improvement Program						
Water Production, Treatment, Distribution and Storage	\$117,389	\$125,639	\$58,333	\$212,883	\$62,978	\$577,221
Wastewater Collection and Treatment	31,941	62,804	38,818	8,824	34,414	176,801
Electrical, including Monitoring and Control	1,827	5,099	14,848	0	1,147	22,921
General Plant and Miscellaneous	14,488	29,106	44,683	27,796	5,736	121,808
Total*:	\$165,644	\$222,647	\$156,682	\$249,503	\$104,275	\$898,752
Sources of Funds						
Proceeds from Additional Debt	\$250,000	\$0	\$0	\$265,000	\$0	\$515,000
Short-Term Construction Financing ⁽¹⁾	75,000	0	75,000	0	0	150,000
Future EPA Grants ⁽²⁾	34,488	30,000	30,000	4,000	4,000	102,488
Internally Funded CIP (PAYGO) ⁽³⁾	17,000	17,000	17,000	18,000	19,000	88,000
Interest Earnings	11,374	10,771	6,146	5,436	6,876	40,602
System Development Charge	750	750	750	750	750	3,750
Used (Unused) Reserves ⁽⁴⁾	(222,968)	164,127	27,786	(43,683)	73,649	(1,089)
Total*:	\$165,644	\$222,647	\$156,682	\$249,503	\$104,275	\$898,752

⁽¹⁾ The Authority plans to use short-term construction financing (*i.e.*, commercial paper notes, a revolving loan or similar instruments) to encumber projects, issue loans for contractor payment. These short-term construction financing instruments, anticipated to be established with two-year terms, are planned to be refunded with the issuance of revenue bonds that will provide substitute funding and pay off the outstanding instrument debt balances when each two-year term expires. See “– *Short-Term Construction Financing*”

⁽²⁾ These grants are awarded annually to the Authority and consist of US EPA Drinking Water and Clean Water State Revolving Fund infrastructure grants as well as the Authority’s allocation from the Infrastructure Investment and Jobs Act. See “– *Grants*.”

⁽³⁾ Net operating revenues from the System.

⁽⁴⁾ Interest earnings on restricted accounts such as debt service reserves and revenue bond proceeds.

⁽⁵⁾ At the end of Fiscal Year 2029, approximately \$1.1 million will remain (unrestricted balance) for capital projects beyond the forecast period.

* Totals may not add due to rounding.

Source: Guam Waterworks Authority; compiled from APPENDIX A – “Consultant’s Feasibility Study - Table 7.5” with modified footnotes.

As shown above, capital requirements are planned to be funded through revenue bonds (57.2%), short-term construction financing (16.7%), grants from the US EPA (11.4%), internally funded CIP (*i.e.*, net operating revenues transferred from the operating fund) (9.8%), revenues from System Development Charges (0.4%), and interest earnings on restricted accounts that may be used to fund projects (*i.e.*, debt service reserves or bond proceeds) (4.5%).

Short-Term Construction Financing. Pursuant to Public Law No. 37-103 (“PL 37-103”), the Authority is authorized to use certain short-term construction financing instruments to finance projects in its capital improvement program subject to certain requirements. The Authority may issue up to \$360 million in tax-exempt or taxable commercial paper notes, as well as up to \$400 million in aggregate principal amount of notes, bonds or other similar instruments (including but not limited to revolving notes) secured by bank credit facilities (“**Credit Facility Obligations**”). Under PL 37-103, the Authority is also authorized to issue long-term refunding bonds to refinance such commercial paper notes or Credit Facility Obligations, as well as long-term revenue bonds to finance and

refinance certain projects in its capital improvement program. However, the total amount of indebtedness incurred pursuant to PL 37-103 may not exceed \$560 million.

The Authority plans to incur \$75 million of short-term indebtedness in 2025, to refund such debt in 2027 with long-term revenue bonds, to incur another \$75 million of short-term indebtedness in 2027, and to refund such debt in 2029 with long-term revenue bonds.

Commercial paper notes may be payable from revenues and secured only on a subordinate basis to the payment of debt service on Bonds. Credit Facility Obligations may be payable from revenues and secured on a parity basis with or on a subordinate basis to the payment of debt service on Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS - Parity Payment Agreements" and "Subordinate Obligations."

Grants. The Authority anticipates US EPA grants to total \$102.5 million over the five-year forecast period, including grants from the US EPA Drinking Water State Revolving Fund and Clean Water State Revolving Fund programs totaling \$4.0 million per year, as well as the Authority's allocation of the federal Infrastructure Investment and Jobs Act grant program, consisting of \$30.5 million in Fiscal Year 2025 and \$26 million in each of Fiscal Year 2026 and 2027.

understanding is that demand for contractors has increased with the ongoing military build-up. GWA engineering is aware of this challenge and have taken a closer look at ways to improve the bidding environment. Alternatives that have been considered include:

- Simplifying bid packages to cater to relatively smaller general contractors
- Improving standardization of equipment specifications
- Conducting workshops with contractors to better understand needs
- Mitigating schedule risks where possible
- Considering inclusion of design specifications for pre-fabricated elements where appropriate to reduce manpower and schedule risk constraints

6.2 Capital Program Project Categories

Based on GWA's master planning efforts, outcomes of key operating programs including asset management and water loss control, and consideration of key risks, GWA has developed a comprehensive CIP for FY 2025 – 2029 using four general project categories.

6.2.1 Water Production, Treatment, Distribution, and Storage

The Water Production, Treatment, Distribution, and Storage CIP includes:

1. Rehabilitation, replacement or construction of new groundwater wells with updated casing and screens to improve well maintenance and operations. These upgrades will include robust chlorine injection and monitoring systems to improve safety and chemical usage. Upgrades to the well heads will improve groundwater management. Wellhead treatment will be done to assure protection from emerging contaminants and PFOS. Centralized treatment systems for production wells will be considered and pilot testing conducted to select the preferred treatment system. Upgrades to the Ugum water treatment plant will help to capture more surface water and increase water production at the Ugum WTP.
2. Water distribution pipeline improvements and upgrades will include replacement of aged 2-inch and asbestos water lines. This will have a positive impact on water loss control and reduce the dependency on Navy Water.⁴¹ These upgrades will continue to improve the District Metering Areas within the GWA distribution system. Improvements to metering, isolation and pressure control will be done as part of this upgrade.
3. BPS improvements will provide redundancy and weather hardening of the water system. Upgrades to the pumping system will allow GWA to better manage the assets and provide for better knowledge transfer for operations and maintenance. Pump station improvements will increase site security and minimize downtime during typhoons and island power fluctuations. Relocation of pump stations will help maximize the pump station efficacy and service areas.
4. Completion of remaining reservoirs necessary to be in compliance with the 2011 Court Order, and other regulatory requirements will be part of the program. This will include regular tank inspections to assure these assets meet and exceed their projected life spans.

⁴¹ See Section 3.4 for a discussion of Non-Revenue Water including estimates of water loss reductions to date through GWA's Water Loss Control Program.

6.2.2 Wastewater Collection and Treatment

The Wastewater Collection and Treatment CIP includes projects to rehabilitate or replace collection system pipes and pump stations in conformance with the 2024 Partial Consent Decree. This includes:

1. Collection system replacements and upgrades. This will reduce impacts from infiltration and inflow, reduce sanitary sewer overflows, and provide increased reliability in the collection system.
2. Assessment and upgrades of pump and force mains will improve capacity and reduce the potential for sanitary sewer overflows. Improved pump controls will allow for better pump efficiency and power savings.
3. Pump station upgrades will include improvements to the emergency power, lighting and ventilation systems. Improved access and site protection will assure asset security. The pump station sites will be brought to, or exceed, industry standards.
4. Improvement to the FOG and pre-treatment programs will assure the collection system and WWTPs are operating efficiently and with minimal risk from clogging and treatment upsets.
5. A feasibility study will be done to determine how the Hagåtña WWTP will be upgraded to secondary treatment at its current location, or if it will be relocated to a new location as a new WWTP.

6.2.3 Electrical, Monitoring and Control

The Electrical, Monitoring and Control CIP includes electrical and control system upgrade projects at groundwater wells, BPS, and wastewater pump stations, water and wastewater treatment facilities, as well as development of a SCADA system to increase operational control and efficiency. Realtime monitoring of pressure, flow, elevation, and chlorine residual levels will provide essential data to allow for DMA improvements and identification of specific water loss areas. Improved monitoring and control will consist of standardized pressure loggers, flow metering and system controls. This improvement will help to optimize operations and provide for improved system efficiencies. This will increase equipment life cycle and reduce operating costs. Hardening of the electrical system will include power filters and increased surge protection and onsite battery systems. This will reduce motor burnouts and improve reliability in water and wastewater pumping systems.

6.2.4 General Plant and Miscellaneous

The General Plant and Miscellaneous CIP includes projects for information technology improvements, security improvements, mobile fleet replacements, and general plant improvements. Technology improvements include CMMS and central SCADA system enhancements. These systems will aid in data analysis and work order management. Security improvements include site and hardened network access, 24-hour site surveillance and intrusion detection, and increased force protection. Improvement to the fleets include not only personnel vehicles but also unique system maintenance and surveillance equipment.