CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671) 648-3002 | guamccu.org

**Regular Board Meeting**
***CCU Conference Room, Gloria B. Nelson Public Service Building***
**5:30 p.m., June 5, 2019**

# AGENDA

**1. CALL TO ORDER**

**2. APPROVAL OF MINUTES**

**3. COMMUNICATIONS**
- **3.1 Public Comments (2 min. per person)**

**4. GPA**
- **4.1 New Business**
- **4.1.1 GM Report**
- **4.1.2 Financials**
- **4.1.3 Resolution No. 2019-09 Relative to Authorizing GPA to contract for Unarmed Uniformed Security Guard Services**

**5. GWA**
- **5.1 New Business**
- **5.1.1 GM Report**
- **5.1.2 Financials**
- **5.1.3 Resolution No. 37-FY2019 Relative to Approval of Contract for Construction of Upgrade of the Northern District Wastewater Treatment Plant, Project No. S17-003-OEA**
- **5.1.4 Resolution No. 36-FY2019 Relative to Approving the Five-Year Financial Plan and Capital Improvement Program**

**6. ANNOUNCEMENTCCU MTG 7/23**
- **6.1 Next CCU Meetings: GWA WS 7/16; GPA WS 7/18; CCU MTG 7/23**

**7. ADJOURNMENT**

CONSOLIDATED COMMISSION ON UTILITIES
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**Special Board Meeting**
***CCU Conference Room, Gloria B. Nelson Public Service Building***
**5:30 p.m., April 4, 2019**

# MINUTES

## 1. CALL TO ORDER

The Chairman called the CCU regular meeting of April 4, 2019 to order at 5:33 p.m. He said four (4) Commissioners were present adding that Comm. Guthertz was present earlier but felt ill and is excused. Others in attendance include:

| | |
|---|---|
| **Commissioners:** | |
| Joseph T. Duenas | CCU Chairman |
| Francis E. Santos | CCU Vice Chairman |
| Michael T. Limtiaco | CCU Secretary |
| Simon A. Sanchez | Commissioner |
| **Executive Mgmt.:** | |
| Miguel Bordallo | GM / GWA |
| Chris Budasi | AGMA / GWA |
| Gilda Mafnas | CFO (A) / GWA |
| Kelly Clark | Staff Attorney / GWA |
| **Management & Staff:** | |
| Paul Kemp | AGM Compliance & Safety / GWA |
| Ron Topasna | O&M Mgr, Water Treatment / GWA |
| Vangie Lujan | Compliance & Safety / GWA |
| Heidi Ballendorf | Public Information Officer / GWA |
| Tom Cruz | Chief Engineer / GWA |
| Dave Fletcher | O&M Mgr, WW Treatment / GWA |
| Chris Putin | IT / GWA |
| Yvonne Cruz | Budget Officer, GWA |
| Josephine Evangelista | GWA |
| Antoinette Acfalle | Legal Secretary / GWA |
| Lou Sablan | Board Secretary / CCU |
| **Guest:** | |
| Mark Miller | Commissioner / PUC |

**2. COMMUNICATIONS**

**2.1 Public Comments - None**

**3. GWA**

**3.1 New Business**

**3.1.1 Resolution No. 20-FY2019 – Draft 5-Year Capital Improvement Program and Financial Plan**

The objective of the Draft 5-year Financial Plan and Capital Improvement Program is to present the first five-years of capital improvement projects adopted under the 2018 Water Resource Master Plan update, as well as projects necessary to complete the 2011 Court Order and other regulatory compliance objectives. The projects outlined in the Capital Improvement Program includes projects that will be conducted island-wide and will also provide for the continued modernization, operation, maintenance, and repair of GWA's water and sewer systems and the Financial Plan provides for revenues to support debt service on approximately $260 million bonds to pay for much-needed capital improvements to benefit all of the people of Guam.

The Financial Plan addresses the 5-year period FY2020-FY2024 and includes: (1) estimated annual budgets for operations, maintenance and repair of GWA's water and sewer system, including capital improvement projects; and (2) a detailed descriptive plan for raising sufficient revenue to meet the projected costs set forth in the budgets, including adjustments or increases in other sources of revenue such as the Legislative surcharge.

Approval of the Draft Five-Year Financial Plan and Capital Improvement Program is urgent and necessary to begin the 90-day Public Notice period mandated under the Ratepayer's Bill of Rights (12GCA §12102.2 (b)), and to allow sufficient time for CCU and PUC approval prior to the start of the next fiscal year.

The total funding required for the Draft Five-Year Financial Plan and Capital Improvement Program is $260,000,000. The period covered by the draft plan is from FY2020 to FY2024

Comm. Duenas asked clarification if the $260M includes the currently authorized $130M; GM Bordallo said it includes the already authorized $130M. Comm. Sanchez reiterated that this is just the borrowing portion of the CIP. The total CIP is $524M from all sources - $170M from Dept. of Defense; $96M from revenues due to rate increases.

GM Bordallo mentioned that the complete financial plan and CIP is included in Exhibit A of the resolution and additional supplemental information and schedules are included in that package. The GM referenced the operating revenues from 2020 to 2024.

Comm. Sanchez asked if there will be sample bill illustrations to show ratepayers what to expect and the GM said yes.

In Table 1 below, GM Bordallo said that the projected basic water rate increases will range from 10% in 2020, 8.5% in 2021, 8% in 2022, 6.5% in 2023 and 5% in 2024 and showed corresponding growth and operating revenues.

Table I

| | Projection 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| Basic Charge -Water | **10.00%** | **8.50%** | **8.00%** | **6.50%** | **5.00%** |
| Lifeline Increase | 0.00% | 0.00% | **8.00%** | 0.00% | 0.00% |
| Non-Lifeline Increase | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Legislative Surcharge | 3.60% | 3.60% | 3.50% | 3.40% | 3.45% |
| Customer Growth | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Demand Growth | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **OPERATING REVENUES** | | | | | |
| Water Revenues | $77,204,920 | $83,410,356 | $90,162,843 | $95,753,251 | $100,357,472 |
| Wastewater Revenues | 43,990,559 | 47,006,664 | 50,816,250 | 53,527,730 | 55,758,216 |
| Legislative Surcharge | 3,855,370 | 4,185,719 | 4,397,793 | 4,552,730 | 4,853,770 |
| Other Revenues | 431,932 | 430,737 | 433,741 | 432,137 | 432,205 |
| System Development Char | 914,964 | 929,304 | 832,509 | 892,259 | 884,691 |
| **Total Operating Revenues** | **126,397,745** | **135,962,780** | **146,643,136** | **155,158,107** | **162,286,353** |

Comm. Sanchez noted that management forecasted the lifeline rates to increase in 2022. When costs are projected to increase the lifeline rate is also expected to move up in time. He reconfirmed with management that revenue streams shown here is result of estimated projections on population growth, demand growth, kgal sales projections and based on these, ran rates to create these revenue streams – the GM confirmed yes that is correct.

Table II

| O&M Expenses | Projected FY2020 | Projected FY2021 | Projected FY2022 | Projected FY2023 | Projected FY2024 |
|---|---|---|---|---|---|
| Water Purchases | $ 9,902,414 | $ 10,694,607 | $ 11,550,175 | $ 12,474,189 | $ 13,472,124 |
| Power Purchases | $ 14,935,381 | $ 15,234,089 | $ 15,538,771 | $ 15,849,546 | $ 16,166,537 |
| Salaries & Benefits | 27,199,775 | 28,677,206 | 29,340,741 | 30,018,089 | 30,709,538 |
| Administrative and General Expenses | 12,066,903 | 12,410,865 | 12,459,954 | 12,697,966 | 13,139,631 |
| Contractual Expense | 6,054,073 | 7,397,524 | 8,675,011 | 10,009,518 | 11,832,223 |
| Retiree Supplemental Annuities and healt | 3,763,479 | 3,933,179.8 | 4,112,018 | 4,300,483 | 4,499,094 |
| Total Operating Expenses (Less Depreciation) | **73,922,025** | **78,347,471** | **81,676,670** | **85,349,791** | **89,819,147** |
| Increase/(Decrease) | 9% | 6% | 4% | 4% | 5% |

In Table II above, the GM projected increases ranging from 4-9% for the next 5 years ranging from $74.9M to $89.8M for FY2020 – F2024.

In Table III below relative to salaries and wages including benefits details $27.2M in FY2020 up to $30.7M in FY2024. RE employee count filled vs. vacant it is projected that all vacancies would be filled by FY2020 at 400 FTE with further increase to 412 in FY 2021 due to planned asset management activity.

Comm. Santos asked if salaries and wages are tied to increments and asked what other factors were considered the GM responded yes and also includes provisions for the Boards directive migration towards the 20$^{th}$ percentile; premium pay is also allotted in estimates $1M every year over time and night differential and holiday work based on historical values of 1.4%.

Comm. Santos asked the # of employees are on defined benefit and DC – management said they can get the details for him. He asked for modeling of savings to GWA if the agency breaks away from GovGuam relative to health insurance. On salary / wages – what is due to increments and other factors. He would like a better look at the numbers.

Table III

| Salaries & Benefits | Projected FY 2020 | Projected FY 2021 | Projected FY 2022 | Projected FY 2023 | Projected FY 2024 |
|---|---|---|---|---|---|
| Salaries & Wages | 19,254,479 | 20,211,432 | 20,679,621 | 21,157,173 | 21,644,277 |
| Benefits & Retirement | 7,945,297 | 8,465,774 | 8,661,120 | 8,860,916 | 9,065,261 |
| Total | 27,199,775 | 28,677,206 | 29,340,741 | 30,018,089 | 30,709,538 |
| Full-Time Employee Count | | | | | |
| *Filled | 363 | 363 | 363 | 363 | 363 |
| *Vacant | 37 | 37 | 37 | 37 | 37 |
| New | | 12 | 12 | 12 | 12 |
| TOTAL | 400 | 412 | 412 | 412 | 412 |

- SALARIES:
  - FY2020 – funds 400 Full Time Employees (FTEs)
  - FY2021 – Projected 12 FTEs for Construction & Maintenance Division
  - Provides funds to migrate to 20th Market Percentile
- PREMIUM PAY
  - Overtime is flat at $1M each year assuming all positions filled
  - Night Differential and Holiday Work based on historical 1.4% and 1% of base
- BENEFITS
  - Insurance based on average rate GWA currently pays and adjusts 2% annually
  - Medicare is based on the standard rate of 1.45%
  - Retirement budgeted at 28% of base salaries

Table IV

| Administrative and General | Projected FY2020 | Projected FY2021 | Projected FY2022 | Projected FY2023 | Projected FY2024 |
|---|---|---|---|---|---|
| Sludge | 1,689,381 | 1,740,401 | 1,792,961 | 1,847,108 | 1,902,891 |
| Chemicals | 2,539,046 | 2,572,745 | 2,372,530 | 2,293,729 | 2,337,531 |
| Materials & Supplies | 2,369,442 | 2,440,525 | 2,467,552 | 2,555,410 | 2,632,073 |
| Transportation Expense | 477,684 | 492,014 | 506,775 | 521,978 | 537,637 |
| Telephone & Communication | 186,069 | 191,012 | 196,742 | 202,645 | 208,724 |
| Claims | 66,351 | 68,342 | 70,392 | 72,504 | 74,679 |
| Insurance | 982,136 | 1,011,600 | 1,041,948 | 1,073,206 | 1,105,403 |
| Training & Travel | 375,523 | 411,517 | 423,863 | 436,579 | 535,043 |
| Advertising | 145,312 | 149,672 | 154,162 | 158,787 | 163,550 |
| Regulatory | 309,358 | 318,639 | 328,198 | 338,044 | 348,186 |
| Bad Debts Provision | 1,781,672 | 1,835,123 | 1,890,176 | 1,946,882 | 2,005,288 |
| Miscellaneous | 1,144,928 | 1,179,276 | 1,214,654 | 1,251,094 | 1,288,627 |
| | 12,066,903 | 12,410,865 | 12,459,954 | 12,697,966 | 13,139,631 |

In Table IV above GM said this details Administrative and General Expenses which represents a 2-3% increase from year to year based on the factors below:

**Sludge**

- GWA's projection for sludge costs in FY2020 show an 8% reduction from the current FY2019 budget levels. In prior years, GWA budgeted for anticipated rate increases in disposal fees that did not materialize resulting in actual costs much lower than approved budgets.

- The FY2020 budget estimate is more consistent with prior year disposal costs. Moving forward, the budgets are based on 1% increases in flowdata that determines sludge production, and 2% increases in per ton disposal rates.

**Chemicals**

- Chemicals are projected to spike in FY2020 due to significant price changes in recent months, particularly for wastewater chemicals. Thereafter, chemical costs are estimated based on changes in projected demand and contractual price adjustments.

- Wastewater chemical requirements are expected to decrease after December 2021 upon commissioning of secondary treatment at the Northern District Treatment Plant.

| Chemicals | Original Cost | New Cost | % Change |
|---|---|---|---|
| ACH | 1.06 | 1.25 | 18% |
| Anionic | 1.40 | 1.98 | 41% |
| Cationic | 1.45 | 1.56 | 8% |
| Chlorine - 150lb | 559 | 587 | 5% |
| Chlorine - 1 Ton | 5,807 | 6,098 | 5% |

In Table V below Contractual Services is projected to increase from $6M in FY2020 to $11.8M in FY2024. It is anticipated that there will be increases in finance and information technology software and software maintenance requirements will increase after moving to Enterprise One. The software maintenance cost is a big chunk of this expense

Comm. Sanchez asked details for Other on the category – the GM said this includes road repair. grounds maintenance and things that GWA has not been doing in the past. The Commissioner said he would like more detail on this category since not much narrative is provided.

The GM also said that in the past there's been swings in the amount spent and many times deferred due to revenue flow. Management is now trying to be more consistent.

Comm. Santos asked on migration to new software for Enterprise One – how much can be postponed without jeopardizing the system. AGMA Budasi said that their estimates were conservative and there is flexibility to reduce it if needed.

Comm. Sanchez commented that these projections are not set in stone and will be reviewed annually. Comm. Duenas clarified that the PUC will approve the 5-year rate plan and annually via the true-up process adjustments will be made going forward rate increases for future years, as needed. Comm. Sanchez said that he would recommend that management include language in the resolution that the projections will be reviewed annually or if you want to call it a true up and subsequently make the increases smaller if possible. He wants to make sure we protect the CCU's ability to review this often. Comm. Duenas cautioned and asked legal counsel / management to make sure that the language is consistent with the other prior 5 year rate plans. Comm. Limtiaco commented that the resolution mentions the Commission will review the final rate plan in 90 days.

Table V

| Contractual Services | Projected FY 2020 | Projected FY 2021 | Projected FY 2022 | Projected FY 2023 | Projected FY 2024 |
|---|---|---|---|---|---|
| Other | 3,073,788 | 3,509,524 | 4,234,041 | 5,057,747 | 5,994,430 |
| Rental (Building) | 474,142 | 488,366 | 503,017 | 518,107 | 533,651 |
| Rental (Equipment) | 1,003,554 | 1,053,733 | 1,243,405 | 1,417,482 | 1,601,754 |
| Finance & Information Technology | 1,065,238 | 1,855,138 | 2,189,063 | 2,495,532 | 3,166,119 |
| Lab Testing | 430,899 | 480,763 | 495,186 | 510,041 | 525,343 |
| Legal | 6,452 | 10,000 | 10,300 | 10,609 | 10,927 |
| **Total** | **$6,054,073** | **$7,397,524** | **$8,675,011** | **$10,009,518** | **$11,832,223** |

**Contractual Services** reflect the largest of increases from year to year in this Rate Plan. When managers initially submitted budget proposals for FY2019, contractual services amounted to nearly $16 million. Those requests were drastically reduced to slightly more than $5 million. The differences instead have been spread out over the next 5 years.

- Between 2014 and 2018, GWA's audited contractual expenses reflect erratic spending with variances from year to year between -15% and 47%.
- The increases reflected below are intended to consistently fund contractual costs and provide for new services associated primarily with new technology, interim professional services and equipment rental.
- While most of the contractual line items are self-explanatory, an array of services comprises "Other" contractual expenses to include grounds maintenance, print and copier services, trash collection, permits, drug testing, consulting services, road restoration and other operational support functions.

| Contractual Services | Requested FY 2019 | Approved FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|---|---|---|---|---|---|---|---|
| Other | $ 7,905,591 | $ 2,561,490 | 3,073,788 | 3,509,524 | 4,234,041 | 5,057,747 | 5,994, |
| Rental (Building) | 449,460 | 460,332 | 474,142 | 488,366 | 503,017 | 518,107 | 533, |
| Rental (Equipment) | 3,167,910 | 959,755 | 1,003,554 | 1,053,733 | 1,243,405 | 1,417,482 | 1,601, |
| Finance & Information Technology | 3,105,473 | 705,400 | 1,065,238 | 1,855,138 | 2,189,063 | 2,495,532 | 3,166, |
| Lab Testing | 997,785 | 418,349 | 430,899 | 480,763 | 495,186 | 510,041 | 525, |
| Legal | 50,000 | 6,145 | 6,452 | 10,000 | 10,300 | 10,609 | 10, |
| Total | $ 15,676,219 | $ 5,111,471 | $ 6,054,073 | $ 7,397,524 | $ 8,675,011 | $ 10,009,518 | $ 11,832, |
| Increase/(Decrease) | | | 18% | 22% | 17% | 15% | |

Referencing the next table, GM Bordallo next talked about GWA Capital Improvement Projects (CIPs) which led to discussion on the borrowing figures. The total CIP amount is $520. At the end of the discussion Comm. Sanchez asked management to give the Commission the gross borowing that will net $260. Comm. Sanchez said the numbers have to be accurately reflected in the resolution. GM Bordallo confirmed that the gross borrowing is $260 which will net is $211.

**Guam Waterworks Authority**
**Schedule of Capital Projects**
**FY2020-2024**

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL |
|---|---|---|---|---|---|---|---|
| 2010 Bond Series | 3,804 | - | - | - | - | - | 3,804 |
| 2013 Bond Series | 1,453 | - | - | - | - | - | 1,453 |
| 2016 Bond Series | 52,563 | 2,703 | - | - | - | - | 55,266 |
| 2020 Bond Series | 50,345 | 28,631 | 28,350 | 1,600 | - | - | 108,926 |
| 2022 Bond Series | - | - | - | 24,209 | 18,664 | 5,900 | 48,773 |
| 2023 Bond Series | - | - | - | - | 18,824 | 18,852 | 37,676 |
| State Revolving Fund (SRF) | 7,000 | 5,088 | 3,000 | 8,000 | 8,000 | 8,000 | 39,088 |
| System Development Charge (SDC) | 6,700 | 500 | 1,000 | 500 | 500 | 500 | 9,700 |
| Grants | 110,387 | 13,061 | | - | - | - | 123,448 |
| Internally Funded CIP (PAY GO) | - | 15,000 | 15,000 | 20,500 | 21,000 | 24,500 | 96,000 |
| **Total** | 232,252 | 64,983 | 47,350 | 54,809 | 66,988 | 57,752 | 524,134 |

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL |
|---|---|---|---|---|---|---|---|
| Potable Water | 100,586 | 28,870 | 14,450 | 27,540 | 38,996 | 27,403 | 237,845 |
| Wastewater | 126,703 | 28,003 | 26,350 | 24,069 | 22,242 | 21,119 | 248,486 |
| Electrical | 1,710 | 1,510 | 2,600 | 1,500 | 3,200 | 5,530 | 16,050 |
| Miscellaneous | 3,253 | 6,600 | 3,950 | 1,700 | 2,550 | 3,700 | 21,753 |
| **Total** | 232,252 | 64,983 | 47,350 | 54,809 | 66,988 | 57,752 | 524,134 |

The next discussion was regarding Debt Service Coverage. GM Bordallo said the debt service coverage ranges from 1.86 to 2.05 over the 5 year period.

Comm. Sanchez asked management if the debt service coverage was 1.75, the level that PUC preferred indenture coverage, how much would that lower the rate increases and would it still protect the 1.25 debt service coverage in the indenture. He was asking for a sensitivity analysis.

GM Bordallo said yes management could do that but wanted the Commission to understand how the they arrived at these coverages with recommended goal of indenture coverage of 1.5. Doing so would enhance GWA's borrowing, improve ratings etc. The logic that GWA's financial consultant has shared and understanding that the PUC coverage is 1.75, the rating agencies look at is the indenture number not the PUC number.

Chairman Duenas concurred that management should look at what this number is in the past and stick to this number – this is the driving force.

Comm Sanchez asked management to run both numbers and what the resulting indenture coverages are to see if it makes sense.

GM Bordallo said that historically it's been above the 1.25 but not meeting the 1.5 target. Comm. Sanchez said he just wants to see the sensitivity analysis to see if we can make ratepayers happy and that they can afford this. Let's run the analysis to see if there needs to be little less or little more cushion

| | Projection | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| BOND DEBT SERVICE | 34,175,188 | 34,229,950 | 43,204,135 | 43,195,705 | 47,217,036 |
| DEBT SERVICE COVERAGE CALCULATION - Section 6.12 | | | | | |
| Earnings (Loss) from Operations | 30,513,050 | 35,344,278 | 42,665,845 | 47,160,144 | 48,428,785 |
| Investment Income-Other funds | 216,573 | 248,637 | 210,495 | 225,235 | 228,122 |
| COLA | 644,877 | 688,520 | 735,117 | 784,867 | 837,984 |
| System Development Charge | (914,964) | (929,304) | (832,509) | (892,259) | (884,691) |
| Depreciation | 21,962,670 | 22,271,032 | 22,300,621 | 22,648,171 | 24,038,420 |
| Balance Available for Debt Service - Section 6.12 | 52,422,206 | 57,623,163 | 65,079,569 | 69,926,159 | 72,648,621 |
| Debt Service Coverage (1.25X) - Section 6.12 | 1.53 | 1.68 | 1.51 | 1.62 | 1.54 |
| DEBT SERVICE COVERAGE CALCULATION - PUC Debt Ratio | | | | | |
| Balance Available for Debt Service | 52,422,206 | 57,623,163 | 65,079,569 | 69,926,159 | 72,648,621 |
| Transfer - Reserve for O & M | | | | | |
| Transfer - Reserve for Debt Service | | | 8,000,000 | | 5,000,000 |
| 2017 Refunding bond savings | | | | | |
| Available for Debt Service -Reserve for Debt Service | 11,244,664 | 11,244,664 | 11,244,664 | 19,244,664 | 19,244,664 |
| Balance Available for Debt Service - PUC | 63,666,870 | 68,867,828 | 84,324,235 | 89,170,823 | 96,893,286 |
| Debt Service Coverage (1.75X) - PUC | 1.86 | 2.01 | 1.95 | 2.06 | 2.05 |

The GM said the table below shows the cumulative percentage rate increase for prior year borrowings which ranged from 17.4%, 53.5% and now 28%

**Guam Waterworks Authority**
**New Borrowing Requires Legislative Authorization**
**FY2020-2024**

| | | |
|---|---|---|
| Total Amount Authorized | | 670,000,000 |
| Less: Amount Borrowed - | 2005 Series Bond | 101,175,000 |
| | 2010 Series Bond | 118,825,000 |
| | 2013 Series Bond | 172,630,000 |
| | 2016 Series Bond | 143,310,000 |
| | | 535,940,000 |
| Amount Available for 2020 Series Bond | | 134,060,000 |
| Amount Requires Legislative Authorization for New Bonds | | |
| | 2022 Series Bond | 60,000,000 |
| | 2023 Series Bond | 66,000,000 |
| | Total | 126,000,000 |

| Rate Plan Period | Yr-1 | Yr-2 | Yr-3 | Yr-4 | Yr-5 | Cumulative |
|---|---|---|---|---|---|---|
| FY2009 - FY2013 | 6.60% | 14.00% | 8.00% | 12.77% | 6.10% | 47.47% |
| FY2014 - FY2018 | 15.00% | 14.50% | 16.50% | 3.50% | 4.00% | 53.50% |
| FY2020 - FY2024 | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% | 38.00% |

GM Bordallo then discussed some sample bills across all customer bases – residential, commercial, government and hotel. Under residential, the combined bill currently at $62.98 which will move up to $76.38 at the end of the 5year period. It was pointed out that the average water customer range is more than 5k per month, currently $93.83 on chart provided and will move up to $119.64 per month at the end of the 5year period.

Comm. Sanchez then pointed out the increases for commercial customers. The magnitude is huge for this sector.

There was discussion on farming rates and the Commission wanted a sampling of this segment in the scenario as well. Management have kept rates for his sector static for more than 3 years but it was mentioned that they will be impacted. As the process reaches the 90-day period this may change.

Comm. Duenas commented that one of the biggest problem management has to put redundancy and resiliency in the Tumon area.

Comm. Santos said that what happens to this model if we spread it out over a longer period of time. GM Bordallo said the first thing that would be compromised is compliance. Another thing is improving service and getting service to where it should be – this may also be impacted. The focus has been to work in areas that are in the worse condition. Management is trying to get to these areas asap.

Comm. Sanchez says what is good about this board is we are willing to look at all possible scenarios and tradeoffs.

Comm. Santos asked what USEPA is focused on – GM Miguel said pump stations. He added that management is in sensitive discussion with USEPA and would not want to discuss in this setting.

There was a discussion on the possibility of increasing the model another 5-10 years. The Chairman said it is important that we not lose sight.

The GM reiterated that management is not asking the CCU for approval of this plan, management is asking to release the draft to start the process. He said the pubic notice must be released to kick off the 90-day period. He showed the Commission the Draft Financing Schedule for the 2020 borrowing. The Court Ordered project has not gone away and we need to get the draft release to cover the funding we need the first rate increase. If the CCU approves the release, management will schedule public hearings and by June, management will present the approval in June petition PUC to hear it in August and go to market late October and close in late November.

Comm. Sanchez said the sensitivity analysis is important for the Commission to see the analysis on behalf of ratepayers to ensure all things are being considered.

Comm Santos asked about bond terms – it was confirmed that the term is 30 years.

Comm. Santos motioned to adopt Resolution 20-FY2019; second by Comm. Sanchez. There being no further discussion or objection the motion passed 4-ayes; 1 absent.

Guam Waterworks Authority
Sample Bill Summary
FY2019-2024

| Rate Class | Current 2019 | 10.00% 2020 | 8.5% 2021 | 8.0% 2022 | 6.5% 2023 | 5.0% 2024 |
|---|---|---|---|---|---|---|
| Residential = 5k | 62.98 | 65.29 | 67.47 | 72.84 | 74.77 | 76.38 |
| Increase | | 2.30 | 2.19 | 5.37 | 1.93 | 1.62 |
| Residential > 5k | 93.83 | 98.87 | 103.66 | 111.89 | 116.10 | 119.64 |
| Increase | | 5.04 | 4.78 | 8.23 | 4.22 | 3.54 |
| Commercial 1 | 740.38 | 813.24 | 882.36 | 952.03 | 1,012.93 | 1,064.09 |
| Increase | | 72.86 | 69.13 | 69.67 | 60.90 | 51.16 |
| Commercial 2 | 12,292.07 | 13,501.73 | 14,649.37 | 15,806.05 | 16,817.18 | 17,666.58 |
| Increase | | 1,209.66 | 1,147.65 | 1,156.68 | 1,011.13 | 849.40 |
| Commercial 3 | 1,823.76 | 2,003.23 | 2,173.51 | 2,345.12 | 2,495.14 | 2,621.16 |
| Increase | | 179.48 | 170.27 | 171.61 | 150.02 | 126.02 |
| Government - G6 | 1,785.53 | 1,961.24 | 2,127.95 | 2,295.96 | 2,442.84 | 2,566.22 |
| Increase | | 175.71 | 166.71 | 168.02 | 146.88 | 123.38 |
| Hotel. | 298,649.32 | 328,039.29 | 355,922.63 | 384,025.40 | 408,591.90 | 429,228.95 |
| Increase | | 29,389.97 | 27,883.34 | 28,102.77 | 24,566.49 | 20,637.05 |

**4. ANNOUNCEMENTS**

**4.1 <u>Next CCU Meetings</u>: April 16 – GWA WS; April 18 – GPA WS; April 23**

The Chairman announced that the next CCU meeting would be a work session for GWA on April 16; GPA Work Session on April 18 and this month the regular monthly CCU meeting on Thurs., April 25.

**5. ADJOURNMENT**

There was no further business to bring before the Commission.

Comm. Santos motioned to adjourn the meeting; Comm. Limtiaco seconded.

It was 6:52 p.m.

\\s\\
Bls

Attested:

| | |
|---|---|
| _______________________________ | _______________________________ |
| JOSEPH T. DUENAS, Chairman | MICHAEL T. LIMTIACO Secretary |

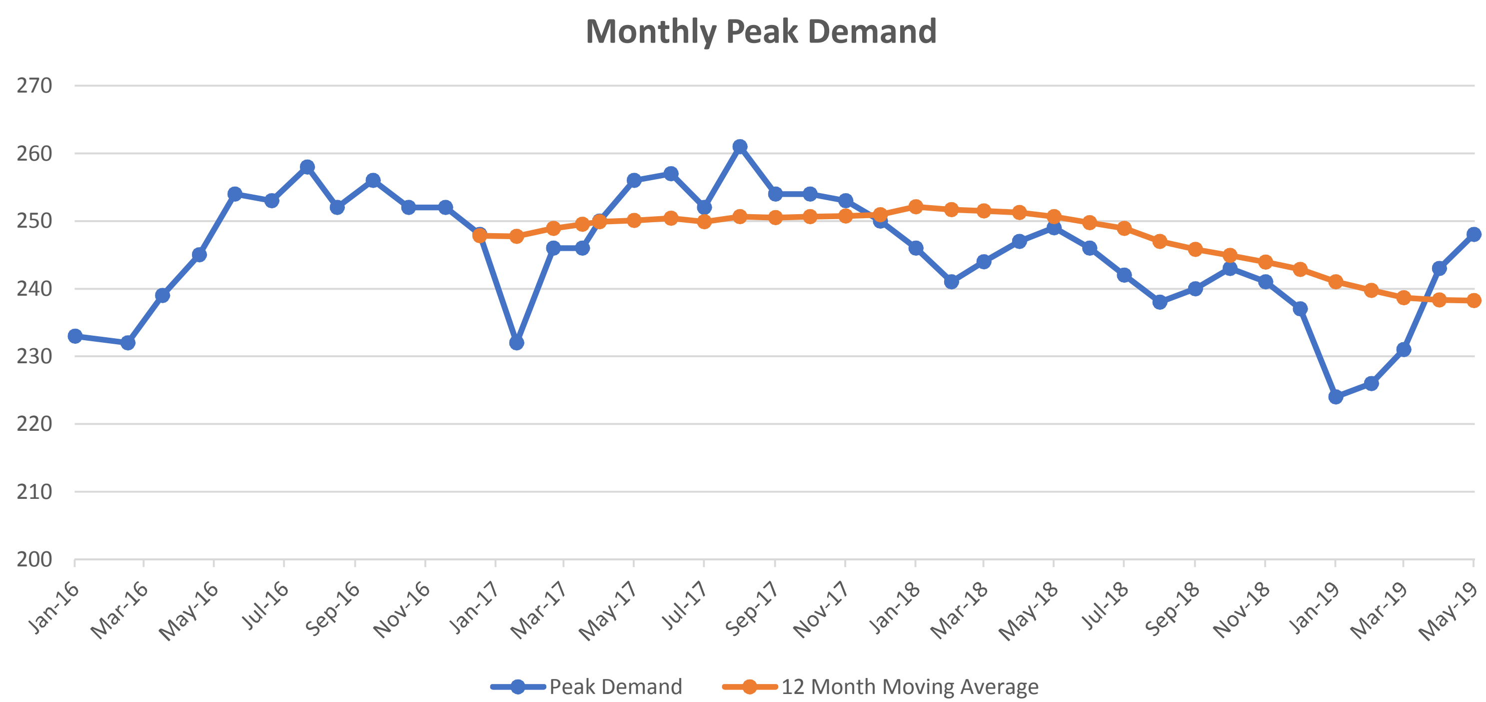
# GENERAL MANAGER'S REPORT

# JUNE 2019

1. **Generation System:** The following summarizes the generation forecast for July 2019:

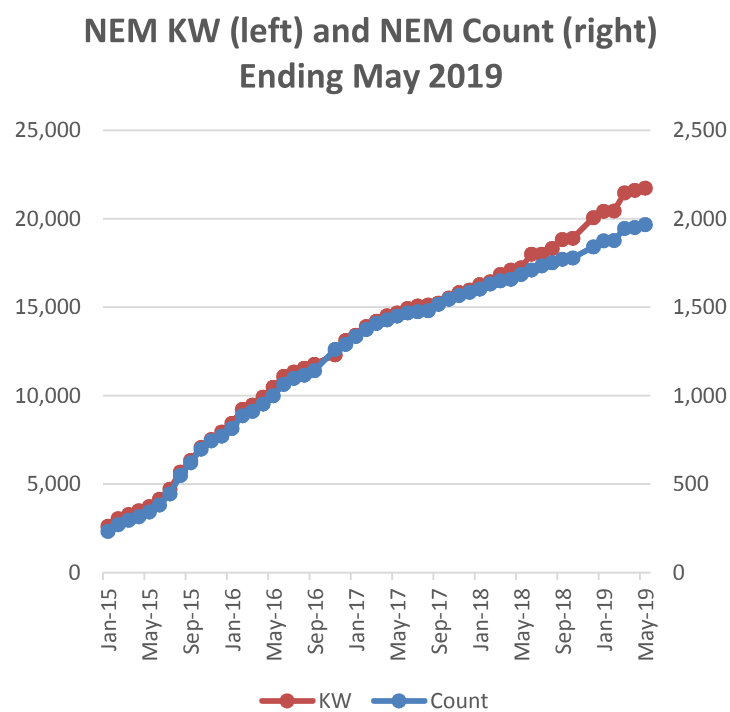
| | |
|---|---|
| Projected Available Capacity: | 373 MW |
| Projected Demand: | 250 MW |
| Anticipated Reserve Margin: | 123 MW |

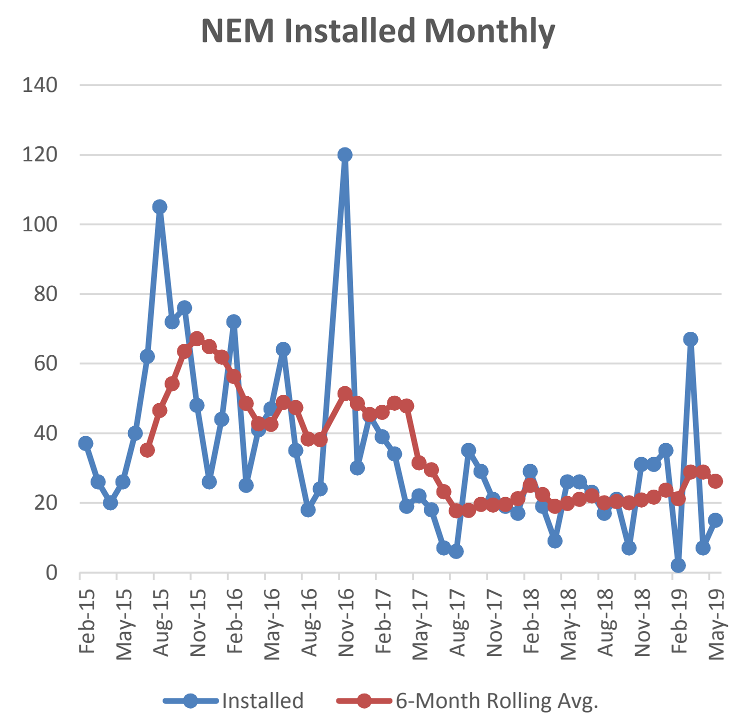
- The peak demand for May 2019 was 254MW which is an increase from 251MW in May 2018. May was a high demand period mainly due to higher average temperatures



## 2. Net Metering (NEM) Credit Adjustment:

The PUC ordered at its May 30th meeting to not make any change to the current program. It also ordered for GPA and PUC to agree on an independent consultant to determine the cost and benefits of NEM on GPA and the benefits distributed generation may have in the distribution system. The PUC will entertain the report when completed and will address the matter further at that time or once the total NEM KW capacity reaches about 26MW. The following graphs show Net Metering ending May 2019:



3. **LED Streetlights:**

We are receiving delivery of 3,750 LED (white color) streetlights and will be replacing the vintage High Pressure Sodium (yellowish color) lights between now and September. The 250Watt lights will be installed on marine drive from and the 150 watts in villages in the south. We are in the process of ordering another 7,000 LED lights for delivery in FY 2020 to change out the balance of the HPS lighting.

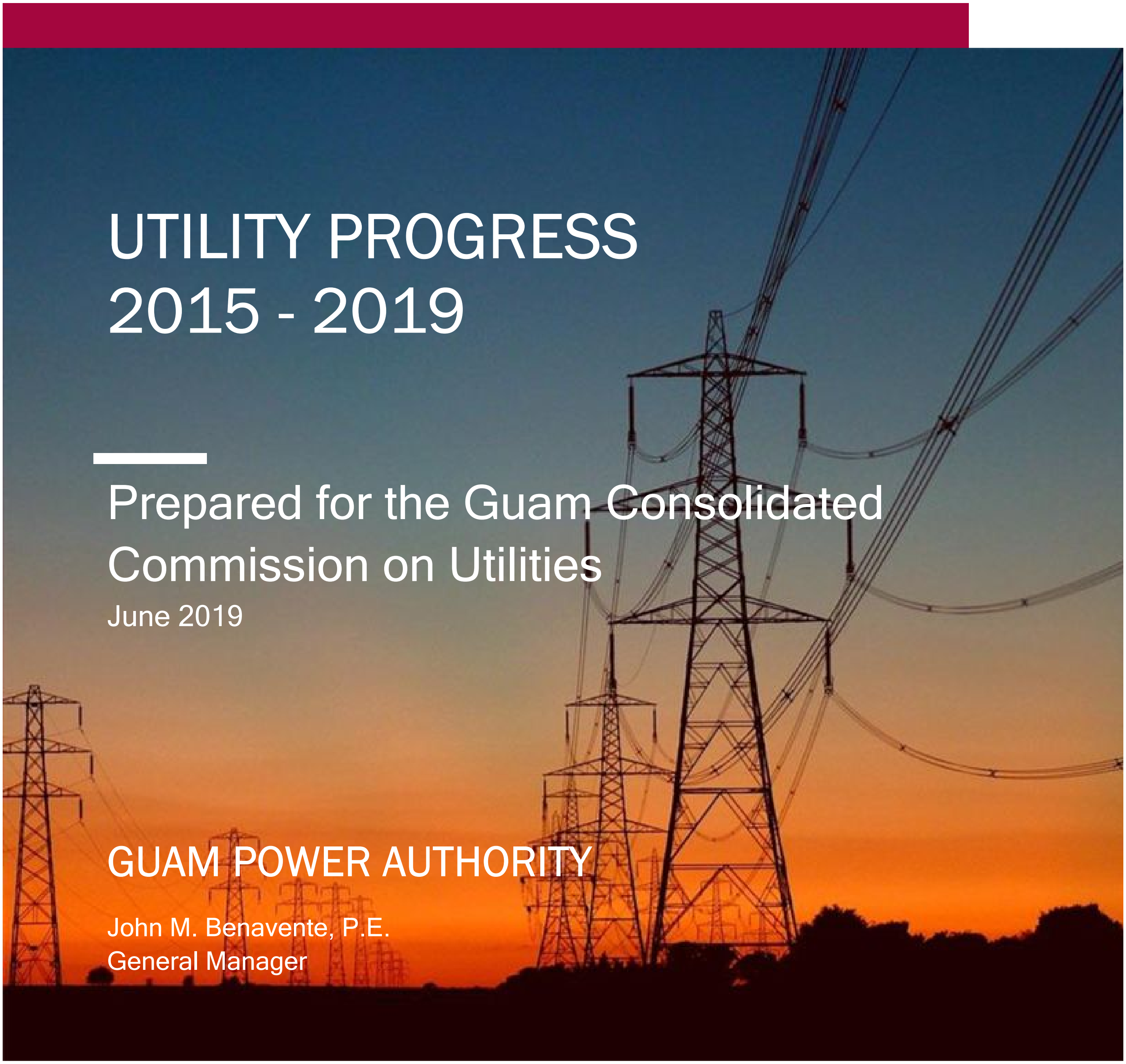
The changeout of 3,750 lights will result in a savings to DPW of about $300K/year. This savings can install about another 1,000 lights. I will discuss with the DPW director the possibility of adding to the system to begin addressing poorly lighted areas impacting public safety.

4. **New 180 MW Power Plant:**

Three bidders submitted bids on June 3, 2019. The evaluation team began work today evaluating submittals to determine the lowest bidder. I may be able to advise the CCU on the final results in July.

5. **Utility Progress:**

The following provides a report on progress between 2015 to 2018 and issues to be address in 2019 and forward.



# UTILITY PROGRESS 2015 - 2019

## Prepared for the Guam Consolidated Commission on Utilities

June 2019

## GUAM POWER AUTHORITY

John M. Benavente, P.E.
General Manager

# SUMMARY

## STRATEGY & PLANNING

GPA's actions are guided by its Strategic Plan & the Integrated Resource Plan (IRP). The Strategic Plan, developed in 2009, identified four areas of effective planning and policy development: high reliability; financial strength; employee effectiveness; and safe and reliable operations. The IRP was developed to provide the lowest cost solution for providing reliable, affordable power; diversifying power supply resources and fuels to mitigate risk; and exercising environmentally responsible stewardship of the economic and natural resources of the island. The IRP was last updated in 2016.

The 2015 event rendering Cabras units 3 & 4 inoperable significantly influenced specific IRP strategies and recommendations. Industry technologies, market responses to request for proposals and other factors shaped GPA's approach to recommendations. Projects and efforts supporting both plans are highlighted in this report. The focus of all efforts is to continuously improve overall customer service to our ratepayers while maximizing cost-savings. A summary of significant savings achieved within this period is included in this report.

The strength of GPA is evident in the significant progress toward the goal to provide reliable, affordable service to the island.

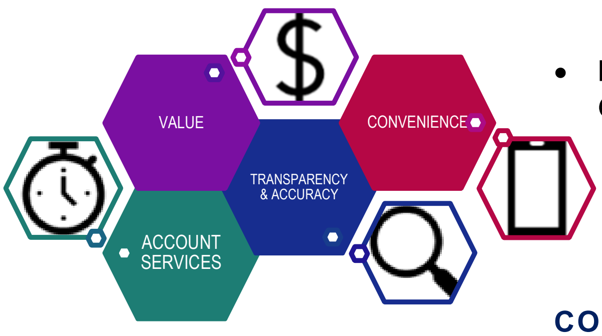
### STRATEGIC PLAN SUMMARY

| CRITICAL SUCCESS FACTOR | STATUS | TREND |
|---|---|---|
| **ACHIEVE EXCELLENT CUSTOMER SERVICE** *CSF1* | | ▲ |
| Sustained Improvements of Customer Satisfaction *KPI 1* | | — |
| Improve Customer Experience *KPI 2* | | ▲ |
| **PROVIDE AFFORDABLE & VALUE PRODUCTS** *CSF2* | | ▲ |
| Minimize Energy Production Cost *KPI 1* | | ▲ |
| Reduce Line & Unaccounted for Energy Losses *KPI 2* | | — |
| Achieve Energy Diversity at Affordable Cost *KPI 3* | | ▲ |
| Improve Credit Rating *KPI 4* | | ▲ |
| **DEVELOP SUSTAINALBE WORKFORCE & LEADERSHIP** *CSF3* | | ▲ |
| Implement a Succession Planning Program *KPI 1* | | ▲ |
| Implement a Structured Leadership & Workforce Training *KPI 2* | | ▲ |
| Achieve Safety Awareness & Enhanced Safety Practices *KPI 3* | | ▲ |
| Enhance Employee Satisfaction *KPI 4* | | ▲ |
| **ACHIEVE HIGH SYSTEM RELIABILITY** *CSF4* | | ▲ |
| Reduce Customer Outages *KPI 1* | | ▲ |
| **EFFECTIVELY USE TECHNOLOGY** *CSF5* | | ▲ |
| Implement Excellent Cyber Security Program *KPI 1* | | ▲ |
| Improve Productivity Through Technology & Automation *KPI 2* | | ▲ |

## INTEGRATED RESOURCE PLAN

| STRATEGIC ISSUE | STATUS |
|---|---|
| Increase fuel diversity, mitigate fuel supply risk, and encourage cost-effective renewable energy | ON TRACK |
| Comply with existing and future US EPA requirements including EGU MACT, RICE MACT, and SO2 NAAQS | ON TRACK |
| Understand and consider financial and operational impacts associated with compliance and non-compliance with existing and future US EPA requirements | COMPLETED |
| Support electric power service requirements for the DOD build-up and its economic consequences | ON TRACK |
| Evaluate the economic feasibility of retiring or extending the life of its existing generation units | COMPLETED |
| Reduce customer outages due to instantaneous loss of generation by examining operational and economic feasibility of using energy storage devices or requiring certain reliability enhancement characteristics for future generation additions | COMPLETED |
| **PRIMARY RECOMMENDATIONS** | **STATUS** |
| Obtain agreement with US EPA & Guam EPA to suspend compliance with RICE MACT for Cabras 3&4 and MEC 8&9 until GPA completes transition to LNG | ON TRACK |
| Procure an additional 40 MW of renewable energy under Phase II Renewable Energy Acquisition Program, if cost-effective with other available technologies, as early as 2017 to reduce present value costs. *NOTE: 180 MW of renewable energy contracted in 2018* | COMPLETED |
| Develop the necessary infrastructure and contracts to engender transition from RFO to LNG by 2018 or sooner. NOTE: New power plant and pipelines for ULSD & natural gas on bid | ON TRACK |
| Retire Marbo CT and Dededo Diesels 1-4 by FY 2014 | COMPLETED |
| Firm up decision to retire Cabras 1&2 and/or Tanguisson 1&2 in 2018 concurrent with the availability of LNG. *NOTE: All steam units to be retired after completion and commissioning of new power plant* | COMPLETED |
| Based on baseload retirement decisions, construct new 60 - 120 MW gas-fired combined cycle power plant, preferably in northern Guam to reduce technical line losses, online concurrent with the availability of LNG. *NOTE: Bid for new 180 MW ULSD/natural gas plant underway* | ON TRACK |
| If Cabras 1&2 or Tanguisson 1&2 are not retired, complete conversion of these units to burn LNG concurrent with availability of LNG in 2018 | COMPLETED |
| Complete repowering of Piti 7 GE Frame 6B combustion turbine generator (CTG) into a combined cycle burning LNG. *NOTE: Repowering is not economically feasible* | COMPLETED |
| Complete conversion of Cabras 3&4 and MEC 8&9 to burn LNG. *NOTE: Cabras 3&4 retired. Conversion of MEC 8&9 after commissioning of new plant* | ON TRACK |
| If economically and technically feasible, build a 10 MW geothermal unit to come online in 2019. *NOTE: Result of Phase II renewable bid indicates geothermal unit is not feasible* | COMPLETED |
| Work towards compliance with all new environmental standards and regulations | ON TRACK |

# Customer Convenience & Value-Added Services




## TRANSPARENCY & ACCURACY

- New, easy-to-read billing statement and newsletter resulted in 25% reduction in mailing cost
- Redesigned billing statement garnered an ‘Award of Merit’ for Excellence in Public Power Communication from the American Public Power Association
- Successfully completed the new CC&B billing system for GPWA resulting in providing customers with ways to monitor their billings and consumption
- Robotic process automation reduced analysis of meter performance issues resulting in faster change outs and more accurate account information
- Timely and consistent outage notifications
- Enhanced website & web services
- Monthly newsletter distributed to all ratepayers to raise awareness of value-added services, initiatives and programs for all customers

## ACCOUNT SERVICES

- Expanded Customer Care Center to include phone, email, and social media interaction
- Timely onboarding of ~600 new customers per year
- Merge of CC&B information allows GPA & GWA CSRs to assist customers with cross-services
- Expanded system status and customer services notifications via social media, including outage information

## CONVENIENCE

- Same day / same hour services (reconnections, disconnections) offered through advanced meter infrastructure
- Real-time monitoring and push notifications of energy consumption through www.myenergyguam.com
- Implementation of credit card payments to all customers including commercial. Cost to administer program substantially reduced while at the same time providing this ease of payment alternative to customers
- 24/7 Automated IVR Pay-By-Phone offers customers 24/7 account balance information and pay options via toll-free number phone
- Mobile APPs for ease of customer use and payments
- GPWA partnership to offer One Utility Customer Service

## INCENTIVES

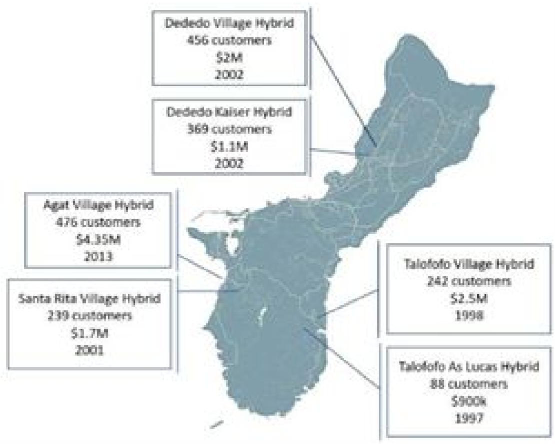
- Continuation of Energy Sense Rebate, Demand Side Management (DSM) Program
- $1M return to ratepayers participating in DSM program from savings of bond refinancing
- Funding $2.8M from working capital for DSM program to assist ratepayers reduce their energy cost. This is in addition to the $1M funded from the refinancing of bonds

5

# System Integrity & Reliability

## STRENGTHENED ISLAND-WIDE POWER SYSTEM

- Completed installation of SCADA Project
- Continued changeout of wooden poles to concrete. 90% of system is concrete
- Continued village hybrid underground projects




## ISLANDWIDE POWER SYSTEM RECOVERY AND RESILENCY

Minimized service interruption to customers following the Cabras 3&4 incident and mitigated the loss of 79MW of capacity:

- Contracted interruptible load with major commercial and government customers
- Contracted for 40 MW of lease-to-own temporary power from Aggreko
- Replaced aged Cabras 1&2 main transformers; $2M
- Rehabilitated 40 MW Dededo power plant; $10M.
- Replaced Macheche combustion turbine; $2.7M
- Overhauled Cabras Steam $6.0M
- Overhaul of medium speed units $6M (ongoing)

## ASSET PLANNING & MANAGEMENT

- GIS Network: First electric distribution utility to migrate to a production ESRI Utility Network (ArcGIS Pro and Utility Network), providing confidence to perform switching operations and maintain service to the island wide power system
- Mobile Workforce Management System: Implementing new program which will allow real time processing, scheduling and expeditious completion of new customer and existing system maintenance Work Orders
- Vehicle and Equipment Tracking: Continued to track movement of all GPA fleet to insure efficient and proper use of fleet
- Predictive Maintenance Program: Locate and fix equipment problems before they cause outages.

## STORM READINESS & RECOVERY

- Increased Resiliency & Restoration: Expeditious recovery from several storms, including Typhoons Dolphin and Mangkhut resulting in minimal service disruption and revenue loss
- Water & Sewer Resiliency: Acquired all GWA standby generators; GPWA Partnership enabled GWA to maintain

99% of water service to customers during the last significant storm

- <u>FEMA Reimbursements</u>: Typhoon Dolphin $2.3M; Typhoon Mangkhut $4.3M
- <u>System Hardening</u>: Awarded new $5.6M underground system for Tumon Bay to protect our valuable tourism industry. Completed the Agat Hybrid Underground System project to over 500 Homes
- <u>Material Inventory</u>: Maintained about $12M system inventory in order to insure expedient recovery from Typhoons
- <u>Equipment Fleet</u>: Continued to replace aged heavy equipment fleet and increased bucket truck fleet in order to expedite typhoon recoveries

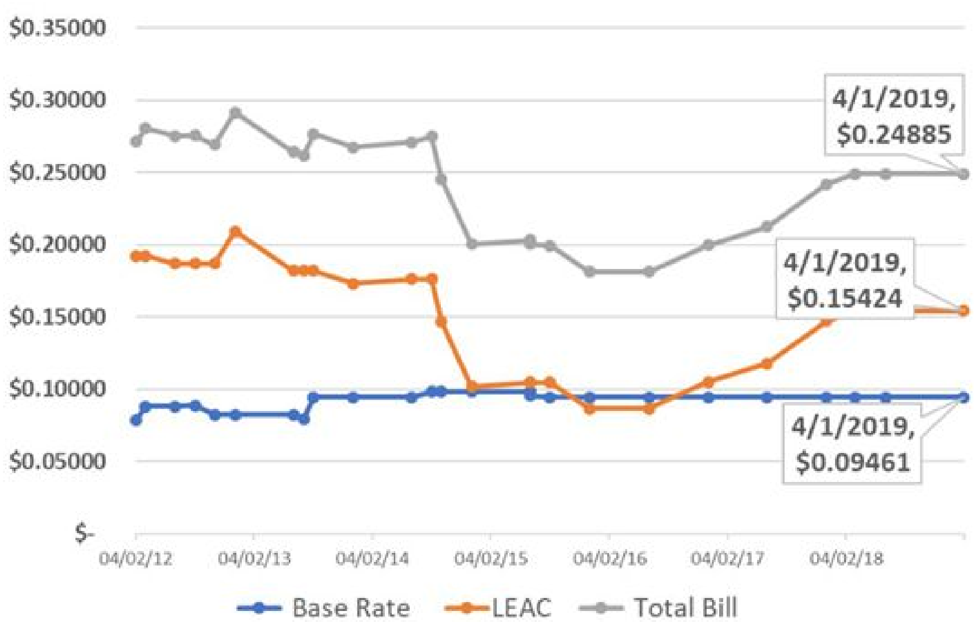
## NEXT GENERATION PLANTS

- Acquisition of new 180 MW power plant ongoing ahead of consent decree or application of penalties, potentially saving millions of dollars. Contract award targeted for end of CY 2019
- Clean, efficient, economical technology will meet / exceed environmental regulatory requirements
- Efficient technology will reduce fuel oil imports by 17 million gallons annually
- New plant allows for diversified fuel mix
- Newer technology will allow additional incorporation of renewable energy (target 50% by 2035) resulting in substantial reduction of fuel cost and furthermore the stabilization of LEAC rate
- New plant location closer to population base & away from shorelines thus reducing line losses and storm/climate and natural disaster impacts such as tsunamis
- New plant location closer to over 60% of island load will improve reliability and allow some areas to receive power continuously during typhoons

# Managing Money

### LOWER FUEL & ENERGY COSTS

- No base rate increase since 2013
- Implemented new residual fuel oil contract with reduced premium
- Reduced the impact of increased fuel oil cost to the ratepayers through use of as much as $16M in working capital to cushion LEAC increases. The LEAC rate has been unchanged for 1 year despite the rise in fuel prices over the period. Recommended to hold LEAC steady through January 2020
- 120 MW solar PV plants commissioning in 2021 will save ratepayers (at today's LEAC rate of $0.154/kWh) $19.5M annually
- 40 MW solar PV project targeted for award in 2019 and commissioning in 2021 is expected to save ratepayers about $5M annually
- Approvals to issue Renewables Phase IV Bid for an additional 120 MW by 2024 will be pursued later this year
- In regional rate comparisons, GPA maintains the lowest rates per kWh compared to other island power utilities including the Hawaiian Islands, US Virgin Islands and the CNMI
- Changed 6,000 HPS streetlights to LED saving $400K/year in fuel cost; 4,000 additional lights to be changed out in FY2019 and an additional 11,000 by the end of FY2020. Total savings to reach $1.2M Annually by end of FY 2020. GPA requesting the Government to utilize this savings to add an additional 2,700 new LED streetlights throughout the island to improve island safety



## FINANCIAL SOLVENCY

- Maintenance and improvements of credit ratings despite challenges encountered over this period including the loss of Cabras 3&4, Typhoons, and the negative impact of President Trump Tax Reform on the island's economy

## COST SAVINGS – O&M

- Consistently below annual O&M budget.
- Received ownership from Independent Power Producer for TEMES 7 plant, assumed O&M responsibility resulting in >$4M annual savings
- Received ownership of the MEC 88 MW power plant and renegotiated the MEC contract for 5 years, resulting in >$15M annual savings
- Consolidation of GPA & GWA operations into a single location at the Gloria B Nelson Public Service Building; $1M annual savings in GPWA rent; substantial indirect savings resulting due to co-locating operating efficiencies
- Robotic Process Automation (RPA) implemented to automate manual and time-consuming service order and work order process thus improving accuracies and saving significant manhours
- Labor FTE has decreased from 512 in FY2014 to the current manning of 470 FTE; Annual savings >$3M (including benefits)
- Reduced overtime of non-storm related activities from past years in excess of $2M to about $1.4 annually. This is despite the reduction of 42 FTE over the period

## COST SAVINGS - CIP

- Bid in progress for new power plant to avoid millions in penalties and allow system to diversify fuel mix and achieve 50% renewables integration by 2035 and which will reduce and stabilize future LEAC
- Purchased and rezoned 60 acres of R1-zone property for new power plant at $10M. M1-zone (industrial use) land alternatives could have cost $18M thereby resulting in cost savings of about $8M. Optimal location of property (less than one mile from Harmon substation) resulted in $15M-$22M infrastructure savings

## FINANCING & INSURANCE

- Successful bond refinancing to reduce annual payments by $500K at 4.12%, the lowest interest rate achieved by any GovGuam entity. Savings of $1M were returned to ratepayers through the funding of the DSM program (Energy Sense Rebate). Savings of $500K was dedicated to assist GDOE reduce its annual utilities cost.
- Reduction in cost of annual insurance premium by $2M
- Settlement of Cabras 3 & 4 Insurance Claim at $125.8M. $72M to be applied to new power plant to reduce annual capacity fee. This reduction in annual capacity fee will save ratepayers about $5M per year over the next 25 years

# Investing in People

### SUCCESSION PLANNING

- Identified, planned, and continue to implement programs to address the major issue that 57% of the GPA workforce could retire within the next 10 years

### TALENT DEVELOPMENT & MANAGEMENT

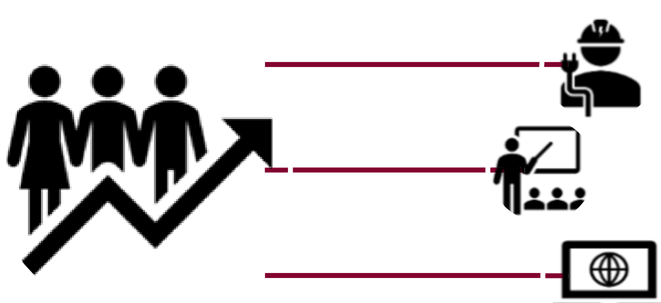
- Annual employee evaluations completed, and adjustments implemented per pay-for-performance program
- Organizing comprehensive employee training program to enhance employee capabilities, present upward opportunities and career development
- Increasing intranet services allowing employees convenient self-service options
- Continuing successful Apprenticeship program to train future skilled force for difficult to hire skill sets
- Continuing seasonal internship program to attract future utility engineers, accountants and other professionals
- Working with Guam Department of Education to help prepare high school students for apprenticeship programs and career paths in the utility
- Promotes GPA & energy careers at outreach events

### COMPENSATION STRATEGY

- Continue to migrate employee compensation to the 50th percentile salary market level in order to attract and retain employees. GPA currently at the 15th percentile and implementing a moderate and reasonable migration

### AWARDS & RECOGNITION

- Consecutive 1st through 3rd place annual awards from American Public Power Association for safety excellence. Practicing and promoting safe practices and workplaces is our utmost priority. Receiving this award annually provides a benchmark of achievement of this goal. GPA received the First-Place honor for 2018 safety performance
- SAG award issued to GPA for being first electric distribution utility to migrate to a production ESRI Utility Network
- Mutual Aid Commendation received from American Public Power Association for assistance to CNMI Typhoon Yutu recovery



# Investments in Energy Innovation & the Environment

## ENERGY INNOVATION

- Integrated two Nissan Leaf Electric Vehicles (EV) into Authority's fleet & business operations, with two charging stations. GPA to continue to replace aged fleet with EV most especially as more Original Equipment Manufactures reduce EV prices
- Installed 275 KW Wind Turbine at Cross Island Road with a $2.1M grant from Department of Energy. Saves ratepayers fuel cost while gathering information for future wind projects
- Contracted for Installation of 40 megawatts of utility scale battery storage by October 2019 to mitigate short duration outages caused by baseload unit trips and Solar PV intermittencies

## DEVELOPING RENEWABLE ENERGY

- Installed 25 MW of solar PV renewables (Dandan) accounting for 3% of total energy sales
- Awarded 120 MW of solar PV renewables contracts at about $0.085/kWh with expected commissioning by Dec 2021, which will account for 18% of total energy sales and the reduction of fuel oil Imports by 18.5 million gallons annually
- Bid in progress for 40 MW of renewables on land leased from the US Navy. This project will capture energy during the day and utilize all energy to offset higher peak energy production cost, which will account for 5.5% of total energy sales and the reduction of fuel oil imports by 5.5 million gallons annually
- New power plant project to be awarded in 2019 which would allow GPA to target 50% renewables by 2035 resulting in substantial reduction of fuel cost and furthermore the stabilization of LEAC rate
- Facilitated the expansion of the Net Metering Program to ~2,000 customers (estimated 22 MW in total connected systems)
- Completed Renewable Integration Study to prepare to increase renewable penetration above 25% into the system

## CLEANER AIR & WATER

- New 180 MW Plant, Piti 8&9 conversion to ULSD, decommissioning of Cabras 1&2, and GPA's Renewable Energy and Energy Efficiency Programs will significantly improve the air quality throughout Guam as well as significantly reduce GPA's carbon footprint
- Decommissioning of Cabras 1&2 and 3&4 promotes healthier harbor ecosystem and eliminates thermal pollution effects on the reef

# Community Partnerships

### ISLAND PARTNERSHIPS

- Kicked off a sustainable tree trimming and pole painting program including a pilot partnership with nine (9) village Mayors
- Successful Bond refinancing to reduce annual payments by $500K; $1M return to ratepayers participating in DSM program. $500K contributed to assist GDOE reduce its annual utilities cost
- Obtained and assisted GovGuam agencies in obtaining grants. $2.1M GPA Wind Turbine Project; $500K for DPW Solar PV System; $1.25M for GDOE Lighting retrofits; These grants result in savings to ratepayers and these entities
- Assisting Guam Energy Office on $64K for Energy Audits and creating Energy plans for individual schools
- Assisted UOG in renovating an existing building energy with efficient equipment resulting in 50% to 75% savings from similar UOG buildings
- Assisted Guam Memorial Hospital Authority by conducting preventive maintenance of their electrical system in order to avoid imminent electrical system failures which would impact patient care
- Assisted the Department of Corrections in addressing their standby generators issues which when not available creates prison safety issues
- Promote energy solutions and sustainable practices through participation and sponsorship community programs such as the annual University of Guam's Island Sustainability Conference

- Promote utility initiatives and careers through school outreach program
- Educates and promotes benefits of a publicly-owned utility through community outreach events such as annual Public Power Week

### INDUSTRY PARTNERSHIPS

- Active membership & participation with the American Public Power Association
- GPA General Manager serves as APPA Region 10 Director, representing members from Guam, Commonwealth of the Northern Mariana Islands, American Samoa, Puerto Rico, US Virgin Islands, & Canada

### MUTUAL AID & ASSISTANCE

- Successful assistance to CNMI Typhoon Yutu Recovery. GPA assisted for four full months resulting in labor savings of about $3M
- GPA received a 'Mutual Aid Commendation' from the American Public Power Association in recognition of its support in electric power restoration efforts for providing mutual aid assistance to the Commonwealth Utilities Corporation, Saipan

# 2019 Forward

Key initiatives for 2019 forward include the following:

| 2019+ INITIATIVES |
|---|
| **Update Strategic Plan** |
| **Update Integrated Resource Plan** |
| Integration of Additional Renewables |
| Evaluate Economics of Diversified Fuel Mix |
| Optimize Reserve Margin Requirements |
| **Implement Workforce Development & Sustainability Policy** |
| Implement Strategic & Sustainable Training & Compensation Programs |
| **Develop & Implement Disaster & Typhoon Resiliency Policy** |
| Continue Concrete Pole Hardening |
| Continue Underground Hardening Progress |
| Maintain Target Equipment & Material Availability |
| Continue to Foster Mutual Aid Partnerships |
| **Continue Customer Satisfaction Improvements** |
| Conduct Customer Surveys & Polls to Address Customer Needs & Satisfaction |
| Implement Measures to Improve Overall Customer Experience |
| **Continue Reliability Improvement Plan** |
| Vegetation Management Program |
| Automation Generation Control |
| Hardening Changeouts to Composite Materials |
| Predictive Maintenance Programs |
| **Continue & Expand Energy Affordability Initiatives** |
| Demand Side Management (DSM) |
| Revolving Loans |
| Lifeline Rates |
| Energy Audits |

GUAM POWER AUTHORITY
ATURIDÅT ILEKTRESEDÅT GUAHAN
P.O.BOX 2977 • AGANA, GUAM U.S.A. 96932-2977

# Issues for Decision

**Resolution No. 2019-09:**

**Relative to Unarmed Uniformed Security Guard Services**

**What is the project's objective and is it necessary and urgent?**
The services are necessary and urgent in order to ensure physical security and protection of the island's critical electric infrastructure, GPA employees and customers.

**Where is it at?**
Security Guard Services will be performed at the following locations (base scope of work):

1) Gloria B. Nelson Public Service Building, Fadian
2) Supply Warehouse, Storage Yard and T&D Service Center, Dededo
3) Dededo CT Power Plants, Dededo
4) Aggreko & Yigo CT Power Plants, Yigo
5) Tanguisson Power Plant, Lower Harmon Cliff Line
6) Cabras Power Plants, Piti

Option 1: Gloria B. Nelson Public Service Building

- 24/7 coverage; Operation of security kiosk, including recordation of visitor information & ID badges

Option 2: Roving Security Guard Services at 15 Locations

- Macheche CT & Substation
- Agana Substation & Battery Storage
- Talofofo Diesel, Substation & Battery Storage
- Tenjo Diesel & Substation
- Manenggon Diesels
- San Vitores Substation
- Tamuning Substation
- Barrigada Substation
- Piti Substation
- Tumon Substation
- GAA Substation
- Anigua Substation
- Harmon Substation
- Pagat Substation
- Umatac Substation

Option 3: Monitoring of Security Surveillance (CCTV) & Alarms (24/7 coverage at GPA Security Command Ctr)

**How much will it cost?**

| | Monthly | Annual | Maximum (2-yr) |
|---|---|---|---|
| **Base Contract** | **$66,798.67** | **$801,584.04** | **$1,603,168.08** |
| *Option 1* | *$12,293.20* | *$147,518.40* | *$295,036.80* |
| *Option 2* | *$10,950.00* | *$131,400.00* | *$262,800.00* |
| *Option 3* | *$12,293.20* | *$147,518.40* | *$295,036.80* |
| ***Total Possible Optional Expenditure:*** | **$35,536.40** | **$426,436.80** | **$852,873.60** |
| | | **Total Possible Expenditure** | **$2,456,041.68** |

**When will it be completed?**
Base contract term: 06/01/19 – 09/30/19; 10/01/19 – 05/31/20
1st year option to renew term: 06/01/20 – 09/30/20; 10/01/20 – 05/31/21

**What is its funding source?**
O&M Funds

**The RFP/BID responses:**
GPA-051-19: Pacific Island Security Agency (lowest base bid & overall price)
G4S

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

**Resolution No. 2019-09**

**RELATIVE TO AUTHORIZING THE GUAM POWER AUTHORITY TO CONTRACT FOR UNARMED UNIFORMED SECURITY GUARD SERVICES**

**WHEREAS,** Guam's Island-Wide Power System is critical infrastructure whose assets, systems, and networks, whether physical or virtual, are considered so vital to the United States that the incapacitation or destruction thereof would have a debilitating effect on security, national economic security, nation public health or safety, or any combination thereof; and

**WHEREAS,** the Guam Power Authority utilizes unarmed security guard services to protect its assets, employees and customers during and after duty hours, as part of its overall security plan; and

**WHEREAS,** GPA, in partnership with the Guam Homeland Security, Department of Homeland Security, and other entities, is developing a comprehensive Security Plan which will encompass local, federal and industry requirements and address reasonable threats and risks; and

**WHEREAS,** GPA's requirements for unarmed, uniformed security guard services will be determined by such Security Plan; and

**WHEREAS,** in April 2019, GPA issued IFB GPA-051-19 seeking unarmed, uniformed security guard services for key assets and locations with options to enhance security measures within the contract period dependent on resource availability and readiness; and

**WHEREAS,** GPA seeks authorization to enter into the first base year contract at the cost of $801,584.04 for the term of June 2019 to May 2020, and to exercise any option contained within the contract, based on funding and capacity availability.

**NOW, THEREFORE, BE IT RESOLVED, by the CONSOLIDATED COMMISSION ON UTILITIES, the GOVERNING BODY of the GUAM POWER AUTHORITY as FOLLOWS:**

1. After careful consideration, the Consolidated Commission on Utilities finds that the contracting for security for GPA properties is reasonable, prudent, and necessary.

2. The General Manager of the Guam Power Authority is hereby authorized to enter into the first base year contract for unarmed, uniformed security guard services for a term beginning June 1, 2019 through May 31, 2020 for a contract value of $801,584.04, and contractual options to enhance security measures so long as the total contract value for the first base year does not exceed $1,200,000.00.

**RESOLVED**, that the Chairman of the Commission certifies and the Secretary of the Commission attests the adoption of this Resolution.

**DULY and REGULARY ADOPTED this 05th day of June 2019.**

| **Certified by:** | **Attested by:** |
|---|---|
| **JOSEPH T. DUENAS**<br>**CHAIRMAN** | **MICHAEL T. LIMTIACO**<br>**SECRETARY** |

**SECRETARY'S CERTIFICATE**

**I, Michael T. Limtiaco**, Secretary for the Consolidated Commission on Utilities (CCU), as evidenced by my signature above do certify as follows: The foregoing is a full, true, and accurate copy of the resolution duly adopted at a regular meeting of the members of Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: ____________

Nays: ____________

Absent: ____________

Abstain: ____________

GUAM WATERWORKS AUTHORITY
"Better Water, Better Lives."
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Tel: (671) 300-6846

## Issues for Decision

**Resolution No. 37-FY2019**
Relative to Approval of Contract for Construction of Upgrade of the Northern District Wastewater Treatment Plant, GWA Project No. S17-003-OEA,

**What is the project's objective and is it necessary and urgent?**
The objective of the Upgrade of the Northern District Wastewater Treatment Plant project is to upgrade and expand the NDWWTP to include secondary treatment which is required to meet the NPDES Discharge permit for the plant. The upgraded plant will include a new preliminary treatment system including screens and grit removal, secondary biological treatment system including oxidation ditches and clarifiers, ultraviolet disinfection system and sludge treatment system.

This project is an essential component of the infrastructure upgrades necessary to provide adequate treatment in compliance with current regulatory requirements for the protection of Guam's water resources and marine environment, as well as to support the new facilities to be constructed as part of the military build-up. The project is urgent as prompt initiation of construction activities is required in order to meet the schedule requirements in the Grants and for the opening of the Marine Cantonment from which the plant will receive wastewater flows.

**Where is the location?**
The work will be completed at the existing NDWWTP site and on GWA property to the Northwest of the existing NDWWTP site allocated for the NDWWTP Expansion.

**How much will it cost?**
GWA Management seeks CCU approval for the proposed bid price of One Hundred Twenty-Two Million Seventy-Seven Thousand Eighty-Eight Dollars ($122,077,088.00); with a five percent (5%) contingency of Six Million One Hundred Three Thousand Eight Hundred Fifty-Four Dollars and Forty Cents ($6,103,854.40), the total authorized funding amount requested is One Hundred Twenty-Eight Million One Hundred Eighty Thousand Nine Hundred Forty-Two Dollars and Forty Cents ($128,180,942.40)

**When will it be completed?**
The anticipated completion of the construction activities by the contractor is December 31, 2021.

**What is the funding source?**
Funding for the NDWWTP Upgrade will be from the U.S. Department of Defense, Office of Economic Adjustment, General Assistance Grants (OCON676-16-02, 04 and 05) with additional funding from the System Development Charge (SDC) funds and/or Bonds as required.

**The RFP/BID responses:**
5 - firms met the qualifications established for the Step 1 – Technical Proposals and picked up the Step 2 – Pricing Proposal bidding documents

5 – firms submitted pricing proposals for the Step 2 Bids

Black Construction Corporation is recommended as the lowest priced, responsive and responsible bidder.

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

**RESOLUTION NO. 37–FY2018**

**RELATIVE TO APPROVAL OF CONTRACT FOR CONSTRUCTION OF UPGRADE OF THE NORTHERN DISTRICT WASTEWATER TREATMENT PLANT, PROJECT NO. S17-003-OEA**

**WHEREAS**, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities ("CCU") has plenary authority over financial, contractual and policy matters relative to the Guam Waterworks Authority ("GWA"); and

**WHEREAS**, the Guam Waterworks Authority ("GWA") is a Guam Public Corporation established and existing under the laws of Guam; and

**WHEREAS**, the U.S. Department of Defense, Office of Economic Adjustment awarded to GWA a General Assistance Grant (OCON676-16-02) for the Northern District Wastewater Treatment Plant ("NDWWTP") Upgrade Project (pre-construction) on August 26, 2016 issued for $21,000,000, and subsequent additional grants (OCON676-16-04) for the NDWWTP Upgrade Project (construction) awarded on April 18, 2018 issued for $50,750,000, and (OCON676-16-05) for the NDWWTP Upgrade Project (construction) awarded on August 1, 2018 issued for $67,164,022, of which funding for the Northern District Wastewater Treatment Plant Upgrade is included; and

**WHEREAS**, the General Assistance Grant is to be used for water and wastewater improvements in support of the relocation of U.S. Marines and their dependents to Guam; and

**WHEREAS**, the report "Final Guam Water and Wastewater Assessment Report in Support of the Economic Adjustment Committee Implementation Plan," (NAVFAC, Department of the Navy, February 2015) has recommended the design and construction of NDWWTP treatment upgrades to comply with the current National Pollutant Discharge Elimination System

("NPDES") permit and mitigate impacts to wastewater utilities, nearshore waters, and marine biological resources; and

**WHEREAS,** the upgrade and expansion of the NDWWTP is necessary to provide treatment to secondary standards in accordance with the NDWWTP NPDES permit and to ensure long term, reliable operation; and

**WHEREAS**, in January 2017, GWA procured the services of a consulting engineering team (Brown and Caldwell) to provide Project Management / Construction Management (PM/CM) Services for the Office of Economic Adjustment "Guam Water and Wastewater Infrastructure Improvements" via Resolution 15-FY2017 of which construction management services for the Northern District WWTP is a component; and

**WHEREAS**, via Resolution 47-FY2017 Relative to Approval of Contract for Design Services for the Upgrade of the Northern District Wastewater Treatment Plant to Secondary Treatment, GWA Project No. S17-003-OEA (OEA Grant OCO N676-16-02), approved by the CCU in July of 2017, GWA management was authorized to enter into a contract with Duenas Camacho and Associates to design the WWTP Upgrade on the existing site and the new property obtained for the WWTP; and

**WHEREAS**, GWA has determined that the most expedient process to meeting the OEA Grant deadline for completion of the Northern District WWTP Upgrade of December 31, 2021 was to break the construction activities into two phases with Phase I for Clearing and Grading and Phase II for all vertical and plant process construction; and

**WHEREAS**, GWA has procured Phase I construction services from IAN Corporation to clear and grade the project site to meet design specifications in preparation for all vertical construction activities that are part of Phase II; and

**WHEREAS,** GWA has advertised an Invitation for Bid IFB-02-ENG-2019, Step 1 – Technical Proposal on January 11, 2019 soliciting technical proposals for prequalification purposes from experienced, responsible and responsive bidders to construct the necessary WWTP improvements through a multi-step bid; and

**WHEREAS,** seventeen (17) interested firms picked up an electronic copy (CD) of the appropriate Step 1 – Technical Proposal bid documents, and thirteen (13) of those firms attended the Step 1 Pre-Bid Conference and of those GWA received five (5) technical proposal submittals before the bid submittal deadline; and

**WHEREAS**, GWA Engineering evaluated all technical proposals received on March 1, 2019 and determined that five (5) firms met the qualification criteria established for the project (See EXHIBIT A – Step 1 Evaluation and Qualified Bidders List); and

**WHEREAS**, GWA invited the five (5) firms qualified by the Step 1 Technical Proposal criteria to participate in the Step 2 Pricing Proposal by invitation on March 14, 2019; and

**WHEREAS,** the Step 2 Bid Form established a Base Bid and four (4) alternate deductive bids, Alternate Bid A (eliminate ATAD and Digester Complex), Alternate Bid B (eliminate New Administration Building), Alternate Bid C (eliminate New Septage Receiving Station) and Alternate Bid D (eliminate Extended Warranty); and

**WHEREAS,** the Bid documents provide GWA sufficient flexibility to award the contract based on available funding and the elimination of one or more alternate bid items; and

**WHEREAS,** the five (5) qualified firms picked up the Step 2 – Pricing Proposal bid documents, and those five (5) firms attended the Step 2 Pre-Bid Conference on April 4, 2019 and of those GWA received five (5) pricing proposal submittals before the bid submittal deadline (See EXHIBIT B – Abstract of Bids); and

**WHEREAS**, GWA Engineering and the Program Manager (PM/CM) and Engineer of Record (EOR) analyzed all bid proposals received on May 29, 2019 and determined that Black Construction Corporation, who submitted the lowest bid for both the Base bid, and all Alternate bids as being the responsive and responsible bidder and met all the bid requirements set forth by GWA (See EXHIBIT C – Recommendation Letter from DCA dated June 1, 2019); and

**WHEREAS**, GWA Management desires to complete all work included under the Base Bid and the Bid Submission Requirements allow that "After determination of the Successful Bidder based on this comparative process and on the responsiveness, responsibility, and other factors set forth in these Instructions, the award may be made to said Successful Bidder on its appropriate Base Bid and any combination of its deductive alternate Bid items for which Owner determines funds will be available at the time of award", and

**WHEREAS**, GWA Management finds the Black Construction Corporation bid proposal of One Hundred Twenty-Two Million Seventy-Seven Thousand and Eighty-Eight Dollars ($122,077,088.00) for the Base Bid to be acceptable (See EXHIBIT D – Bid Proposal); and

**WHEREAS**, GWA Management is seeking approval to enter into contract with Black Construction Corporation for IFB-02-ENG-2019 in the amount of One Hundred Twenty-Two Million Seventy-Seven Thousand Eighty-Eight Dollars ($122,077,088.00); and

**WHEREAS**, GWA further seeks CCU approval of the total bid Proposal in the amount of One Hundred Twenty-Two Million Seventy-Seven Thousand Eighty-Eight Dollars ($122,077,088.00); plus a five percent (5%) contingency of Six Million One Hundred Three Thousand Eight Hundred Fifty-Four Dollars and Forty Cents ($6,103,854.40), to bring the total authorized funding amount to One Hundred Twenty-Eight Million One Hundred Eighty Thousand Nine Hundred Forty-Two Dollars and Forty Cents ($128,180,942.40); and

**WHEREAS**, the funding source for the construction project will be from the General Assistance Grants (OCON676-16-02, OCON676-16-04, and OCON676-16-05), and the System Development Charge (SDC) funds or the Bond funds as necessary; and

**NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities does hereby approve the following:

1. The recitals set forth above hereby constitute the findings of the CCU.
2. The CCU finds that the terms of the bid proposal submitted by Black Construction Corporation are fair and reasonable.
3. The CCU hereby authorizes the management of GWA to accept the bid from Black Construction Corporation attached hereto as EXHIBIT D, and which is also incorporated into this Resolution in its entirety.
4. The CCU hereby authorizes the management of GWA to execute an Agreement with Black Construction Corporation in the amount of One Hundred Twenty-Two Million Seventy-Seven Thousand Eighty-Eight Dollars ($122,077,088.00).
5. The CCU hereby authorizes the funding source for this project to be as described above.
6. The CCU hereby authorizes the funding total of One Hundred Twenty-Two Million Seventy-Seven Thousand Eighty-Eight Dollars ($122,077,088.00); plus a five percent (5%) contingency of Six Million One Hundred Three Thousand Eight Hundred Fifty-Four Dollars and Forty Cents ($6,103,854.40), to bring the total authorized funding amount to One Hundred Twenty-Eight Million One Hundred Eighty Thousand Nine Hundred Forty-Two Dollars and Forty Cents ($128,180,942.40).

**RESOLVED,** that the Chairman certified and the Board Secretary attests to the adoption of this Resolution.

**DULY AND REGULARLY ADOPTED**, this 5th day of June, 2019.

| Certified by: | Attested by: |
|---|---|
| ______________________ | ______________________ |
| **JOSEPH T. DUENAS** | **MICHAEL T. LIMTIACO** |
| Chairperson | Secretary |

**SECRETARY'S CERTIFICATE**

I, Michael T. Limtiaco, Board Secretary of the Consolidated Commission on Utilities as evidenced by my signature above do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES: ______________________

NAYS: ______________________

ABSTENTIONS: ______________________

ABSENT: ______________________

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# EXHIBIT A

# Step 1 Evaluation and Qualified Bidders List

GUAM WATERWORKS AUTHORITY
**"Better Water. Better Lives."**
Gloria B. Nelson Public Service Building | 688 Route 15, Mangilao, Guam 96913
P.O. Box 3010, Hagatna, Guam 96932
Tel. No. (671) 300-6035

IFB-02-ENG-2019
Multi-Step Bid for the Upgrade of the Northern District Wastewater Treatment Plant (NDWWTP)
GWA Project No. S17-003-OEA

**STEP I – TECHNICAL PROPOSAL EVALUATION SCORES**

| *STEP 1 Technical Proposal Evaluators* | *Qualification and Experience (60 pts.) Technical Approach and Capacity to Perform the Work (40 pts) (Total Points Possible = 100)* | | | | |
|---|---|---|---|---|---|
| | *STEP 1 – Technical Proposal Offerors* | | | | |
| | Sumitomo Mitsui Construction Co., Ltd. | Black Construction Corporation | Core Tech-Hawaiian Dredging, LLC | Hensel Phelps | Nan Inc. |
| John Davis, P.E. | 85 | 83 | 85 | 83 | 80 |
| Mauryn McDonald, P.E. | 94 | 93 | 96 | 99 | 93 |
| Prudencio Aguon | 90 | 81 | 88 | 97 | 83 |
| Ernesto Villarin | 76 | 73 | 77 | 89 | 83 |
| David Fletcher | 95 | 90 | 98 | 92 | 78 |
| *Total Score* | 440 | 420 | 444 | 460 | 417 |
| *Average Score* | **88** | **84** | **88.8** | **92** | **83.4** |
| *Pass/Fail* | Pass | Pass | Pass | Pass | Pass |

GUAM WATERWORKS AUTHORITY
Gloria B. Nelson Public Service Building • 688 Route 15, Mangilao, Guam 96913 • Tel. (671) 300-6036

# QUALIFIED BIDDERS LIST NOTIFICATION

This is a notification of a current project under the Guam Water and Wastewater Infrastructure Improvements Program. The project is the Upgrade of the Northern District Wastewater Treatment Plant, GWA Project No. S17-003-OEA which will be complete under a Multi-Step Bid process. Step 1 of the Multi-Step Bid which included the Technical Proposals has been completed and the project moved into Step 2 on March 18, 2019.

The Guam Waterworks Authority (GWA) has invited Contractors ("Bidders") who completed Step 1 of the Multi-Step Bid process to provide Step 2 Pricing Proposals to complete the construction services necessary for the Upgrade of Northern District Wastewater Treatment Plant (NDWWTP) project. The five Qualified Bidders invited to proceed to Step 2 are as follows:

1. Black Construction Corporation
2. Core Tech – Hawaiian Dredging LLC
3. Hensel Phelps Construction Co.
4. Nan Inc.
5. Sumitomo Mitsui Construction Co. LTD

Interested Subcontractors and Suppliers must obtain the relevant bid documents from the Qualified Bidders listed above. GWA will not be supplying the Step 2 Pricing Proposal documents to any parties other than the invited Step 2 Contractors.

MIGUEL C. BORDALLO, P.E.
General Manager

# EXHIBIT B

# Abstract of Bids

GUAM WATERWORKS AUTHORITY

ORIGINAL

## ABSTRACT OF BIDS

Project Name: UPGRADE OF THE NORTHERN DISTRICT WASTEWATER TREATMENT PLANT (NDWWTP)
Project Number: S17-0030-OEA IFB No.: IFB-02-ENG-2019

Bid Opening Date: May 29, 2019
Time: 3:00 pm

| COMPANY | BID BOND | CERTIFICATIONS: Qualification Statement | Non-Collusion Affidavit | Equal Employment Opportunity | Non-Segregated Facilities | Sex Offender Certification | Wage and Benefit Determination | Major Shareholder Affidavit | Special Instructions to Bidders | ADDENDUM: 1 | 2 | 3 | 4 | 5 | 6 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. SUMITOMO MITSUI CONST. CO., LTD. | Fidelity and Deposit Company of Maryland 15% of total Bid Amount | step 1 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 2. BLACK CONSTRUCTION CORPORATION | Safeco Insurance Company of America 18,311,563.00 | step 1 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 3. CORE-HAWAIIAN DREDGING, LLC | Zurich American Insurance Company 15% of Bidder's Maximum Bid Price | step 1 | Step 1 | step 1 | Step 1 | Step 1 | step 1 | Step 1 | Step 1 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 4. HENSEL PHELPS | Travelers Casualty and Surety Company 15% of the total Bid Price | step 1 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| 5. NAN INC. | Zurich American Insurance Company 15% of Bidder's Maximum Bid Price | step 1 | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |

| COMPANY | BID AMOUNT: Base Bid | Alternate Bid – A | Alternate Bid – B | Alternate Bid – C | Alternate Bid - D |
|---|---|---|---|---|---|
| 1. SUMITOMO MITSUI CONST. CO., LTD. | 132,079,867.00 | ~~133,037,620.00~~ 121,000,000.00 | 118,929,014.00 | 117,969,523.00 | 117,681,635.00 |
| 2. BLACK CONSTRUCTION CORPORATION | 122,077,088.00 | 106,160,836.00 | 103,966,246.00 | 102,858,502.00 | 102,475,358.00 |
| 3. CORE-HAWAIIAN DREDGING, LLC | 154,572,600.00 | 133,037,620.00 | 130,877,659.00 | 129,847,046.00 | 129,354,286.00 |
| 4. HENSEL PHELPS | 143,600,000.00 | 127,812,000.00 | 125,362,000.00 | 124,552,000.00 | 123,705,000.00 |
| 5. NAN INC. | 176,522,000.00 | 154,437,000.00 | 151,775,000.00 | 150,442,000.00 | 149,644,000.00 |
| GWA ESTIMATE | 115,015,314.00 | 99,935,154.00 | 98,096,018.00 | 96,463,526.00 | 95,589,824.00 |

Bids Opened and Read by:
GLORIA R. BENSAN
(Name and Signature)

Tabulated by:
CHEUK NAM YAM
(Name and Signature)

GWA Procurement Representative:
ROLAND LUMONGSUD
(Name and Signature)

Witnesses: (Name and Signature)
RODRIGO BASMONTE
ALON ELAMPARO
J. HUNTER GROOMS
HONG CHUNG KE

# EXHIBIT C

## Recommendation Letter from DCA dated June 1, 2019

Website: www.dcaguam.com
Email: dca@dcaguam.com

June 1, 2019

Miguel C. Bordallo, P.E.
General Manager, Guam Waterworks Authority
Gloria B. Nelson Public Service Building
688 Route 15
Mangilao, Guam, 96913

Attn: Jerald Johnson, Brown & Caldwell

Ref: **Upgrade of Northern District Wastewater Treatment Plant (Clearing and Grading) , GWA Project No. S17-003-OEA**

Subj: **Black Construction Corporation, Bid Proposal Review**

Hafa Adai,

Dueñas, Camacho, & Associates, Inc. (DCA) has reviewed the May 29, 2019 bid proposals submitted by the prequalified bidders for the referenced project. Black Construction Corporation's bid proposal was the apparent low bid for the base bid and all alternatives. This apparent lowest bid was compared to the other bids received and the engineer's estimate. In addition to cost, the supplier/equipment and sub-contractor lists were reviewed. Below are noteworthy items identified as part of this bid review.

1) The highest bidder, Nan Inc, is considered an outlier, and as such was not used in comparing the other qualified bids.
2) The engineers estimate provided was considered the lower end of the estimates. It is noted the engineer provided an estimate range to which the three lowest bidders were within.
3) Black Construction Corporation's bid does not appear to be an outlier or excessively low when compared the other bidders and the engineers estimate.
4) Black Construction Corporations supplier list included perceived equal equipment. These perceived equals were not evalauted at this time as clearly stated in the instruction to bidders. Perceived equals will be evaluated after award.
5) Black Construction Corporation listed the fewest sub-contractors under $500,000 when compared to all other bidders.

Based on our review, the design team has no exceptions with GWA moving forward with contracting Black Construction Corporation for this referenced project. A copy of the bid review tab for the base and alternate A bids is attached to this letter.

Regards,

Kenneth M Rekdahl, PE
Vice-President and Project Manager
Dueñas, Camacho & Associates
671-477-7991

Att:

ENGINEERING * PLANNING * SURVEYING * ENVIRONMENTAL SERVICES * GEOGRAPHIC INFORMATION SYSTEM * CONSTRUCTION MANAGEMENT
**GUAM** P.O. Box 8900, Tamuning, Guam 96931 / 238 E. Marine Corps Drive, Suite 201 Diamond Plaza, Hagatña, GU 96910 / Tel: (671) 477-7991 / Fax: (671) 479-6315
**SAIPAN** Caller Box PPP, Suite 164, Saipan, MP 96950 / Chalan Pale Arnold, Ada's Building South Garapan, Saipan 96950 / Tel: (670) 234-9017 / Fax: (670) 234-3842

**Bid Abstract**
**Solicitation No. IFB-02-ENG-2019**
**Project: Upgrade of Northern District Wastewater Treatment Plant (NDWWTP)**
**Bid Opening: May 28, 2019**
**This tabulation of a total of 5 bidders.**

GWA BUDGET $ 116,654,489.00

| Item No. | Description | Black Construction Corporation | Core Tech - Hawaiian Dredging LLC | NAN Inc. | Sumitomo Mitsui Construction Co. | Hensel Phelps Construction Co | GWA Estimate | Analysis | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | low bid - engr est | Average (All Bids) | Average (Black & Sumitomo) |
| 1 | Mobilization, Not to Exceed 3% of Total Basic Price | $ 3,662,313.00 | $ 2,111,068.00 | $ 4,000,000.00 | $ 3,954,096.00 | $ 3,624,000.00 | $ 2,848,325 | $ 813,987.69 | $ 3,470,295.40 | $ 3,808,204.50 |
| 2 | Insurance and Bonds | $ 2,915,053.00 | $ 2,982,325.00 | $ 1,000,000.00 | $ 3,208,279.00 | $ 3,492,000.00 | $ 949,442 | $ 1,965,611.50 | $ 2,719,531.40 | $ 3,061,666.00 |
| 3 | Project Management, Temporary Facilities and Site Layout | $ 14,130,166.00 | $ 12,282,803.00 | $ 20,609,000.00 | $ 8,152,727.00 | $ 16,870,000.00 | $ 11,411,531 | $ 2,718,634.90 | $ 14,408,939.20 | $ 11,141,446.50 |
| 4 | Extended Warranty | $ 789,505.00 | $ 492,760.00 | $ 789,000.00 | $ 349,882.00 | $ 785,000.00 | $ 852,649 | $ (63,143.93) | $ 641,229.40 | $ 569,693.50 |
| 5 | Environmental Protection and Erosion Control Measures | $ 468,889.00 | $ 128,659.00 | $ 253,000.00 | $ 261,318.00 | $ 342,000.00 | $ 9,304 | $ 459,584.53 | $ 290,773.20 | $ 365,103.50 |
| 6 | Site Clearing | $ 117,982.00 | $ 5,786.00 | $ 450,000.00 | $ 71,050.00 | $ 474,000.00 | $ 587,495 | $ (469,512.62) | $ 223,763.60 | $ 94,516.00 |
| 7 | Access Road, Guard Rails and Pavement | $ 1,137,513.00 | $ 2,002,608.00 | $ 2,096,000.00 | $ 1,314,877.00 | $ 1,360,000.00 | $ 23,801 | $ 1,113,711.96 | $ 1,582,199.60 | $ 1,226,195.00 |
| 8 | Perimeter Fence Line | $ 244,949.00 | $ 262,559.00 | $ 120,000.00 | $ 245,014.00 | $ 258,000.00 | $ 327,171 | $ (82,222.15) | $ 226,104.40 | $ 244,981.50 |
| 9 | Project Site Grading and Site Turf | $ 415,228.00 | $ 798,260.00 | $ 1,502,000.00 | $ 500,828.00 | $ 4,701,000.00 | $ 674,568 | $ (259,340.00) | $ 1,583,463.20 | $ 458,028.00 |
| 10 | Project Site Drainage Improvements | $ 521,686.00 | $ 488,168.00 | $ 1,101,000.00 | $ 143,302.00 | $ 1,188,000.00 | $ 474,722 | $ 46,963.63 | $ 688,431.20 | $ 332,494.00 |
| 11 | Site yard demolition works | $ 49,404.00 | $ 110,980.00 | $ 803,000.00 | $ 200,654.00 | $ 267,000.00 | $ 521,361 | $ (471,957.36) | $ 286,207.60 | $ 125,029.00 |
| 12 | Facility Demolition Works | $ 332,805.00 | $ 1,030,521.00 | $ 427,000.00 | $ 784,913.00 | $ 613,000.00 | $ 2,142,962 | $ (1,810,156.92) | $ 637,647.80 | $ 558,859.00 |
| 13 | Asbestos and Lead Containing Material Handling and Abatement | $ 151,029.00 | $ 97,654.00 | $ 12,000.00 | $ 209,033.00 | $ 130,000.00 | $ 90,000 | $ 61,029.00 | $ 119,943.20 | $ 180,031.00 |
| 14 | Sludge Removal | $ 492,570.00 | $ 199,844.00 | $ 3,793,000.00 | $ 429,153.00 | $ 823,000.00 | $ 819,518 | $ (326,948.31) | $ 1,147,513.40 | $ 460,861.50 |
| 15 | Process Yard Piping, Including Piping Between Existing and New Site | $ 8,720,179.00 | $ 13,860,810.00 | $ 13,350,000.00 | $ 8,084,376.00 | $ 9,889,000.00 | $ 7,221,936 | $ 1,498,243.30 | $ 10,780,873.00 | $ 8,402,277.50 |
| 16 | Project Site Pavement | $ 617,299.00 | $ 156,469.00 | $ 392,000.00 | $ 146,707.00 | $ 153,000.00 | $ 1,777,976 | $ (1,160,676.92) | $ 293,095.00 | $ 382,003.00 |
| 17 | Site Electrical | $ 1,965,380.00 | $ 2,920,152.00 | $ 3,799,000.00 | $ 4,577,491.00 | $ 5,652,000.00 | $ 719,057 | $ 1,246,322.75 | $ 3,782,804.60 | $ 3,271,435.50 |
| 18 | Process 1: Southern Link Pump Station | $ 1,717,950.00 | $ 3,408,317.00 | $ 3,436,000.00 | $ 3,478,972.00 | $ 2,430,000.00 | $ 1,632,652 | $ 85,297.80 | $ 2,894,247.80 | $ 2,598,461.00 |
| 19 | Process 1-1: Route 3 Pump Station | $ 1,576,102.00 | $ 3,005,073.00 | $ 3,608,000.00 | $ 2,997,382.00 | $ 1,886,000.00 | $ 1,120,888 | $ 455,214.28 | $ 2,614,511.40 | $ 2,286,742.00 |
| 20 | Process 2: New Headworks | $ 9,988,518.00 | $ 14,232,108.00 | $ 13,277,000.00 | $ 13,665,424.00 | $ 12,034,000.00 | $ 12,382,797 | $ (2,394,279.24) | $ 12,639,410.00 | $ 11,826,971.00 |
| 21 | Process 3: Oxidation Ditches | $ 14,087,703.00 | $ 21,756,717.00 | $ 28,158,000.00 | $ 18,248,828.00 | $ 23,343,000.00 | $ 14,756,758 | $ (669,055.20) | $ 21,118,849.60 | $ 16,168,265.50 |
| 22 | Process 4: Secondary Clarifiers and Scum Pumping Station | $ 10,283,398.00 | $ 13,014,923.00 | $ 15,398,000.00 | $ 10,188,970.00 | $ 10,930,000.00 | $ 11,059,273 | $ (775,874.63) | $ 11,963,058.20 | $ 10,236,184.00 |
| 23 | Process 6: UV Disinfection System | $ 5,855,281.00 | $ 6,843,571.00 | $ 7,738,000.00 | $ 5,720,049.00 | $ 5,972,000.00 | $ 6,170,396 | $ (315,115.13) | $ 6,425,780.20 | $ 5,787,665.00 |
| 24 | Process 7: Septage Receiving Station | $ 1,034,479.00 | $ 1,030,613.00 | $ 1,333,000.00 | $ 1,165,121.00 | $ 752,000.00 | $ 1,487,220 | $ (452,740.94) | $ 1,063,042.60 | $ 1,099,800.00 |
| 25 | Process 8: RAS/WAS Pump Station | $ 2,952,020.00 | $ 3,885,464.00 | $ 3,260,000.00 | $ 3,333,135.00 | $ 1,887,000.00 | $ 2,831,605 | $ 120,414.71 | $ 3,063,523.80 | $ 3,142,577.50 |
| 26 | Process 9: Aerated Sludge Storage Facility and Pump Station | $ 3,980,984.00 | $ 3,117,853.00 | $ 2,293,000.00 | $ 2,778,018.00 | $ 1,844,000.00 | $ 1,566,679 | $ 2,414,304.68 | $ 2,802,771.00 | $ 3,379,501.00 |
| 27 | Process 10: Thickening Facility | $ 4,575,949.00 | $ 7,612,187.00 | $ 8,329,000.00 | $ 5,631,161.00 | $ 5,146,000.00 | $ 5,287,531 | $ (711,581.96) | $ 6,258,859.40 | $ 5,103,555.00 |
| 28 | Process 11: ATAD | $ 5,479,138.00 | $ 11,333,225.00 | $ 5,892,000.00 | $ 12,193,413.00 | $ 9,269,000.00 | $ 423,129 | $ 5,056,009.39 | $ 8,833,355.20 | $ 8,836,275.50 |
| 29 | Process 12: Digester Equipment Building | $ 8,812,643.00 | $ 10,001,911.00 | $ 12,400,000.00 | $ 5,903,384.00 | $ 4,553,000.00 | $ 12,926,728 | $ (4,114,084.63) | $ 8,334,187.60 | $ 7,358,013.50 |
| 30 | Process 13: Sludge Storage Tanks | $ 2,143,592.00 | $ 2,219,237.00 | $ 1,685,000.00 | $ 2,151,435.00 | $ 1,521,000.00 | $ 1,341,855 | $ 801,737.09 | $ 1,944,052.80 | $ 2,147,513.50 |
| 31 | Process 14: Dewatering Facility | $ 3,545,203.00 | $ 4,414,565.00 | $ 4,082,000.00 | $ 3,546,374.00 | $ 2,547,000.00 | $ 1,993,125 | $ 1,552,078.12 | $ 3,627,028.40 | $ 3,545,788.50 |
| 32 | Process 15: Side-Stream Pump Station | $ 786,077.00 | $ 1,019,200.00 | $ 1,051,000.00 | $ 885,907.00 | $ 406,000.00 | $ 1,074,893 | $ (288,815.68) | $ 829,636.80 | $ 835,992.00 |
| 33 | Process 16: Plant Water Systems | $ 640,003.00 | $ 525,989.00 | $ 691,000.00 | $ 628,172.00 | $ 664,000.00 | $ 672,491 | $ (32,488.16) | $ 629,832.80 | $ 634,087.50 |
| 34 | Process 17: New Administration Building | $ 2,073,255.00 | $ 2,159,961.00 | $ 2,662,000.00 | $ 2,516,960.00 | $ 2,271,000.00 | $ 1,692,427 | $ 380,828.04 | $ 2,336,635.20 | $ 2,295,107.50 |
| 35 | Process 18: Renovated/ Repurpose Lab | $ 2,058,398.00 | $ 2,188,569.00 | $ 1,594,000.00 | $ 2,157,301.00 | $ 1,363,000.00 | $ 386,235 | $ 1,672,163.27 | $ 1,872,253.60 | $ 2,107,849.50 |
| 36 | Process 19: Maintenance Building | $ 154,844.00 | $ 208,789.00 | $ 267,000.00 | $ 161,182.00 | $ 130,000.00 | $ 71,905 | $ 82,938.68 | $ 184,363.00 | $ 158,013.00 |
| 37 | Process 20 and 20-1: Standby Generator and Building | $ 2,840,160.00 | $ 2,143,924.00 | $ 2,836,000.00 | $ 1,824,679.00 | $ 2,869,000.00 | $ 1,242,164 | $ 1,597,995.84 | $ 2,502,752.60 | $ 2,332,419.50 |
| 38 | Plant Startup and Training | $ 408,129.00 | $ 32,747.00 | $ 1,514,000.00 | $ 217,182.00 | $ 581,000.00 | $ 2,499,599 | $ (2,091,470.25) | $ 550,611.60 | $ 312,655.50 |
| 39 | Project Closeout. | $ 351,312.00 | $ 486,231.00 | $ 513,000.00 | $ 53,118.00 | $ 581,000.00 | $ 943,141 | $ (591,829.32) | $ 396,932.20 | $ 202,215.00 |
| | **TOTAL SUM BASIC BID PRICE (ITEMS 1 THROUGH 39, INCLUSIVE)** | $ 122,077,088.00 | $ 154,572,600.00 | $ 176,513,000.00 | $ 132,079,867.00 | $ 143,600,000.00 | $ 115,015,314 | | $ 145,768,511.00 | $ 127,078,477.50 |
| | Deductive A | $ 106,160,836.00 | $ 133,037,620.00 | $ 154,437,000.00 | $ 121,000,000.00 | $ 127,812,000.00 | $ 99,935,154.00 | | | |
| | Deductive B | $ 103,966,246.00 | $ 130,877,659.00 | $ 151,775,000.00 | $ 118,929,014.00 | $ 125,362,000.00 | $ 98,096,018.00 | | | |
| | Deductive C | $ 102,858,502.00 | $ 129,847,046.00 | $ 150,442,000.00 | $ 117,969,523.00 | $ 124,552,000.00 | $ 96,463,526.00 | | | |
| | Deductive D | $ 102,475,358.00 | $ 129,354,286.00 | $ 149,644,000.00 | $ 117,681,635.00 | $ 123,705,000.00 | $ 95,589,824.00 | | | |

| | |
|---|---|
| TOTAL W/ ATAD (NO DEDUCTIVE B, C, D) | $ 118,391,610.00 |
| ADDITIONAL FUNDING FOR ATAD W/O DEDUCTIVE B,C,D | $ 1,737,121.00 |
| ADDITIONAL FUNDING FOR ATAD AND EXTENDED WARRANTY (DEDUCTIVE A&D) | $ 2,120,265.00 |
| ADDITIONAL FUNDING FOR ATAD, SEPTAGE, EXTENDED WARRANTY (DEDUCTIVE A,C,D) | $ 3,228,009.00 |
| ADDITIONAL FUNDING FOR COMPLETE BASE BID (DEDUCTIVE A, B,C, D) | $ 5,422,599.00 |

**Bid Abstract**
**Solicitation No. IFB-02-ENG-2019**
**Project: Upgrade of Northern District Wastewater Treatment Plant (NDWWTP)**
**This tabulation of a total of 5 bidders.**

GWA BUDGET $ 116,654,489.00

| Item No. | Description | Black Construction Corporation | Core Tech - Hawaiian Dredging LLC | NAN Inc. | Sumitomo Mitsui Construction Co. | Hensel Phelps Construction Co | GWA Estimate | low bid - engr est | Average (All Bids) | Average (Black & Sumitomo) |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Analysis | | |
| 1 | Mobilization, Not to Exceed 3% of Total Basic Price | $ 3,184,825.00 | $ 2,111,068.00 | $ 4,000,000.00 | $ 3,554,096.00 | $ 3,624,000.00 | $ 2,848,325 | $ 336,499.69 | $ 3,294,797.80 | $ 3,369,460.50 |
| 2 | Insurance and Bonds | $ 2,692,305.00 | $ 2,982,325.00 | $ 1,000,000.00 | $ 3,437,966.00 | $ 3,135,000.00 | $ 949,442 | $ 1,742,863.50 | $ 2,649,519.20 | $ 3,065,135.50 |
| 3 | Project Management, Temporary Facilities and Site Layout | $ 14,130,166.00 | $ 12,282,803.00 | $ 20,609,000.00 | $ 8,736,368.00 | $ 16,084,000.00 | $ 10,500,749 | $ 3,629,417.00 | $ 14,368,467.40 | $ 11,433,267.00 |
| 4 | Extended Warranty | $ 357,840.00 | $ 492,760.00 | $ 789,000.00 | $ 374,930.00 | $ 785,000.00 | $ 852,649 | $ (494,808.93) | $ 559,906.00 | $ 366,385.00 |
| 5 | Environmental Protection and Erosion Control Measures | $ 468,889.00 | $ 128,659.00 | $ 253,000.00 | $ 280,025.00 | $ 342,000.00 | $ 9,304 | $ 459,584.53 | $ 294,514.60 | $ 374,457.00 |
| 6 | Site Clearing | $ 117,982.00 | $ 5,786.00 | $ 450,000.00 | $ 76,136.00 | $ 474,000.00 | $ 587,495 | $ (469,512.62) | $ 224,780.80 | $ 97,059.00 |
| 7 | Access Road, Guard Rails and Pavement | $ 1,137,513.00 | $ 2,002,608.00 | $ 2,096,000.00 | $ 1,409,007.00 | $ 1,360,000.00 | $ 23,801 | $ 1,113,711.96 | $ 1,601,025.60 | $ 1,273,260.00 |
| 8 | Perimeter Fence Line | $ 244,949.00 | $ 262,559.00 | $ 120,000.00 | $ 262,554.00 | $ 258,000.00 | $ 327,171 | $ (82,222.15) | $ 229,612.40 | $ 253,751.50 |
| 9 | Project Site Grading and Site Turf | $ 415,228.00 | $ 798,260.00 | $ 1,502,000.00 | $ 536,682.00 | $ 4,701,000.00 | $ 674,568 | $ (259,340.00) | $ 1,590,634.00 | $ 475,955.00 |
| 10 | Project Site Drainage Improvements | $ 521,686.00 | $ 488,168.00 | $ 1,101,000.00 | $ 153,561.00 | $ 1,188,000.00 | $ 474,722 | $ 46,963.63 | $ 690,483.00 | $ 337,623.50 |
| 11 | Site yard demolition works | $ 49,404.00 | $ 110,980.00 | $ 803,000.00 | $ 215,019.00 | $ 267,000.00 | $ 521,361 | $ (471,957.36) | $ 289,080.60 | $ 132,211.50 |
| 12 | Facility Demolition Works | $ 332,805.00 | $ 1,030,521.00 | $ 427,000.00 | $ 841,104.00 | $ 613,000.00 | $ 2,142,962 | $ (1,810,156.92) | $ 648,886.00 | $ 586,954.50 |
| 13 | Asbestos and Lead Containing Material Handling and Abatement | $ 151,029.00 | $ 97,654.00 | $ 12,000.00 | $ 223,997.00 | $ 130,000.00 | $ 90,000 | $ 61,029.00 | $ 122,936.00 | $ 187,513.00 |
| 14 | Process Yard Piping, Including Piping Between Existing and New Site | $ 8,720,179.00 | $ 13,860,810.00 | $ 13,350,000.00 | $ 8,663,124.00 | $ 9,889,000.00 | $ 7,221,936 | $ 1,498,243.30 | $ 10,896,622.60 | $ 8,691,651.50 |
| 15 | Project Site Pavement | $ 617,299.00 | $ 156,469.00 | $ 392,000.00 | $ 157,210.00 | $ 153,000.00 | $ 1,777,976 | $ (1,160,676.92) | $ 295,195.60 | $ 387,254.50 |
| 16 | Site Electrical | $ 1,965,380.00 | $ 2,920,152.00 | $ 3,799,000.00 | $ 4,905,186.00 | $ 5,652,000.00 | $ 719,057 | $ 1,246,322.75 | $ 3,848,343.60 | $ 3,435,283.00 |
| 17 | Process 1: Southern Link Pump Station | $ 1,717,950.00 | $ 3,408,317.00 | $ 3,436,000.00 | $ 3,728,026.00 | $ 2,430,000.00 | $ 1,632,652 | $ 85,297.80 | $ 2,944,058.60 | $ 2,722,988.00 |
| 18 | Process 1-1: Route 3 Pump Station | $ 1,576,102.00 | $ 3,005,073.00 | $ 3,608,000.00 | $ 3,211,960.00 | $ 1,886,000.00 | $ 1,120,888 | $ 455,214.28 | $ 2,657,427.00 | $ 2,394,031.00 |
| 19 | Process 2: New Headworks | $ 9,988,518.00 | $ 14,232,108.00 | $ 13,277,000.00 | $ 14,643,711.00 | $ 12,034,000.00 | $ 12,382,797 | $ (2,394,279.24) | $ 12,835,067.40 | $ 12,316,114.50 |
| 20 | Process 3: Oxidation Ditches | $ 14,087,703.00 | $ 21,756,717.00 | $ 28,158,000.00 | $ 19,555,233.00 | $ 23,343,000.00 | $ 14,756,758 | $ (669,055.20) | $ 21,380,130.60 | $ 16,821,468.00 |
| 21 | Process 4: Secondary Clarifiers and Scum Pumping Station | $ 10,283,398.00 | $ 13,014,923.00 | $ 15,398,000.00 | $ 10,918,383.00 | $ 10,930,000.00 | $ 11,059,273 | $ (775,874.63) | $ 12,108,940.80 | $ 10,600,890.50 |
| 22 | Process 6: UV Disinfection System | $ 5,855,281.00 | $ 6,843,571.00 | $ 7,738,000.00 | $ 6,129,538.00 | $ 5,972,000.00 | $ 6,170,396 | $ (315,115.13) | $ 6,507,678.00 | $ 5,992,409.50 |
| 23 | Process 7: Septage Receiving Station | $ 1,034,479.00 | $ 1,030,613.00 | $ 1,333,000.00 | $ 1,248,530.00 | $ 752,000.00 | $ 1,487,220 | $ (452,740.94) | $ 1,079,724.40 | $ 1,141,504.50 |
| 24 | Process 8: RAS/WAS Pump Station | $ 2,952,020.00 | $ 3,885,464.00 | $ 3,260,000.00 | $ 3,571,749.00 | $ 1,887,000.00 | $ 2,831,605 | $ 120,414.71 | $ 3,111,246.60 | $ 3,261,884.50 |
| 25 | Process 9: Aerated Sludge Storage Facility and Pump Station | $ 3,980,984.00 | $ 3,117,853.00 | $ 2,293,000.00 | $ 2,976,892.00 | $ 1,844,000.00 | $ 1,566,679 | $ 2,414,304.68 | $ 2,842,545.80 | $ 3,478,938.00 |
| 26 | Process 10: Thickening Facility | $ 4,575,949.00 | $ 7,612,187.00 | $ 8,329,000.00 | $ 6,034,287.00 | $ 5,146,000.00 | $ 5,287,531 | $ (711,581.96) | $ 6,339,484.60 | $ 5,305,118.00 |
| 27 | Process 13: Sludge Storage Tanks | $ 2,143,592.00 | $ 2,219,237.00 | $ 1,685,000.00 | $ 2,305,453.00 | $ 1,521,000.00 | $ 1,341,855 | $ 801,737.09 | $ 1,974,856.40 | $ 2,224,522.50 |
| 28 | Process 14: Dewatering Facility | $ 3,545,203.00 | $ 4,414,565.00 | $ 4,082,000.00 | $ 3,800,253.00 | $ 2,547,000.00 | $ 1,993,125 | $ 1,552,078.12 | $ 3,677,804.20 | $ 3,672,728.00 |
| 29 | Process 15: Side-Stream Pump Station | $ 786,077.00 | $ 1,019,200.00 | $ 1,051,000.00 | $ 949,328.00 | $ 406,000.00 | $ 1,074,893 | $ (288,815.68) | $ 842,321.00 | $ 867,702.50 |
| 30 | Process 16: Plant Water Systems | $ 640,003.00 | $ 525,989.00 | $ 691,000.00 | $ 673,142.00 | $ 664,000.00 | $ 672,491 | $ (32,488.16) | $ 638,826.80 | $ 656,572.50 |
| 31 | Process 17: New Administration Building | $ 2,073,255.00 | $ 2,159,961.00 | $ 2,662,000.00 | $ 2,697,145.00 | $ 2,271,000.00 | $ 1,692,427 | $ 380,828.04 | $ 2,372,672.20 | $ 2,385,200.00 |
| 32 | Process 18: Renovated/ Repurpose Lab | $ 2,058,398.00 | $ 2,188,569.00 | $ 1,594,000.00 | $ 2,311,739.00 | $ 1,363,000.00 | $ 386,235 | $ 1,672,163.27 | $ 1,903,141.20 | $ 2,185,068.50 |
| 33 | Process 19: Maintenance Building | $ 154,844.00 | $ 208,789.00 | $ 267,000.00 | $ 172,721.00 | $ 130,000.00 | $ 71,905 | $ 82,938.68 | $ 186,670.80 | $ 163,782.50 |
| 34 | Process 20 and 20-1: Standby Generator and Building | $ 2,840,160.00 | $ 2,143,924.00 | $ 2,836,000.00 | $ 1,955,305.00 | $ 2,869,000.00 | $ 1,242,164 | $ 1,597,995.84 | $ 2,528,877.80 | $ 2,397,732.50 |
| 35 | Plant Startup and Training | $ 408,129.00 | $ 32,747.00 | $ 1,514,000.00 | $ 232,730.00 | $ 581,000.00 | $ 2,499,599 | $ (2,091,470.25) | $ 553,721.20 | $ 320,429.50 |
| 36 | Project Closeout. | $ 351,312.00 | $ 486,231.00 | $ 513,000.00 | $ 56,921.00 | $ 581,000.00 | $ 943,141 | $ (591,829.32) | $ 397,692.80 | $ 204,116.50 |
| | **TOTAL SUM DEDUCTIVE BID A PRICE (ITEMS 1 THROUGH 36, INCLUSIVE)** | $ 106,160,836.00 | $ 133,037,620.00 | $ 154,428,000.00 | $ 121,000,011.00 | $ 127,812,000.00 | $ 99,935,154 | $ 6,225,682.46 | $ 128,487,693.40 | $ 113,580,423.50 |

# EXHIBIT D

# Bid Proposal

# UPGRADE OF THE NORTHERN DISTRICT WASTEWATER TREATMENT PLANT

## GWA Project No. S17-003-OEA

## STEP 2
## PRICE PROPOSAL

Submitted to:

**Mr. Miguel C. Bordallo, P.E.**
**General Manager**
**GUAM WATERWORKS AUTHORITY**
**GLORIA B. NELSON PUBLIC SERVICE BUILDING**
**688 ROUTE 15, MANGILAO, GU 96913**

Submitted by:

**BLACK CONSTRUCTION CORPORATION**
**P.O. BOX 24667, GMF, BARRIGADA, GU 96921**

**COPY 1 OF 1**

# UPGRADE OF THE NORTHERN DISTRICT WASTEWATER TREATMENT PLANT

## GWA Project No.: S17-003-OEA

**MR. MIGUEL C. BORDALLO, P.E.**
**GENERAL MANAGER**
**GUAM WATERWORKS AUTHORITY**
***Gloria B. Nelson Public Service Building***
***688 Route 15, Mangilao, GU 96913***

This proposal includes data that shall not be disclosed outside the Government and shall not be duplicated, used, or disclosed – in whole or in part – for any purpose other than to evaluate this proposal. If, however, a contract is awarded to this offeror as a result of – or in connection with – the submission of this data, the Government shall have the right to duplicate, use, or disclose the data to the extent provided in the resulting contract. This restriction does not limit the Government's right to use information contained in this data if it is obtained from another source without restriction. The data subject to this restriction are contained in sheets:

- **STEP 2 Price Proposal – all sheets**

***May 29, 2019 – NLT 3:00 pm Chamorro Standard Time***

***Submitted by:***

**BLACK CONSTRUCTION CORPORATION**
**Harmon Industrial Park • P.O. Box 24667, GMF Barrigada GU 96921**

*A Tutor Perini Company*

PROCUREMENT CHECKLIST

**Procurement Checklist**

**CHECKLIST OF FORMS AND DOCUMENTS REQUIRED TO BE SUBMITTED IN CONJUNCTION WITH BIDS**

| A. Form or document that must be submitted with bid | Initial if Submitted: |
|---|---|
| 1. Bid Bond Equal to 15% of total amount of bid | |
| 2. Bid Proposal and Bid Schedule | |
| 3. Non-Collusion Affidavit | |
| 4. Certification of Bidder Regarding Equal Employment Opportunity | |
| 5. Certification Regarding Non-Segregated Facilities | |
| 6. Sex Offender Certification | |
| 7. Wage and Benefit Determination | |
| 8. Major Shareholders Disclosure Affidavit | |
| 9. Special Instructions to Bidders | |
| 10. Proof of Licensure (if not included in Step 1) to Perform Work Called For by the Bid | |
| 11. Financial Statements | |
| 12. Proof of Status as Veteran (if applies) | |
| 13. Forms or Documents Required by Bid or Bid Amendments not referred to above | |

I, Leonard K. Kaae, a duly authorized representative of Black Construction Corporation, do hereby certify, that the forms list above has in fact been submitted with my firm's bid. I acknowledge that, failure to submit any of the above documents will result in my firm being deemed non-responsive and having my firm's bid rejected.

Signed: ______________________

Date: May 24, 2019

**B.** **Forms or documents that must be submitted after the bid but prior to entering into a Contract are as follows:**

1. Proof of Insurance (complete insurance policies) per Article 6 – Bonds and Insurance

2. Performance and Payment Bond

3. Other Forms as Required by GWA

*Most forms or documents above must be submitted on forms supplied by GWA. Failure to use the correct form, or submit a form when required, could result in the vendor being deemed to be non-responsive which would require GWA to reject the bid. Failure to submit the correct forms or documents that are required after award but prior to contract are a condition precedent to GWA entering into a contract. Failing to provide the forms or documents could result in loss of award.

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BID BOND

# BID BOND

Any singular reference to Bidder, Surety, Owner or other party shall be considered plural where applicable.

BIDDER *(Name and Address)*:

Black Construction Corporation
JL Baker Street, Harmon Industrial Park, Harmon, Guam 96913
P.O. Box 24667, Barrigada, Guam 96921

SURETY *(Name, and Address of Principal Place of Business)*:

Safeco Insurance Company of America
175 Berkeley Street
Boston, MA 02116

OWNER *(Name and Address)*:

**Guam Waterworks Authority**
**Gloria B. Nelson Public Service Building**
**688 Route 15, Mangilao, Guam 96913**

BID

Bid Due Date: May 29, 2019
Description *(Project Name— Include Location)*:
**Upgrade of Northern District Wastewater Treatment Plant (NDWWTP), Dededo, Guam**
**GWA Project No. S17-003-OEA**

BOND

Bond Number: n/a
Date: May 29, 2019
Penal sum Eighteen Million Three Hundred Eleven Thousand Five Hundred Sixty Three & 00/100 U.S. Dollars (Words) $18,311,563.00 (Figures)

Surety and Bidder, intending to be legally bound hereby, subject to the terms set forth below, do each cause this Bid Bond to be duly executed by an authorized officer, agent, or representative.

| BIDDER | SURETY |
|---|---|
| Black Construction Corporation (Seal) | Safeco Insurance Company of America (Seal) |
| Bidder's Name and Corporate Seal | Surety's Name and Corporate Seal |
| By: Signature | By: Signature (Attach Power of Attorney) |
| Leonard K. Kaae | Lisa L. Thornton |
| Print Name | Print Name |
| Senior Vice President & General Manager | Attorney in Fact |
| Title | Title |
| Attest: Signature | Attest: Signature |
| Mark J. Mamczarz | Maria Pena, Assistant Vice President |
| VP of Finance, Secretary & Treasurer | |
| Title | Title |

Resident Agent
Calvo's Insurance Underwriters, Inc.
By: RAYMOND A. MARTINEZ

*Note: Addresses are to be used for giving any required notice.*
*Provide execution by any additional parties, such as joint venturers, if necessary.*

1. Bidder and Surety, jointly and severally, bind themselves, their heirs, executors, administrators, successors, and assigns to pay to Owner upon default of Bidder the penal sum set forth on the face of this Bond. Payment of the penal sum is the extent of Bidder's and Surety's liability. Recovery of such penal sum under the terms of this Bond shall be Owner's sole and exclusive remedy upon default of Bidder.

2. Default of Bidder shall occur upon the failure of Bidder to deliver within the time required by the Bidding Documents (or any extension thereof agreed to in writing by Owner) the executed Agreement required by the Bidding Documents and any performance and payment bonds required by the Bidding Documents.

3. This obligation shall be null and void if:

3.1 Owner accepts Bidder's Bid and Bidder delivers within the time required by the Bidding Documents (or any extension thereof agreed to in writing by Owner) the executed Agreement required by the Bidding Documents and any performance and payment bonds required by the Bidding Documents, or

3.2 All Bids are rejected by Owner, or

3.3 Owner fails to issue a Notice of Award to Bidder within the time specified in the Bidding Documents (or any extension thereof agreed to in writing by Bidder and, if applicable, consented to by Surety when required by Paragraph 5 hereof).

4. Payment under this Bond will be due and payable upon default of Bidder and within 30 calendar days after receipt by Bidder and Surety of written notice of default from Owner, which notice will be given with reasonable promptness, identifying this Bond and the Project and including a statement of the amount due.

5. Surety waives notice of any and all defenses based on or arising out of any time extension to issue Notice of Award agreed to in writing by Owner and Bidder, provided that the total time for issuing Notice of Award including extensions shall not in the aggregate exceed 120 days from the Bid due date without Surety's written consent.

6. No suit or action shall be commenced under this Bond prior to 30 calendar days after the notice of default required in Paragraph 4 above is received by Bidder and Surety and in no case later than one year after the Bid due date.

7. Any suit or action under this Bond shall be commenced only in a court of competent jurisdiction located in the state in which the Project is located.

8. Notices required hereunder shall be in writing and sent to Bidder and Surety at their respective addresses shown on the face of this Bond. Such notices may be sent by personal delivery, commercial courier, or by United States Registered or Certified Mail, return receipt requested, postage pre-paid, and shall be deemed to be effective upon receipt by the party concerned.

9. Surety shall cause to be attached to this Bond a current and effective Power of Attorney evidencing the authority of the officer, agent, or representative who executed this Bond on behalf of Surety to execute, seal, and deliver such Bond and bind the Surety thereby.

10. This Bond is intended to conform to all applicable statutory requirements. Any applicable requirement of any applicable statute that has been omitted from this Bond shall be deemed to be included herein as if set forth at length. If any provision of this Bond conflicts with any applicable statute, then the provision of said statute shall govern and the remainder of this Bond that is not in conflict therewith shall continue in full force and effect.

11. The term "Bid" as used herein includes a Bid, offer, or proposal as applicable.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT** **Civil Code § 1189**

| |
|---|
| A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy or validity of that document. |

State of California )
) ss
County of Los Angeles )

On May 29, 2019, before me, Maria Pena, Notary Public, personally appeared Lisa L. Thornton, who proved to me on the basis of satisfactory evidence to be the person~~(s)~~ whose name~~(s)~~ is~~/are~~ subscribed to the within instrument and acknowledged to me that ~~he/~~she~~/they~~ executed the same in ~~his/~~her~~/their~~ authorized capacity~~(ies)~~, and that by ~~his/~~her~~/their~~ signature~~(s)~~ on the instrument the person~~(s)~~, or the entity upon behalf of which the person~~(s)~~ acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

MARIA PENA
Notary Public - California
Los Angeles County
Commission # 2238398
My Comm. Expires May 12, 2022

Signature:
Maria Pena, Notary Public

(Seal)

**THIS POWER OF ATTORNEY IS NOT VALID UNLESS IT IS PRINTED ON RED BACKGROUND.**
**This Power of Attorney limits the acts of those named herein, and they have no authority to bind the Company except in the manner and to the extent herein stated.**

Certificate No 7538474

American States Insurance Company
First National Insurance Company of America
General Insurance Company of America
Safeco Insurance Company of America

# POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS: That American States Insurance Company is a corporation duly organized under the laws of the State of Indiana, that First National Insurance Company of America, General Insurance Company of America, and Safeco Insurance Company of America are corporations duly organized under the laws of the State of New Hampshire (herein collectively called the "Companies"), pursuant to and by authority herein set forth, does hereby name, constitute and appoint, C. K. Nakamura; E. S. Albrecht, Jr.; Jeffrey Strassner; Jessica L. Rosser; Lisa L. Thornton; Maria Pena; Natalie K. Trofimoff; Noemi Quiroz; Patricia S. Arana; Tim M. Tomko

all of the city of Los Angeles, state of CA each individually if there be more than one named, its true and lawful attorney-in-fact to make, execute, seal, acknowledge and deliver, for and on its behalf as surety and as its act and deed, any and all undertakings, bonds, recognizances and other surety obligations, in pursuance of these presents and shall be as binding upon the Companies as if they have been duly signed by the president and attested by the secretary of the Companies in their own proper persons.

IN WITNESS WHEREOF, this Power of Attorney has been subscribed by an authorized officer or official of the Companies and the corporate seals of the Companies have been affixed thereto this 7th day of November, 2016.

American States Insurance Company
First National Insurance Company of America
General Insurance Company of America
Safeco Insurance Company of America

By: David M. Carey
David M. Carey, Assistant Secretary

STATE OF PENNSYLVANIA ss
COUNTY OF MONTGOMERY

On this 7th day of November, 2016, before me personally appeared David M. Carey, who acknowledged himself to be the Assistant Secretary of American States Insurance Company, First National Insurance Company of America, General Insurance Company of America, and Safeco Insurance Company of America, and that he, as such, being authorized so to do, execute the foregoing instrument for the purposes therein contained by signing on behalf of the corporations by himself as a duly authorized officer.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my notarial seal at King of Prussia, Pennsylvania, on the day and year first above written.

COMMONWEALTH OF PENNSYLVANIA
Notarial Seal
Teresa Pastella, Notary Public
Upper Merion Twp., Montgomery County
My Commission Expires March 28, 2017
Member, Pennsylvania Association of Notaries

By: Teresa Pastella
Teresa Pastella, Notary Public

This Power of Attorney is made and executed pursuant to and by authority of the following By-laws and Authorizations of The Ohio Casualty Insurance Company, Liberty Mutual Insurance Company, and West American Insurance Company which resolutions are now in full force and effect reading as follows:

**ARTICLE IV – OFFICERS** – Section 12. Power of Attorney. Any officer or other official of the Corporation authorized for that purpose in writing by the Chairman or the President, and subject to such limitation as the Chairman or the President may prescribe, shall appoint such attorneys-in-fact, as may be necessary to act in behalf of the Corporation to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations. Such attorneys-in-fact, subject to the limitations set forth in their respective powers of attorney, shall have full power to bind the Corporation by their signature and executed, such instruments shall be as binding as if signed by the President and attested to by the Secretary. Any power or authority granted to any representative or attorney-in-fact under the provisions of this article may be revoked at any time by the Board, the Chairman, the President or by the officer or officers granting such power or authority.

**Certificate of Designation** – The President of the Company, acting pursuant to the Bylaws of the Company, authorizes David M. Carey, Assistant Secretary to appoint such attorneys-in-fact as may be necessary to act on behalf of the Company to make, execute, seal, acknowledge and deliver as surety any and all undertakings, bonds, recognizances and other surety obligations.

**Authorization** – By unanimous consent of the Company's Board of Directors, the Company consents that facsimile or mechanically reproduced signature of any assistant secretary of the Company, wherever appearing upon a certified copy of any power of attorney issued by the Company in connection with surety bonds, shall be valid and binding upon the Company with the same force and effect as though manually affixed.

I, Renee C. Llewellyn, the undersigned, Assistant Secretary, of American States Insurance Company, First National Insurance Company of America, General Insurance Company of America, and Safeco Insurance Company of America do hereby certify that the original power of attorney of which the foregoing is a full, true and correct copy of the Power of Attorney executed by said Companies, is in full force and effect and has not been revoked.

**IN TESTIMONY WHEREOF**, I have hereunto set my hand and affixed the seals of said Companies this 29th day of May, 2019.

By: Renee C. Llewellyn
Renee C. Llewellyn, Assistant Secretary

**Not valid for mortgage, note, loan, letter of credit, currency rate, interest rate or residual value guarantees.**

**To confirm the validity of this Power of Attorney call 1-610-832-8240 between 9:00 am and 4:30 pm EST on any business day.**

15 of 50

POA - FNICA, GICA & SICA
LMS_12874_082016

**GOVERNMENT OF GUAM**
**DEPARTMENT OF REVENUE AND TAXATION**
**OFFICE OF THE BANKING AND INSURANCE COMMISSIONER**

# INSURANCE LICENSE

RENEWAL GA32

*Know All Men By These Presents That:*

*Name* **CALVO'S INSURANCE UNDERWRITERS INC**

*Address* 115 CHALAN SANTO PAPA STREET
HAGATNA GU 96910

*Classes of Insurance Authorized*
FIDELITY & SURETY
PROP. DAMAGE & LIABILITY

***Having complied with the Insurance Law of Guam, is hereby authorized to transact as*** **General Agent** ***, the above named Classes of Insurance in Guam from the*** 01 ***day of*** **July** ***, 20*** 18 ***, to the*** 01 ***day of*** July ***, 20*** 19 ***, unless authority is revoked for failure to comply with the law.***

**Designated Representatives:**
RAYMOND A MARTINEZ

**Appointed By:**
**SAFECO INSURANCE COMPANY OF AMERICA**

[ SEAL ]

JOHN P. CAMACHO
Acting Banking and Insurance Commissioner

**GOVERNMENT OF GUAM**
**DEPARTMENT OF REVENUE AND TAXATION**
**OFFICE OF THE BANKING AND INSURANCE COMMISSIONER**

# CERTIFICATE OF AUTHORITY

RENEWAL 184

*Know All Men By These Presents That:*

***Name*** **SAFECO INSURANCE COMPANY OF AMERICA**

***Address*** 175 BERKELEY STREET GARLOCK SUITE - MAIL STOP M09G
BOSTON MA 02116

***Classes of Insurance Authorized*** FIDELITY & SURETY
PROP. DAMAGE & LIABILITY

***Having complied with the Insurance Law of Guam, is hereby authorized to transact as an insurer, the above named Classes of Insurance in Guam from the*** 01 ***day of*** July ***, 20*** 18 ***, to the*** 01 ***day of*** July ***, 20*** 19 ***, unless authority is revoked for failure to comply with the law.***

**General Agent(s):**

CALVO'S INSURANCE UNDERWRITERS INC
TAKAGI & ASSOCIATES INC

***In Witness Whereof, I have hereunto subscribed my name officially and have hereon impressed my Seal of Office at the City of Hagatña, Guam on this*** 29 ***day of*** May ***A.D. 20*** 18.

**JOHN P. CAMACHO**
Acting Banking and Insurance Commissioner

# POWER OF ATTORNEY

KNOW ALL BY THESE PRESENTS: No. 4577

That SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA, each a Washington corporation, does each hereby appoint

*********************************RAYMOND A. MARTINEZ; Agana, Guam***************************************

its true and lawful attorney(s)-in-fact, with full authority to execute on its behalf fidelity and surety bonds or undertakings and other documents of a similar character issued in the course of its business, and to bind the respective company thereby.

IN WITNESS WHEREOF, SAFECO INSURANCE COMPANY OF AMERICA and GENERAL INSURANCE COMPANY OF AMERICA have each executed and attested these presents

this 29th day of May, 2019.

Dexter R. Legg

Dexter R. Legg, Secretary

T.A. Mikolajewski

Timothy A. Mikolajewski, Vice President

## CERTIFICATE

Extract from the By-Laws of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA:

"Article V, Section 13. - FIDELITY AND SURETY BONDS ... the President, any Vice President, the Secretary, and any Assistant Vice President appointed for that purpose by the officer in charge of surety operations, shall each have authority to appoint individuals as attorneys-in-fact or under other appropriate titles with authority to execute on behalf of the company fidelity and surety bonds and other documents of similar character issued by the company in the course of its business... On any instrument making or evidencing such appointment, the signatures may be affixed by facsimile. On any instrument conferring such authority or on any bond or undertaking of the company, the seal, or a facsimile thereof, may be impressed or affixed or in any other manner reproduced; provided, however, that the seal shall not be necessary to the validity of any such instrument or undertaking."

Extract from a Resolution of the Board of Directors of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA adopted July 28, 1970.

"On any certificate executed by the Secretary or an assistant secretary of the Company setting out,

(i) The provisions of Article V, Section 13 of the By-Laws; and
(ii) A copy of the power-of-attorney appointment, executed pursuant thereto, and
(iii) Certifying that said power-of-attorney appointment is in full force and effect,

the signature of the certifying officer may be by facsimile, and the seal of the Company may be a facsimile thereof."

I, Dexter R. Legg, Secretary of SAFECO INSURANCE COMPANY OF AMERICA and of GENERAL INSURANCE COMPANY OF AMERICA, do hereby certify that the foregoing extracts of the By-Laws and of a Resolution of the Board of Directors of these corporations, and of a Power of Attorney issued pursuant thereto, are true and correct, and that both the By-Laws, the Resolution and the Power of Attorney are still in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of said corporation

this 29th day of May, 2019.

SAFECO INSURANCE COMPANY OF AMERICA CORPORATE SEAL 1953 STATE OF WASHINGTON

GENERAL INSURANCE COMPANY OF AMERICA CORPORATE SEAL 1923 State of Washington

Dexter R. Legg

Dexter R. Legg, Secretary

S-0974/DS 3/09 WEB PDF

BID PROPOSAL AND BID SCHEDULE

# BID FORM (ADDENDUM C)

Northern District Wastewater Treatment Plant (NDWWTP) Upgrade to Secondary Treatment

GWA Project No. S17-003-OEA

OEA Grant OCO N676-16-02

## TABLE OF CONTENTS

## ARTICLE 1 – BID RECIPIENT

1.01 This Bid is submitted to:

**Miguel C. Bordallo, P.E.**
**General Manager**
**Guam Waterworks Authority**
**Gloria B. Nelson Public Service Building**
**688 Route 15, Mangilao, Guam 96913**

1.02 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with Owner in the form included in the Bidding Documents to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

## ARTICLE 2 – BIDDER'S ACKNOWLEDGEMENTS

2.01 Bidder accepts all of the terms and conditions of the Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for 75 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

## ARTICLE 3 – BIDDER'S REPRESENTATIONS

3.01 In submitting this Bid, Bidder represents that:

A. Bidder has examined and carefully studied the Bidding Documents, and any data and reference items identified in the Bidding Documents, and hereby acknowledges receipt of the following Addenda:

| Addendum No. | Addendum Date |
|---|---|
| 01 | April 09, 2019 |
| 02 | April 11, 2019 |
| 03 | April 17, 2019 |
| 04 | April 29, 2019 |
| 05 | May 02, 2019 |
| 06 | May 08, 2019 |
| | |

B. Bidder has conducted a thorough, alert visual examination of the Site, staging and adjacent areas, videos, and become familiar with and satisfied itself as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

C. Bidder is familiar with and has satisfied itself as to all Laws and Regulations that may affect cost, progress, and performance of the Work.

D. Bidder has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or adjacent to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings, and (2) reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent to the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings.

E. Bidder has considered the information known to Bidder itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Bidding Documents; and any Site-related reports and drawings identified in the Bidding Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Bidder; and (3) Bidder's safety precautions and programs.

F. Bidder agrees, based on the information and observations referred to in the preceding paragraph, that no further examinations, investigations, explorations, tests, studies, or data are necessary for the determination of this Bid for performance of the Work at the price bid and within the times required, and in accordance with the other terms and conditions of the Bidding Documents.

G. Bidder is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Bidding Documents.

H. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and confirms that the written resolution thereof by Engineer is acceptable to Bidder.

I. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance and furnishing of the Work.

J. The submission of this Bid constitutes an incontrovertible representation by Bidder that Bidder has complied with every requirement of this Article, and that without exception the Bid and all prices in the Bid are premised upon performing and furnishing the Work required by the Bidding Documents.

**ARTICLE 4 – BIDDER'S CERTIFICATION**

4.01 Bidder certifies that:

A. This Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any collusive agreement or rules of any group, association, organization, or corporation;

B. Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid;

C. Bidder has not solicited or induced any individual or entity to refrain from bidding; and

D. Bidder has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the Contract. For the purposes of this Paragraph 4.01.D:

1. "corrupt practice" means the offering, giving, receiving, or soliciting of anything of value likely to influence the action of a public official in the bidding process;

2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process to the detriment of Owner, (b) to establish bid prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;

3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish bid prices at artificial, non-competitive levels; and

4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

**ARTICLE 5 – BASIS OF BID**

5.01 Bidder will complete the Work in accordance with the Contract Documents for the following price(s) as delineated per scope item. Prices include all labor, materials, services, and equipment necessary for completion of the Work for a complete and operational wastewater treatment facility at the Northern District WWTP site. All other Work not listed in the following list are considered incidental and are an obligation of the Contractor under the various Bid Items as specified in the Bid at no additional cost to Owner.

A. Bidders are informed that the bid plans are ordered by Process. Each process presented in the list below consists of but may not be limited to Mechanical, Architectural, Structural, Plumbing, Electrical, and Instrumentation disciplines. Bidders will use this ordering system when developing the Price for the bid items below that call out a specific process.

B. Owner may elect to provide a portion (approximately 200 tons) of the reinforcing steel for this project at a unit rate per ton, provided to the Contractor as a deductive change order. This unit rate will be based on Contractor's realized actual unit pricing, delivered to Guam, and supported by receipts. This rebar is currently located at the Baza Gardens WWTP Site approximately 17 miles from the NDWWTP Site. The Contractor will be responsible for transporting this rebar from Baza Gardens WWTP to the NDWWTP. If there is a cost difference between transporting from Baza Gardens WWTP and transporting from the port to the NDWWTP Site, the Contractor will be reasonably compensated at a price agreed to by both parties.

C. Bidders to include in other Bid item(s) the other costs (if any) associated with accepting such assignment and administering the assigned contract.

5.02 Base Bid:

| **Base Bid** | | |
|---|---|---|
| Scope Item | Description | Price |
| 1 | Mobilization, Not to Exceed 3% of Total Basic Price | $ 3,662,313.00 |
| 2 | Insurance and Bonds | $ 2,915,053.00 |
| 3 | Project Management, Temporary Facilities and Site Layout | $ 14,130,166.00 |
| 4 | Extended Warranty | $ 789,505.00 |
| 5 | Environmental Protection and Erosion Control Measures | $ 468,889.00 |

| **Base Bid** | | |
|---|---|---|
| 6 | Site Clearing | $ 117,982.00 |
| 7 | Access Road, Guard Rails and Site Pavement | $ 1,137,513.00 |
| 8 | Perimeter Fence Line | $ 244,949.00 |
| 9 | Project Site Grading and Site Turf | $ 415,228.00 |
| 10 | Project Site Drainage Improvements | $ 521,686.00 |
| 11 | Site yard piping demolition works | $ 49,404.00 |
| 12 | Facility Demolition Works | $ 332,805.00 |
| 13 | Asbestos and Lead containing Material Handling and Abatement | $ 151,029.00 |
| 14 | Sludge Removal | $ 492,570.00 |
| 15 | Process Yard Piping, Including Piping Between Existing and New Site | $ 8,720,179.00 |
| 16 | Project off-site Pavement | $ 617,299.00 |
| 17 | Site Electrical | $ 1,965,380.00 |
| 18 | Process 1: Southern Link Pump Station | $ 1,717,950.00 |
| 19 | Process 1-1: Route 3 Pump Station | $ 1,576,102.00 |
| 20 | Process 2: New Headworks | $ 9,988,518.00 |
| 21 | Process 3: Oxidation Ditches | $ 14,087,703.00 |
| 22 | Process 4: Secondary Clarifiers and Scum Pumping Station | $ 10,283,398.00 |
| 23 | Process 6: UV Disinfection System | $ 5,855,281.00 |
| 24 | Process 7: Septage Receiving Station | $ 1,034,479.00 |
| 25 | Process 8: RAS/WAS Pump Station | $ 2,952,020.00 |
| 26 | Process 9: Aerated Sludge Storage Facility and Pump Station | $ 3,980,984.00 |

| **Base Bid** | | |
|---|---|---|
| 27 | Process 10: Thickening Facility | $ 4,575,949.00 |
| 28 | Process 11: ATAD | $ 5,479,138.00 |
| 29 | Process 12: Digester Equipment Building | $ 8,812,643.00 |
| 30 | Process 13: Sludge Storage Tanks | $ 2,143,592.00 |
| 31 | Process 14: Dewatering Facility | $ 3,545,203.00 |
| 32 | Process 15: Side-Stream Pump Station | $ 786,077.00 |
| 33 | Process 16: Plant Water Systems | $ 640,003.00 |
| 34 | Process 17: New Administration Building | $ 2,073,255.00 |
| 35 | Process 18: Renovated/ Repurpose Lab | $ 2,058,398.00 |
| 36 | Process 19: Maintenance Building | $ 154,844.00 |
| 37 | Process 20: Standby Generator and Building | $ 2,840,160.00 |
| 38 | Plant Start-up and Training | $ 408,129.00 |
| 39 | Project Closeout | $ 351,312.00 |
| | | |
| | | |
| | **Total Base Price** | $ **122,077,088.00** |

*[Total Price In words]*

ONE HUNDRED TWENTY TWO MILLION, SEVENTY SEVEN THOUSAND, EIGHTY EIGHT & 00/100 U.S.DOLLARS

5.03 The following bid items describe the Deductive Alternate Items, in order of priority, for this Work. Evaluation of Bids and award of Contract will proceed as described in Article 19 of the Instructions to Bidders. In the case that any of the following deductive alternates items are executed to the Contract, the Bidder will complete the following in accordance with the Contract Documents for the following price(s):

A. Alternate Bid A, ATAD and Digester Complex: This deductive alternate item will remove the ATAD treatment process. The solids process system provided in process 9, 10, 11 and 12 will remain and provide for solids stabilization, thickening and dewatering.

i) Alternate Bid A

| **Alternate Bid A** | | |
|---|---|---|
| Scope Item | Description | Price |
| 1 | Mobilization, Not to Exceed 3% of Total Basic Price | $ 3,184,825.00 |
| 2 | Insurance and Bonds | $ 2,692,305.00 |
| 3 | Project Management, Temporary Facilities and Site Layout | $ 14,130,166.00 |
| 4 | Extended Warranty | $ 357,840.00 |
| 5 | Environmental Protection and Erosion Control Measures | $ 468,889.00 |
| 6 | Site Clearing | $ 117,982.00 |
| 7 | Access Road, Guard Rails and Site Pavement | $ 1,137,513.00 |
| 8 | Perimeter Fence Line | $ 244,949.00 |
| 9 | Project Site Grading and Site Turf | $ 415,228.00 |
| 10 | Project Site Drainage Improvements | $ 521,686.00 |
| 11 | Site yard piping demolition works | $ 49,404.00 |
| 12 | Facility Demolition Works | $ 332,805.00 |
| 13 | Asbestos and Lead containing Material Handling and Abatement | $ 151,029.00 |
| 14 | Process Yard Piping, Including Piping Between Existing and New Site | $ 8,720,179.00 |

| Alternate Bid A | | |
|---|---|---|
| 15 | Project Off-site Pavement | $ 617,299.00 |
| 16 | Site Electrical | $ 1,965,380.00 |
| 17 | Process 1: Southern Link Pump Station | $ 1,717,950.00 |
| 18 | Process 1-1: Route 3 Pump Station | $ 1,576,102.00 |
| 19 | Process 2: New Headworks | $ 9,988,518.00 |
| 20 | Process 3: Oxidation Ditches | $ 14,087,703.00 |
| 21 | Process 4: Secondary Clarifiers and Scum Pumping Station | $ 10,283,398.00 |
| 22 | Process 6: UV Disinfection System | $ 5,855,281.00 |
| 23 | Process 7: Septage Receiving Station | $ 1,034,479.00 |
| 24 | Process 8: RAS/WAS Pump Station | $ 2,952,020.00 |
| 25 | Process 9: Aerated Sludge Storage Facility and Pump Station | $ 3,980,984.00 |
| 26 | Process 10: Thickening Facility | $ 4,575,949.00 |
| 27 | Process 13: Sludge Storage Tanks | $ 2,143,592.00 |
| 28 | Process 14: Dewatering Facility | $ 3,545,203.00 |
| 29 | Process 15: Side-Stream Pump Station | $ 786,077.00 |
| 30 | Process 16: Plant Water Systems | $ 640,003.00 |
| 31 | Process 17: New Administration Building | $ 2,073,255.00 |
| 32 | Process 18: Renovated/ Repurpose Lab | $ 2,058,398.00 |
| 33 | Process 19: Maintenance Building | $ 154,844.00 |
| 34 | Process 20: Standby Generator and Building | $ 2,840,160.00 |
| 35 | Plant Start-up and Training | $ 408,129.00 |
| 36 | Project Closeout | $ 351,312.00 |

| Alternate Bid A | | |
|---|---|---|
| | | |
| | | |
| | **Total Price** | $ 106,160,836.00 |

*[Total Price In words]*

ONE HUNDRED SIX MILLION, ONE HUNDRED SIXTY THOUSAND, EIGHT HUNDRED THIRTY-SIX & 00/100 U.S. DOLLARS

B. Alternate Bid B, New Administration Building: This deductive alternate item will remove the processes noted in Alternate A and the new administration building (Process 17). The renovated and repurposed laboratory (process 18) will serve as the administrative office if this alternate bid item is executed.

i) Alternate Bid B

| **Alternate Bid B** | | |
|---|---|---|
| Scope Item | Description | Price |
| 1 | Mobilization, Not to Exceed 3% of Total Basic Price | $ 3,118,987.00 |
| 2 | Insurance and Bonds | $ 2,636,808.00 |
| 3 | Project Management, Temporary Facilities and Site Layout | $ 14,130,166.00 |
| 4 | Extended Warranty | $ 357,840.00 |
| 5 | Environmental Protection and Erosion Control Measures | $ 468,889.00 |
| 6 | Site Clearing | $ 117,982.00 |
| 7 | Access Road, Guard Rails and Site Pavement | $ 1,137,513.00 |
| 8 | Perimeter Fence Line | $ 244,949.00 |
| 9 | Project Site Grading and Site Turf | $ 415,228.00 |
| 10 | Project Site Drainage Improvements | $ 521,686.00 |
| 11 | Site yard piping demolition works | $ 49,404.00 |
| 12 | Facility Demolition Works | $ 332,805.00 |
| 13 | Asbestos and Lead containing Material Handling and Abatement | $ 151,029.00 |
| 14 | Process Yard Piping, Including Piping Between Existing and New Site | $ 8,720,179.00 |
| 15 | Project Off-site Pavement | $ 617,299.00 |
| 16 | Site Electrical | $ 1,965,380.00 |
| 17 | Process 1: Southern Link Pump Station | $ 1,717,950.00 |
| 18 | Process 1-1: Route 3 Pump Station | $ 1,576,102.00 |

| **Alternate Bid B** | | |
|---|---|---|
| 19 | Process 2: New Headworks | $ 9,988,518.00 |
| 20 | Process 3: Oxidation Ditches | $ 14,087,703.00 |
| 21 | Process 4: Secondary Clarifiers and Scum Pumping Station | $ 10,283,398.00 |
| 22 | Process 6: UV Disinfection System | $ 5,855,281.00 |
| 23 | Process 7: Septage Receiving Station | $ 1,034,479.00 |
| 24 | Process 8: RAS/WAS Pump Station | $ 2,952,020.00 |
| 25 | Process 9: Aerated Sludge Storage Facility and Pump Station | $ 3,980,984.00 |
| 26 | Process 10: Thickening Facility | $ 4,575,949.00 |
| 27 | Process 13: Sludge Storage Tanks | $ 2,143,592.00 |
| 28 | Process 14: Dewatering Facility | $ 3,545,203.00 |
| 29 | Process 15: Side-Stream Pump Station | $ 786,077.00 |
| 30 | Process 16: Plant Water Systems | $ 640,003.00 |
| 31 | Process 18: Renovated/ Repurpose Lab | $ 2,058,398.00 |
| 32 | Process 19: Maintenance Building | $ 154,844.00 |
| 33 | Process 20: Standby Generator and Building | $ 2,840,160.00 |
| 34 | Plant Start-up and Training | $ 408,129.00 |
| 35 | Project Closeout | $ 351,312.00 |
| | | |
| | | |
| | **Total Price** | $ **103,966,246.00** |

*[Total Price In words]*

ONE HUNDRED THREE MILLION, NINE HUNDRED SIXTY SIX THOUSAND, TWO HUNDRED FORTY SIX & 00/100 U.S. DOLLARS

C. Alternate Bid C, New Septage Receiving Station: This deductive alternate item will remove the processes noted in Alternates A and B and the new septage receiving station (Process 7). The existing septage receiving station will remain in operation if this alternate is executed.

i) Alternate Bid C

| **Alternate Bid C** | | |
|---|---|---|
| Scope Item | Description | Price |
| 1 | Mobilization, Not to Exceed 3% of Total Basic Price | $ 3,085,755.00 |
| 2 | Insurance and Bonds | $ 2,596,775.00 |
| 3 | Project Management, Temporary Facilities and Site Layout | $ 14,130,166.00 |
| 4 | Extended Warranty | $ 357,840.00 |
| 5 | Environmental Protection and Erosion Control Measures | $ 468,889.00 |
| 6 | Site Clearing | $ 117,982.00 |
| 7 | Access Road, Guard Rails and Site Pavement | $ 1,137,513.00 |
| 8 | Perimeter Fence Line | $ 244,949.00 |
| 9 | Project Site Grading and Site Turf | $ 415,228.00 |
| 10 | Project Site Drainage Improvements | $ 521,686.00 |
| 11 | Site yard piping demolition works | $ 49,404.00 |
| 12 | Facility Demolition Works | $ 332,805.00 |
| 13 | Asbestos and Lead containing Material Handling and Abatement | $ 151,029.00 |
| 14 | Process Yard Piping, Including Piping Between Existing and New Site | $ 8,720,179.00 |
| 15 | Project Off-site Pavement | $ 617,299.00 |
| 16 | Site Electrical | $ 1,965,380.00 |
| 17 | Process 1: Southern Link Pump Station | $ 1,717,950.00 |
| 18 | Process 1-1: Route 3 Pump Station | $ 1,576,102.00 |

| Alternate Bid C | | |
|---|---|---|
| 19 | Process 2: New Headworks | $ 9,988,518.00 |
| 20 | Process 3: Oxidation Ditches | $ 14,087,703.00 |
| 21 | Process 4: Secondary Clarifiers and Scum Pumping Station | $ 10,283,398.00 |
| 22 | Process 6: UV Disinfection System | $ 5,855,281.00 |
| 23 | Process 8: RAS/WAS Pump Station | $ 2,952,020.00 |
| 24 | Process 9: Aerated Sludge Storage Facility and Pump Station | $ 3,980,984.00 |
| 25 | Process 10: Thickening Facility | $ 4,575,949.00 |
| 26 | Process 13: Sludge Storage Tanks | $ 2,143,592.00 |
| 27 | Process 14: Dewatering Facility | $ 3,545,203.00 |
| 28 | Process 15: Side-Stream Pump Station | $ 786,077.00 |
| 29 | Process 16: Plant Water Systems | $ 640,003.00 |
| 30 | Process 18: Renovated/ Repurpose Lab | $ 2,058,398.00 |
| 31 | Process 19: Maintenance Building | $ 154,844.00 |
| 32 | Process 20: Standby Generator and Building | $ 2,840,160.00 |
| 33 | Plant Start-up and Training | $ 408,129.00 |
| 34 | Project Closeout | $ 351,312.00 |
| | | |
| | | |
| | **Total Price** | $ **102,858,502.00** |

*[Total Price In words]*

ONE HUNDRED TWO MILLION, EIGHT HUNDRED FIFTY EIGHT THOUSAND, FIVE HUNDRED TWO & 00/100 U.S. DOLLARS

D. Alternate Bid D, Extended Warranty: This deductive alternate item will remove the processes noted in Alternates A, B, and C and the extended warranties from the equipment listed in specification 017820 – Extended Equipment Warranties. Warranties presented in each individual specification will still be required if this alternate is executed.

i) Alternate Bid D

| **Alternate Bid D** | | |
|---|---|---|
| Scope Item | Description | Price |
| 1 | Mobilization, Not to Exceed 3% of Total Basic Price | $ 3,074,261.00 |
| 2 | Insurance and Bonds | $ 2,582,965.00 |
| 3 | Project Management, Temporary Facilities and Site Layout | $ 14,130,166.00 |
| 4 | Environmental Protection and Erosion Control Measures | $ 468,889.00 |
| 5 | Site Clearing | $ 117,982.00 |
| 6 | Access Road, Guard Rails and Site Pavement | $ 1,137,513.00 |
| 7 | Perimeter Fence Line | $ 244,949.00 |
| 8 | Project Site Grading and Site Turf | $ 415,228.00 |
| 9 | Project Site Drainage Improvements | $ 521,686.00 |
| 10 | Site yard piping demolition works | $ 49,404.00 |
| 11 | Facility Demolition Works | $ 332,805.00 |
| 12 | Asbestos and Lead containing Material Handling and Abatement | $ 151,029.00 |
| 13 | Process Yard Piping, Including Piping Between Existing and New Site | $ 8,720,179.00 |
| 14 | Project Off-site Pavement | $ 617,299.00 |
| 15 | Site Electrical | $ 1,965,380.00 |
| 16 | Process 1: Southern Link Pump Station | $ 1,717,950.00 |
| 17 | Process 1-1: Route 3 Pump Station | $ 1,576,102.00 |

| **Alternate Bid D** | | |
|---|---|---|
| 18 | Process 2: New Headworks | $ 9,988,518.00 |
| 19 | Process 3: Oxidation Ditches | $ 14,087,703.00 |
| 20 | Process 4: Secondary Clarifiers and Scum Pumping Station | $ 10,283,398.00 |
| 21 | Process 6: UV Disinfection System | $ 5,855,281.00 |
| 22 | Process 8: RAS/WAS Pump Station | $ 2,952,020.00 |
| 23 | Process 9: Aerated Sludge Storage Facility and Pump Station | $ 3,980,984.00 |
| 24 | Process 10: Thickening Facility | $ 4,575,949.00 |
| 25 | Process 13: Sludge Storage Tanks | $ 2,143,592.00 |
| 26 | Process 14: Dewatering Facility | $ 3,545,203.00 |
| 27 | Process 15: Side-Stream Pump Station | $ 786,077.00 |
| 28 | Process 16: Plant Water Systems | $ 640,003.00 |
| 29 | Process 18: Renovated/ Repurpose Lab | $ 2,058,398.00 |
| 30 | Process 19: Maintenance Building | $ 154,844.00 |
| 31 | Process 20: Standby Generator and Building | $ 2,840,160.00 |
| 32 | Plant Start-up and Training | $ 408,129.00 |
| 33 | Project Closeout | $ 351,312.00 |
| | | |
| | | |
| | **Total Price** | $ **102,475,358.00** |

*[Total Price In words]*

ONE HUNDRED TWO MILLION, FOUR HUNDRED SEVENTY FIVE THOUSAND, THREE HUNDRED FIFTY EIGHT & 00/100 U.S. DOLLARS

BCC

**ARTICLE 6 – TIME OF COMPLETION**

6.01 Bidder agrees that the Work will be substantially complete and will be completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions on or before the dates or within the number of calendar days indicated in the Agreement.

6.02 Bidder accepts the provisions of the Agreement as to liquidated damages.

**ARTICLE 7 – ATTACHMENTS TO THIS BID**

7.01 The following information must be submitted as part of this Bid Form.

A. List of Proposed Subcontractors whose subcontract amount exceeds $500,000;

1. Hawaiian Rock Products
2. 
3. 
4. 
5. 

B. List of manufacturers for the following major equipment:

| Specification Number | Equipment | Manufacture Name |
|---|---|---|
| 442223 | Centrifuges | ALFA LAVAL, INC. |
| 443119 | Biotrickling Filter Odor Control System | Odortool |
| 444213.13 | Jet Mix Aeration System and Appurtenances | ROTAMIX |
| 444256.09 | Non-Clog Centrifugal Pumps | SULZER |
| 444256.13 | Progressing Cavity Sludge Pumps | SEEPEX |
| 444257.11 | Non-Clog Dry-Pit Centrifugal Pumps | FLOWSERVE |
| 444626.02 | Gravity Belt Thickener | ANDRITZ |
| 462133 | Rotary Drum Screens | LAKESIDE EQUIPMENT |
| 462183 | Septage Receiving Equipment | LAKESIDE EQUIPMENT |
| 462323 | Vortex Grit Removal System | HYDRO INTERNATIONAL |
| 464321 | Secondary Clarifier | Westech Engineering Inc. |
| 465361 | Oxidation Ditches | Westech Engineering Inc. |
| 466656 | Ultraviolet (UV) Disinfection System | XYLEM WEDECO |
| 467324 | Autothermal Thermophilic Aerobic Digestion System | Thermal Process Systems |

**ARTICLE 8 – DEFINED TERMS**

8.01 The terms used in this Bid with initial capital letters have the meanings stated in the Instructions to Bidders, the General Conditions, and the Supplementary Conditions.

**ARTICLE 9 – BID SUBMITTAL**

BIDDER: *[Indicate correct name of bidding entity]*

Black Construction Corporation

By:
*[Signature]*

*[Printed name]* Leonard K. Kaae, Senior Vice President & General Manager

*(If Bidder is a corporation, a limited liability company, a partnership, or a joint venture, attach evidence of authority to sign.)*

Attest:
*[Signature]*

*[Printed name]* Mark J. Mamczarz

Title: Vice President of Finance, Secretary & Treasurer

Submittal Date: May 29, 2019

Address for giving notices:

Black Construction Corporation

Physical Address: JL Baker St. Harmon Industrial Park, Harmon, Guam 96913

Mailing Address: P.O. Box 24667, Barrigada, Guam 96921

Telephone Number: (671) 646-4861

Fax Number: (671) 646-9086

Contact Name and e-mail address: Leonard K. Kaae

leonardk@blackguam.com

Bidder's License No.: C-0418-0038
*(where applicable)*

NON-COLLUSION AFFIDAVIT

## APPENDIX B

## FORM OF NON-COLLUSION AFFIDAVIT

A F F I D A V I T

(Prime Bidder)

TERRITORY OF GUAM )
) s.s.
HAGATNA, GUAM, M.I. )

Leonard K. Kaae being first duly sworn, deposes and says:

That he is officer of the firm the (a partner or officer of the firm of, etc.) party making the foregoing proposal or bid, that such proposal or bid is genuine and not collusive or sham, that said bidder has not colluded, conspired, connived or agreed, directly or indirectly, with any bidder or person, to put in a sham bid or to refrain from bidding, and has not in any manner, directly or indirectly, sought by agreement or collusion, or communication or conference, with any person, to fix the bid price of affiant or of any other bidder, or to fix any overhead, profit or cost element of said bid price, or of that of any other bidder, or to secure any advantage against the Guam Waterworks Authority or any person interested in the proposed Contract; and that all statements in said proposal or bid are true.

Signature of
Bidder, if the bidder is an individual;
Partner, if the bidder is a partnership;
Officer, if the bidder is a corporation

Subscribed and sworn to before me this 4th day of May, 2019

Angela T. Massey NOTARY PUBLIC

My commission expires Aug. 2, 2022.

ANGELA T. MASSEY
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: AUG. 02, 2022
P.O. Box 24667 Barrigada, Guam 96921

EQUAL EMPLOYMENT OPPORTUNITY

## APPENDIX G

## CERTIFICATION OF BIDDER REGARDING EQUAL EMPLOYMENT OPPORTUNITY

### GENERAL

In accordance with Executive Order 11246 (30 F.R. 12319-25), the implementing rules and regulations thereof, and orders of the Secretary of Labor, a Certification regarding Equal Opportunity is required of bidders or prospective Contractors and their proposed sub-contractors prior to the award of Contract or sub-contracts.

### CERTIFICATION OF BIDDER

Bidder's Name: Black Construction Corporation

Address: Physical Address: JL Baker St. Harmon Industrial Park Harmon Guam 96913
Mailing Address: P.O. Box 24667 Barrigada, Guam 96921

Internal Revenue Service Employer Identification No.: 660454616

1. Participation in a previous Contract or sub-contract.

   a. Bidder has participated in a previous Contract or sub-contract subject to the Equal Opportunity *clause [X] Yes [ ] No*

   b. Compliance reports were required to be filled in connection with such Contract or sub-contract ........................................ [X] Yes [ ] No

   c. Bidder has filed all compliance reports required by Executive Orders 10925, 11114, 11246 or by regulations of the Equal Employment Opportunity Commission issued pursuant to Title VII or the Civil Rights Act of 1964 ........................................ [X] Yes [ ] No

   d. If answer to item c is "NO", please explain in detail on reverse side of this certification.

2. Dollar Amount of Bid: $ 122,077,088.00.

3. Anticipated performance period 906 days.

4. Expected total number of employees who will perform the proposed construction:

5. Non-segregated Facilities

   a. Notice to Prospective Contractor.

      (1) A Certification of Non-segregated Facilities, as required by the May 9, 1967, order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted to the recipient prior to the award of a Contract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity Clause.

      (2) Contractors receiving Contract awards exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause will be required to provide for the forwarding of the following notice to prospective sub-contractors for supplies and construction Contracts where the sub-contracts exceed $10,000 and are not exempt from the provisions of the Equal Opportunity Clause.

   b. Notice to Prospective sub-contractors of Requirements for Certification of Non-segregated Facilities.

      (1) A Certification of Non-segregated Facilities, as required by the May 9, 1967, order (32 F.R. 7439, May 19, 1967) on Elimination of Segregated Facilities, by the Secretary of Labor, must be submitted prior to the award of a sub-contract exceeding $10,000 which is not exempt from the provisions of the Equal Opportunity Clause.

      (2) Contractors receiving sub-contract awards exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause will be required to provide for the forwarding of this notice to prospective sub-contractors for supplies and construction Contracts, where the sub-contractors exceed $10,000 and are not exempt from the provisions of the Equal Opportunity Clause.

   c. Certification of Non-segregated Facilities.

The Contractor certifies that he does not maintain or provide for his employees any segregated facilities at any of his establishments, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract.

As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms, restaurants and other eating areas, time clocks, locker rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, or housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin because of habit, local custom, or otherwise. The Contractor agrees that (except where he has obtained identical certifications from proposed sub-contractors for specific time periods) he will obtain identical certifications in duplicate from proposed sub-contractors prior to the award of sub-contracts exceeding $10,000 which are not exempt from the provisions of the Equal Opportunity Clause, and that he will retain the duplicate of such certifications in his files. The Contractor will include the original in his Bid Package.

6. Race of ethnic group designation of bidder. Enter race or ethnic group in the appropriate box:

| | | | |
|---|---|---|---|
| [ ] | African American | [ ] Spanish American | [ ] Oriental |
| [ ] | Aleut | [ ] American Indian | [ ] Eskimo |
| [X] | White (other than Spanish American) | | |
| [ ] | Pacific Islander | | |

REMARKS:
Certification: the information above is true and complete to the best of my knowledge and belief.

Name and Title of Signer:

Leonard K. Kaae
(Please Type)

(Signature)

May 24, 2019
(Date)

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

CERTIFICATION REGARDING NON-SEGREGATED FACILITIES

## APPENDIX H

## CERTIFICATION OF BIDDER REGARDING NONSEGREGATED FACILITIES

(Applicable to Contracts and related sub-contracts $10,000 which are not exempt from the Equal Opportunity Clause.)

The Contractor certifies that he does not maintain or provide for his employees any segregated facilities in any of his establishment, and that he does not permit his employees to perform their services at any location, under his control, where segregated facilities are maintained. The Contractor certifies further that he will not maintain or provide for his employees any segregated facilities at any of his establishments, and that he will not permit his employees to perform their services at any location under his control, where segregated facilities are maintained. The Contractor agrees that a breach of this certification is a violation of the Equal Opportunity Clause in this Contract. As used in this certification, the term "segregated facilities" means any waiting rooms, work areas, rest rooms and wash rooms and other storage or dressing areas, parking lots, drinking fountains, recreation or entertainment areas, transportation, and housing facilities provided for employees which are segregated by explicit directive or are in fact segregated on the basis of race, creed, color, or national origin, because of habit, local custom, or otherwise. The Contractor agrees that (except where he has obtained identical certifications from proposed sub-contractors for specific time periods) he will obtain identical certifications exceeding $10,000 which are not exempt from the provision of the Equal Opportunity Clause, and that he will retain such certifications in his files.

NAME AND TITLE OF SIGNER:

Leonard K. Kaae
Senior Vice President & General Manager

(Please Type)

(Signature)

May 24, 2019

(Date)

NOTE: The penalty for making false statements in offers is prescribed in 18 U.S.C. 1001.

SEX OFFENDER CERTIFICATION

## APPENDIX I

## CERTIFICATION OF NON-EMPLOYMENT OF CONVICTED SEXUAL OFFENDERS

**Pursuant to Guam Public Law 28-24, as amended by Guam Public Law 28-98,** if a Contract for services is awarded to the bidder or offeror, then the service provider must warrant that no person in its employment who has been convicted of a sex offense under the provisions of Chapter 25 of Title 9 of the Guam Code Annotated or of an offense defined in Article 2 of Chapter 28 of Title 9 of the Guam Code Annotated, or who has been convicted in any other jurisdiction of an offense with the same elements as heretofore defined, or who is listed on the Sex Offender Registry, shall provide services on behalf of the service provider while on government of Guam property, with the exception of public highways. If any employee of a service provider is providing services on government property and is convicted subsequent to an award of a Contract, then the service provider warrants that it will notify the Government of the conviction within twenty-four hours of the conviction, and will immediately remove such convicted person from providing services on government property. If the service provider is found to be in violation of any of the provisions of this paragraph, then the Government will give notice to the service provider to take corrective action. The service provider shall take corrective action within twenty-four hours of notice from the Government, and the service provider shall notify the Government when action has been taken. If the service provider fails to take corrective steps within twenty-four hours of notice from the Government, then the Government in its sole discretion may suspend temporarily any Contract for services until corrective action

---

I Leonard K. Kaae being a duly authorized representative acknowledge the
(print name)

directive as describe above and ensure the Bid Proposal as submitted addresses the directive.

Black Construction Corporation
(Company Name)

Senior Vice President & General Manager
(Title)

(Signature) May 24, 2019 (Date)

WAGE AND BENEFIT DETERMINATION

# APPENDIX D

## WAGE AND BENEFIT DETERMINATION

Bid No.: IFB-02-ENG-2019 Name of Offeror: Black Construction Corporation

I, Leonard K. Kaae hereby **certify under penalty of perjury as follows:**

(1) That I am an officer of the offeror [*please select one: the offeror, a partner of the offeror, an officer of the offeror*] making the bid or proposal in the foregoing identified procurement;

(2) That I have read and understand the provisions of 5 GCA § 5801 and § 5802 below and that I will ensure that I and my sub-contractors will comply with said provisions which read as follows:

**§ 5801. Wage Determination Established.**

In such cases where the government of Guam enters into Contractual arrangements with a sole proprietorship, a partnership or a corporation ("Contractor") for the provision of a service to the government of Guam, and in such cases where the Contractor employs a person(s) whose purpose, in whole or in part, is the direct delivery of service Contracted by the government of Guam, then the Contractor shall pay such employee(s) in accordance with the Wage Determination for Guam and the Northern Mariana Islands issued and promulgated by the U.S. Department of Labor for such labor as is employed in the direct delivery of Contract deliverables to the government of Guam.

The Wage Determination most recently issued by the U.S. Department of Labor at the time a Contract is awarded to a Contractor by the government of Guam shall be used to determine wages, which shall be paid to employees pursuant to this Article. Should any Contract contain a renewal clause, then at the time of renewal adjustments, there shall be made stipulations contained in that Contract for applying the Wage Determination, as required by this Article, so that the Wage Determination promulgated by the U.S. Department of Labor on a date most recent to the renewal date shall apply.

**§ 5802. Benefits**

In addition to the Wage Determination detailed in this Article, any Contract to which this Article applies shall also contain provisions mandating health and similar benefits for employees covered by this Article, such benefits having a minimum value as detailed in the Wage Determination issued and promulgated by the U.S. Department of Labor, and shall contain provisions guaranteeing a minimum of ten (10) paid holidays per annum per employee.

(3) That the offeror and its sub-contractors are now, or will be prior to beginning performance and throughout the Contract term, in full compliance with 5 GCA § 5801 and § 5802.

(4) That I have attached the most recent wage and benefit determinations applicable to Guam issued by the U.S. Department of Labor and that I will ensure all of my employees and the employees of my sub-contractors will be provided a minimum of ten (10) paid holidays per annum.

Signature Date: May 24, 2019

General Decision Number: GU190006 03/15/2019 GU6

State: Guam

Construction Type: Building
Building Construction (Applies only to projects funded under the National Defense Authorization Act of 2010 - Guam Realignment Fund - Defense Policy Review Initiative) BUILDING CONSTRUCTION PROJECTS (does not include single family homes or apartments up to and including 4 stories)

County: Guam Statewide.

Note: Under Executive Order (EO) 13658, an hourly minimum wage of $10.60 for calendar year 2019 applies to all contracts subject to the Davis-Bacon Act for which the contract is awarded (and any solicitation was issued) on or after January 1, 2015. If this contract is covered by the EO, the contractor must pay all workers in any classification listed on this wage determination at least $10.60 per hour (or the applicable wage rate listed on this wage determination, if it is higher) for all hours spent performing on the contract in calendar year 2019. If this contract is covered by the EO and a classification considered necessary for performance of work on the contract does not appear on this wage determination, the contractor must pay workers in that classification at least the wage rate determined through the conformance process set forth in 29 CFR 5.5(a)(1)(ii) (or the EO minimum wage rate,if it is higher than the conformed wage rate). The EO minimum wage rate will be adjusted annually. Please note that this EO applies to the above-mentioned types of contracts entered into by the federal government that are subject to the Davis-Bacon Act itself, but it does not apply to contracts subject only to the Davis-Bacon Related Acts, including those set forth at 29 CFR 5.1(a)(2)-(60). Additional information on contractor requirements and worker protections under the EO is available at www.dol.gov/whd/govcontracts.

| Modification Number | Publication Date |
|---|---|
| 0 | 03/08/2019 |
| 1 | 03/15/2019 |

SUGU2018-001 01/07/2019

| | Rates | Fringes |
|---|---|---|
| CARPENTER (Drywall Hanging Only)........................... | $ 15.00 | 0.00 |
| CARPENTER (Form Work Only)....... | $ 15.27 | 0.00 |
| CARPENTER, Excludes Drywall Hanging, and Form Work........... | $ 16.11 | 1.17 |
| CEMENT MASON/CONCRETE FINISHER... | $ 14.42 | 0.00 |

| | | |
|---|---|---|
| ELECTRICIAN | $ 16.59 | 1.00 |
| IRONWORKER, REINFORCING | $ 14.84 | 0.00 |
| LABORER: Common or General | $ 9.64 | 0.00 |
| OPERATOR: Backhoe/Excavator/Trackhoe | $ 16.49 | 0.00 |
| PAINTER (Brush and Roller) | $ 14.56 | 0.43 |
| PIPEFITTER | $ 19.28 | 0.98 |
| PLUMBER | $ 14.63 | 0.00 |
| SHEET METAL WORKER (HVAC Duct Installation Only) | $ 17.09 | 0.54 |
| TRUCK DRIVER: Dump Truck | $ 14.50 | 0.00 |

----------------------------------------------------------------

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

================================================================

Note: Executive Order (EO) 13706, Establishing Paid Sick Leave for Federal Contractors applies to all contracts subject to the Davis-Bacon Act for which the contract is awarded (and any solicitation was issued) on or after January 1, 2017. If this contract is covered by the EO, the contractor must provide employees with 1 hour of paid sick leave for every 30 hours they work, up to 56 hours of paid sick leave each year. Employees must be permitted to use paid sick leave for their own illness, injury or other health-related needs, including preventive care; to assist a family member (or person who is like family to the employee) who is ill, injured, or has other health-related needs, including preventive care; or for reasons resulting from, or to assist a family member (or person who is like family to the employee) who is a victim of, domestic violence, sexual assault, or stalking. Additional information on contractor requirements and worker protections under the EO is available at www.dol.gov/whd/govcontracts.

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29CFR 5.5 (a) (1) (ii)).

----------------------------------------------------------------

The body of each wage determination lists the classification and wage rates that have been found to be prevailing for the cited type(s) of construction in the area covered by the wage determination. The classifications are listed in alphabetical order of "identifiers" that indicate whether the particular rate is a union rate (current union negotiated rate for local), a survey rate (weighted average rate) or a union average rate (weighted union average rate).

Union Rate Identifiers

A four letter classification abbreviation identifier enclosed in dotted lines beginning with characters other than "SU" or "UAVG" denotes that the union classification and rate were prevailing for that classification in the survey. Example: PLUM0198-005 07/01/2014. PLUM is an abbreviation identifier of the union which prevailed in the survey for this classification, which in this example would be Plumbers. 0198 indicates the local union number or district council number where applicable, i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. 07/01/2014 is the effective date of the most current negotiated rate, which in this example is July 1, 2014.

Union prevailing wage rates are updated to reflect all rate changes in the collective bargaining agreement (CBA) governing this classification and rate.

Survey Rate Identifiers

Classifications listed under the "SU" identifier indicate that no one rate prevailed for this classification in the survey and the published rate is derived by computing a weighted average rate based on all the rates reported in the survey for that classification. As this weighted average rate includes all rates reported in the survey, it may include both union and non-union rates. Example: SULA2012-007 5/13/2014. SU indicates the rates are survey rates based on a weighted average calculation of rates and are not majority rates. LA indicates the State of Louisiana. 2012 is the year of survey on which these classifications and rates are based. The next number, 007 in the example, is an internal number used in producing the wage determination. 5/13/2014 indicates the survey completion date for the classifications and rates under that identifier.

Survey wage rates are not updated and remain in effect until a new survey is conducted.

Union Average Rate Identifiers

Classification(s) listed under the UAVG identifier indicate that no single majority rate prevailed for those classifications; however, 100% of the data reported for the classifications was union data. EXAMPLE: UAVG-OH-0010 08/29/2014. UAVG indicates that the rate is a weighted union average rate. OH indicates the state. The next number, 0010 in the example, is an internal number used in producing the wage determination. 08/29/2014 indicates the survey completion date for the classifications and rates under that identifier.

A UAVG rate will be updated once a year, usually in January of each year, to reflect a weighted average of the current negotiated/CBA rate of the union locals from which the rate is based.

----------------------------------------------------------------

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

* an existing published wage determination
* a survey underlying a wage determination
* a Wage and Hour Division letter setting forth a position on a wage determination matter
* a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor

200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

================================================================

END OF GENERAL DECISION

General Decision Number: GU190007 03/15/2019 GU7

State: Guam

Construction Type: Heavy
Heavy Construction (Applies only to projects funded under the National Defense Authorization Act of 2010 - Guam Realignment Fund - Defense Policy Review Initiative)

County: Guam Statewide.

Note: Under Executive Order (EO) 13658, an hourly minimum wage of $10.60 for calendar year 2019 applies to all contracts subject to the Davis-Bacon Act for which the contract is awarded (and any solicitation was issued) on or after January 1, 2015. If this contract is covered by the EO, the contractor must pay all workers in any classification listed on this wage determination at least $10.60 per hour (or the applicable wage rate listed on this wage determination, if it is higher) for all hours spent performing on the contract in calendar year 2019. If this contract is covered by the EO and a classification considered necessary for performance of work on the contract does not appear on this wage determination, the contractor must pay workers in that classification at least the wage rate determined through the conformance process set forth in 29 CFR 5.5(a)(1)(ii) (or the EO minimum wage rate,if it is higher than the conformed wage rate). The EO minimum wage rate will be adjusted annually. Please note that this EO applies to the above-mentioned types of contracts entered into by the federal government that are subject to the Davis-Bacon Act itself, but it does not apply to contracts subject only to the Davis-Bacon Related Acts, including those set forth at 29 CFR 5.1(a)(2)-(60). Additional information on contractor requirements and worker protections under the EO is available at www.dol.gov/whd/govcontracts.

| Modification Number | Publication Date |
|---|---|
| 0 | 03/08/2019 |
| 1 | 03/15/2019 |

SUGU2018-002 01/07/2019

| | Rates | Fringes |
|---|---|---|
| CARPENTER (Form Work Only) | $ 15.00 | 0.00 |
| CARPENTER, Excludes Form Work | $ 14.87 | 0.00 |
| CEMENT MASON/CONCRETE FINISHER | $ 15.55 | 0.00 |
| IRONWORKER, REINFORCING | $ 16.59 | 0.00 |
| LABORER: Common or General | $ 13.45 | 0.00 |
| OPERATOR: | | |

| | | |
|---|---|---|
| Backhoe/Excavator/Trackhoe.......$ 19.77 | | 0.00 |
| PLUMBER..........................$ 16.31 | | 0.00 |

----------------------------------------------------------------

WELDERS - Receive rate prescribed for craft performing operation to which welding is incidental.

================================================================

Note: Executive Order (EO) 13706, Establishing Paid Sick Leave for Federal Contractors applies to all contracts subject to the Davis-Bacon Act for which the contract is awarded (and any solicitation was issued) on or after January 1, 2017. If this contract is covered by the EO, the contractor must provide employees with 1 hour of paid sick leave for every 30 hours they work, up to 56 hours of paid sick leave each year. Employees must be permitted to use paid sick leave for their own illness, injury or other health-related needs, including preventive care; to assist a family member (or person who is like family to the employee) who is ill, injured, or has other health-related needs, including preventive care; or for reasons resulting from, or to assist a family member (or person who is like family to the employee) who is a victim of, domestic violence, sexual assault, or stalking. Additional information on contractor requirements and worker protections under the EO is available at www.dol.gov/whd/govcontracts.

Unlisted classifications needed for work not included within the scope of the classifications listed may be added after award only as provided in the labor standards contract clauses (29CFR 5.5 (a) (1) (ii)).

----------------------------------------------------------------

The body of each wage determination lists the classification and wage rates that have been found to be prevailing for the cited type(s) of construction in the area covered by the wage determination. The classifications are listed in alphabetical order of "identifiers" that indicate whether the particular rate is a union rate (current union negotiated rate for local), a survey rate (weighted average rate) or a union average rate (weighted union average rate).

Union Rate Identifiers

A four letter classification abbreviation identifier enclosed in dotted lines beginning with characters other than "SU" or "UAVG" denotes that the union classification and rate were prevailing for that classification in the survey. Example: PLUM0198-005 07/01/2014. PLUM is an abbreviation identifier of the union which prevailed in the survey for this classification, which in this example would be Plumbers. 0198 indicates the local union number or district council number where applicable, i.e., Plumbers Local 0198. The next number, 005 in the example, is an internal number used in processing the wage determination. 07/01/2014 is the effective date of the most current negotiated rate, which in this example is July 1, 2014.

Union prevailing wage rates are updated to reflect all rate changes in the collective bargaining agreement (CBA) governing this classification and rate.

Survey Rate Identifiers

Classifications listed under the "SU" identifier indicate that no one rate prevailed for this classification in the survey and the published rate is derived by computing a weighted average rate based on all the rates reported in the survey for that classification. As this weighted average rate includes all rates reported in the survey, it may include both union and non-union rates. Example: SULA2012-007 5/13/2014. SU indicates the rates are survey rates based on a weighted average calculation of rates and are not majority rates. LA indicates the State of Louisiana. 2012 is the year of survey on which these classifications and rates are based. The next number, 007 in the example, is an internal number used in producing the wage determination. 5/13/2014 indicates the survey completion date for the classifications and rates under that identifier.

Survey wage rates are not updated and remain in effect until a new survey is conducted.

Union Average Rate Identifiers

Classification(s) listed under the UAVG identifier indicate that no single majority rate prevailed for those classifications; however, 100% of the data reported for the classifications was union data. EXAMPLE: UAVG-OH-0010 08/29/2014. UAVG indicates that the rate is a weighted union average rate. OH indicates the state. The next number, 0010 in the example, is an internal number used in producing the wage determination. 08/29/2014 indicates the survey completion date for the classifications and rates under that identifier.

A UAVG rate will be updated once a year, usually in January of each year, to reflect a weighted average of the current negotiated/CBA rate of the union locals from which the rate is based.

----------------------------------------------------------------

WAGE DETERMINATION APPEALS PROCESS

1.) Has there been an initial decision in the matter? This can be:

* an existing published wage determination
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* a Wage and Hour Division letter setting forth a position on a wage determination matter

* a conformance (additional classification and rate) ruling

On survey related matters, initial contact, including requests for summaries of surveys, should be with the Wage and Hour Regional Office for the area in which the survey was conducted because those Regional Offices have responsibility for the Davis-Bacon survey program. If the response from this initial contact is not satisfactory, then the process described in 2.) and 3.) should be followed.

With regard to any other matter not yet ripe for the formal process described here, initial contact should be with the Branch of Construction Wage Determinations. Write to:

Branch of Construction Wage Determinations
Wage and Hour Division
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

2.) If the answer to the question in 1.) is yes, then an interested party (those affected by the action) can request review and reconsideration from the Wage and Hour Administrator (See 29 CFR Part 1.8 and 29 CFR Part 7). Write to:

Wage and Hour Administrator
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

The request should be accompanied by a full statement of the interested party's position and by any information (wage payment data, project description, area practice material, etc.) that the requestor considers relevant to the issue.

3.) If the decision of the Administrator is not favorable, an interested party may appeal directly to the Administrative Review Board (formerly the Wage Appeals Board). Write to:

Administrative Review Board
U.S. Department of Labor
200 Constitution Avenue, N.W.
Washington, DC 20210

4.) All decisions by the Administrative Review Board are final.

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END OF GENERAL DECISION

MAJOR SHAREHOLDERS
DISCLOSURE AFFIDAVIT

## APPENDIX C

## MAJOR SHAREHOLDER DISCLOSURE AFFIDAVIT

TERRITORY OF GUAM }
}
HAGATNA, GUAM }

I, the undersigned Leonard K. Kaae, being first duly sworn, depose and says:

1. That the persons who have held more than ten percent (10%) of the company's share during the past twelve months preceding the submission of the bid are as follows **(if none, so state):**

| **NAME** | **ADDRESS** | **PERCENTAGE OF SHARES HOLD** |
|---|---|---|
| Ronald N. Tutor | 1590 Olden St. Sylmar CA 91342 | 49% |
| | | |
| | | |

TOTAL NUMBER OF SHARES 49%

2. Persons who have received or are entitled to receive a commission, gratuity or other compensation for procuring or assisting in obtaining business related to the bid for which this affidavit is submitted are as follows:

| **NAME** | **ADDRESS** | **AMOUNT OF COMMISSIONS, GRATUITY OR OTHER COMPENSATION** |
|---|---|---|
| none | | |
| | | |
| | | |

Further, affiant sayeth naught.

Date: May 4, 2019

Leonard K. Kaae
Signature of individual if bidder is a sole proprietorship; partner, if the bidder is a partnership; officer, if the bidder is a corporation (or other authorized person)

Subscribed and sworn to before me this 4th day of May, 2019.

...ry Public In and for the Territory of Guam

My commission expires: August 2, 2022

ANGELA T. MASSEY
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: AUG. 02, 2022
P.O. Box 24667 Barrigada, Guam 96921

SPECIAL INSTRUCTION TO BIDDERS

**APPENDIX J**

**SPECIAL INSTRUCTIONS TO BIDDERS – ESTIMATED QUANTITIES**

**For use only in indefinite quantity Contracts or where there has been an estimated amount included in GWA's bid specifications that is to be used to determine the bid price**

Bidders are hereby served notice that the following Directives or information described below must be taken into account when preparing the Bid Proposal. The Bidder shall acknowledge the directives by signing and submitting this section with their Bid Proposal.

**Directive #1**

The bidder is cautioned to note that while the quantities specified in the Bid Schedule are based upon the best information available to GWA, the quantities for the items listed in the Bid Schedule may or may not be completely accurate. Thus, GWA makes no assurances or warranty to any bidder that the quantities listed are 100% accurate.

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I, Leonard K. Kaae being an Authorized Representative acknowledge the directive as describe above and ensure the Bid Proposal as submitted addresses the directive.

Black Construction Corporation

(Company Name)

(Signature)

May 24, 2019

(Date)

PROOF OF LICENSURE

2019

# CONTRACTOR'S LICENSE

EDDIE BAZA CALVO
Governor of Guam

RAY TENORIO
Lt. Governor of Guam

Pursuant to the provisions of Chapter VII Title XI of the Government of Guam and the Rules and Regulations of the Contractors License Board, the Executive Director of Contractors hereby issues this license to:

**Black Construction Corporation**

To engage in the business or act in the capacity of a contractor in the following classifications

**A,B,C4,C13,C20,C37,C40,C43,C44,C51 & C56**

This license is the property of the Executive Director of Contractors, not transferable, and shall be returned to the Executive Director upon demand when suspended, revoked, or invalidated for any reason. It becomes void if not renewed on or before the expiration date.

Signature of RME
RME #

Signature of LICENSEE
License # 1165

**GRT #** 891461
**Issued:** April 6, 2018

**Certificate #** C-0418-0038
**Expires: June 30 2019**

Adelia Z. Custodio
for: MARIAN CHRISTIAN
BOARD CHAIRWOMAN

EDUARDO R. ORDONEZ
EXECUTIVE DIRECTOR

FINANCIAL STATEMENTS

# Tutor Perini Corporation and Subsidiaries

Consolidated Financial Statements and Supplemental Consolidating Information for Tutor Perini's General Contractor Subsidiaries as of and for the Year Ended December 31, 2017, and Report of Independent Registered Public Accounting Firm

# TUTOR PERINI CORPORATION AND SUBSIDIARIES

## TABLE OF CONTENTS

Deloitte.

**Deloitte & Touche LLP**
555 West 5th Street
Suite 2700
Los Angeles, CA 90013-1010
USA

Tel: +1 213 688 0800
Fax: +1 213 688 0100
www.deloitte.com

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of
Tutor Perini Corporation
Sylmar, California

### Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Tutor Perini Corporation and subsidiaries (the "Company") as of December 31, 2017, the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year ended December 31, 2017, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and the results of its operations and its cash flows for the period ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

### Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### Report on Supplemental Consolidating Information

The supplemental consolidating information on pages 34-37 has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental consolidating information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental consolidating information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental consolidating information. In our opinion, such information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

February 27, 2018
(March 30, 2018 as to the supplemental consolidating information)

We have served as the Company's auditor since 2002.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
**(in thousands, except per common share data)**

| | |
|---|---|
| **REVENUE** | $ 4,757,208 |
| **COST OF OPERATIONS** | (4,302,803) |
| **GROSS PROFIT** | 454,405 |
| General and administrative expenses | (274,928) |
| **INCOME FROM CONSTRUCTION OPERATIONS** | 179,477 |
| Other income, net | 43,882 |
| Interest expense | (69,384) |
| **INCOME BEFORE INCOME TAXES** | 153,975 |
| Income tax benefit | 569 |
| **NET INCOME** | $ 154,544 |
| **LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS** | (6,162) |
| **NET INCOME ATTRIBUTABLE TO TUTOR PERINI CORPORATION** | 148,382 |
| **BASIC EARNINGS PER COMMON SHARE** | $ 2.99 |
| **DILUTED EARNINGS PER COMMON SHARE** | $ 2.92 |
| **WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING:** | |
| BASIC | 49,647 |
| DILUTED | 50,759 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
**(in thousands)**

| | |
|---|---|
| **NET INCOME** | $ 154,544 |
| **OTHER COMPREHENSIVE INCOME, NET OF TAX:** | |
| Defined benefit pension plan adjustments | 1,424 |
| Foreign currency translation adjustments | 1,273 |
| Unrealized loss in fair value of investments | (2) |
| **TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX** | 2,695 |
| **COMPREHENSIVE INCOME** | 157,239 |
| **LESS: COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS** | (6,162) |
| **COMPREHENSIVE INCOME ATTRIBUTABLE TO TUTOR PERINI CORPORATION** | $ 151,077 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEET**
**AS OF DECEMBER 31, 2017**
**(in thousands, except share data)**

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS:** | |
| Cash, including cash equivalents of $1,481 ($53,067 related to VIEs) | $ 192,868 |
| Restricted cash | 4,780 |
| Restricted investments | 53,014 |
| Accounts receivable, including retainage of $535,939 (AR of $42,413 related to VIEs) | 1,801,656 |
| Costs and estimated earnings in excess of billings | 932,758 |
| Other current assets | 89,316 |
| Total current assets | 3,074,392 |
| **PROPERTY AND EQUIPMENT:** | |
| Land | 41,382 |
| Building and improvements | 125,029 |
| Construction equipment | 477,988 |
| Other equipment | 182,288 |
| | 826,687 |
| Less accumulated depreciation | (359,188) |
| Total property and equipment, net ($11,641 related to VIEs) | 467,499 |
| **GOODWILL** | 585,006 |
| **INTANGIBLE ASSETS, NET** | 89,454 |
| **OTHER ASSETS** | 47,772 |
| **TOTAL ASSETS** | $ 4,264,123 |
| **LIABILITIES AND EQUITY** | |
| **CURRENT LIABILITIES:** | |
| Current maturities of long-term debt | $ 30,748 |
| Accounts payable, including retainage of $261,820 (AP of $19,243 related to VIEs) | 961,791 |
| Billings in excess of costs and estimated earnings ($120,952 related to VIEs) | 456,869 |
| Accrued expenses and other current liabilities | 132,438 |
| Total current liabilities | 1,581,846 |
| **LONG-TERM DEBT, less current maturities**, net of unamortized discounts and debt issuance costs totaling $45,631 | 705,528 |
| **DEFERRED TAX LIABILITIES** | 108,504 |
| **OTHER LONG-TERM LIABILITIES** | 163,465 |
| **TOTAL LIABILITIES** | 2,559,343 |
| **EQUITY** | |
| **Stockholders' equity:** | |
| Preferred stock – authorized 1,000,000 shares ($1 par value), none issued | — |
| Common stock – authorized 75,000,000 shares ($1 par value), issued and outstanding 49,781,010 shares | 49,781 |
| Additional paid-in capital | 1,084,205 |
| Retained earnings | 622,007 |
| Accumulated other comprehensive loss | (42,718) |
| **Total stockholders' equity** | 1,713,275 |
| **Noncontrolling interests** | (8,495) |
| **TOTAL EQUITY** | 1,704,780 |
| **TOTAL LIABILITIES AND EQUITY** | $ 4,264,123 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
**(in thousands)**

| | |
|---|---|
| **Cash Flows from Operating Activities:** | |
| Net income | $ 154,544 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Depreciation | 48,387 |
| Amortization of intangible assets | 3,543 |
| Share-based compensation expense | 21,174 |
| Change in debt discounts and deferred debt issuance costs | 17,595 |
| Deferred income taxes | (23,096) |
| Loss on sale of property and equipment | 1,131 |
| Changes in other components of working capital | (60,214) |
| Other long-term liabilities | 3,656 |
| Other, net | (3,170) |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 163,550 |
| **Cash Flows from Investing Activities:** | |
| Acquisition of property and equipment | (30,280) |
| Proceeds from sale of property and equipment | 2,744 |
| Investments in securities, restricted | (54,504) |
| Investments in securities | (6,463) |
| Proceeds from maturities of investments in securities | 1,370 |
| Change in restricted cash | 45,724 |
| NET CASH USED IN INVESTING ACTIVITIES | (41,409) |
| **Cash Flows from Financing Activities:** | |
| Proceeds from debt | 2,161,384 |
| Repayment of debt | (2,195,068) |
| Debt issuance and extinguishment costs | (15,266) |
| Cash payments related to share-based compensation | (11,769) |
| Distributions paid to noncontrolling interests | (17,499) |
| Contributions from noncontrolling interests | 2,842 |
| NET CASH USED IN FINANCING ACTIVITIES | (75,376) |
| **Net increase in cash and cash equivalents** | 46,765 |
| **Cash and cash equivalents at beginning of year** | 146,103 |
| **Cash and cash equivalents at end of year** | $ 192,868 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
**(in thousands)**

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Noncontrolling Interests | Total |
|---|---|---|---|---|---|---|
| **Balance - December 31, 2016** | $ 49,211 | $ 1,075,600 | $ 473,625 | $ (45,413) | $ — | $ 1,553,023 |
| Net income | — | — | 148,382 | — | 6,162 | 154,544 |
| Other comprehensive income | — | — | — | 2,695 | — | 2,695 |
| Share-based compensation expense | — | 20,877 | — | — | — | 20,877 |
| Issuance of common stock, net | 570 | (12,272) | — | — | — | (11,702) |
| Contributions from noncontrolling interests | — | — | — | — | 2,842 | 2,842 |
| Distributions to noncontrolling interests | — | — | — | — | (17,499) | (17,499) |
| **Balance - December 31, 2017** | $ 49,781 | $ 1,084,205 | $ 622,007 | $ (42,718) | $ (8,495) | $ 1,704,780 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
As of and for the year ended December 31, 2017

## 1. Summary of Significant Accounting Policies

***(a) Basis of Presentation***

The accompanying consolidated financial statements have been prepared in compliance with accounting principles generally accepted in the United States of America ("GAAP") as codified in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC").

***(b) Principles of Consolidation***

The consolidated financial statements include the accounts of Tutor Perini Corporation and its wholly owned subsidiaries (the "Company"). The Company occasionally forms joint ventures with unrelated third parties for the execution of single contracts or projects. The Company assesses its joint ventures at inception to determine if they meet the qualifications of a variable interest entity ("VIE") in accordance with ASC 810, *Consolidation* ("ASC 810"). If a joint venture is a VIE and the Company is the primary beneficiary, the joint venture is fully consolidated (See Note 11 below). For construction joint ventures that do not need to be consolidated, the Company accounts for its interest in the joint ventures using the proportionate consolidation method, whereby the Company's proportionate share of the joint ventures' assets, liabilities, revenue and cost of operations are included in the appropriate classifications in the Company's consolidated financial statements. All intercompany transactions and balances have been eliminated in consolidation.

***(c) Use of Estimates***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available through the date of the issuance of the financial statements; therefore, actual results could differ from those estimates.

***(d) Construction Contracts***

The Company and its affiliated entities recognize construction contract revenue using the percentage-of-completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. Cost of revenue includes an allocation of depreciation and amortization. Pre-contract costs are expensed as incurred. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined.

The Company generally provides limited warranties for work performed under its construction contracts with periods typically extending for a limited duration following substantial completion of the Company's work on a project. Historically, warranty claims have not resulted in material costs incurred.

The Company classifies as current construction-related assets and liabilities that may be settled beyond one year from the balance sheet date, consistent with the length of time of the Company's project operating cycle. Included in these balances are the following: costs and estimated earnings in excess of billings, which represent the excess of contract costs and profits (or contract revenue) over the amount of contract billings to date; billings in excess of costs and estimated earnings, which represent the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date; and contract retainage receivables and payables, which represent amounts invoiced to customers and amounts invoiced to the Company by subcontractors where payments have been withheld pending the completion of certain milestones, other contractual conditions or upon the completion of the project.

Costs and estimated earnings in excess of billings result when either: 1) the appropriate contract revenue amount has been recognized in accordance with the percentage-of-completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract, or 2) costs are incurred related to certain claims and unapproved change orders. Claims occur when there is a dispute regarding both a change in the scope of work and the price associated with that change. Unapproved change orders occur when a change in the scope of work results in additional work being performed before the parties have agreed on the corresponding change in the contract price. For both claims and unapproved change orders, the Company recognizes revenue, but not profit, when it is determined that recovery of incurred cost is probable and the amounts can be reliably estimated. For claims, these requirements are satisfied under ASC 605-35, *Construction-Type and Production-Type Contracts*, when the contract or other evidence provides a legal basis for the claim, additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the Company's performance, claim-related costs are identifiable and considered reasonable in view of the work performed, and evidence supporting the claim or change order is objective and verifiable.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

Costs and estimated earnings in excess of billings as of December 31, 2017 consisted of the following (in thousands):

| | | |
|---|---|---|
| Claims | $ | 549,849 |
| Unapproved change orders | | 296,591 |
| Other unbilled costs and profits | | 86,318 |
| Total costs and estimated earnings in excess of billings | $ | 932,758 |

Claims and unapproved change orders are billable upon the resolution of any disputed or open items between the contractual parties and the execution of contractual amendments. Increases in claims and unapproved change orders typically result from costs being incurred against existing or new positions where recovery is concluded to be both probable and reliably estimable; decreases normally result from resolutions and subsequent billings. For both claims and unapproved change orders, the Company recognizes revenue, but not profit. Other unbilled costs and profits are billable in accordance with the billing terms of each of the existing contractual arrangements and, as such, the timing of contract billing cycles can cause fluctuations in the balance of unbilled costs and profits. Ultimate resolution of other unbilled costs and profits typically involves the passage of time and, often, incremental progress toward contractual requirements or milestones. The amount of costs and estimated earnings in excess of billings as of December 31, 2017 estimated by management to be collected beyond one year is approximately $443.7 million.

Retainage agreements vary from project to project and balances could be outstanding for several months or years depending on a number of circumstances, such as contract-specific terms, project performance and other variables that may arise as the Company makes progress towards completion. Generally, retainage payables are not remitted to the Company's subcontractors until the associated retainage receivables from the customer are collected. As of December 31, 2017, the amount of retainage receivables and payables estimated by management to be collected or remitted beyond one year is approximately 30% and 19% of the balances, respectively.

***(e) Changes in Estimates on Construction Contracts***

The Company's estimates of contract revenue and cost are highly detailed and many factors change during a contract performance period that result in a change to contract profitability. These factors include, but are not limited to, differing site conditions; availability of skilled contract labor; performance of major material suppliers and subcontractors; on-going subcontractor negotiations and buyout provisions; unusual weather conditions; changes in the timing of scheduled work; change orders; accuracy of the original bid estimate; changes in estimated labor productivity and costs based on experience to date; achievement of incentive-based income targets; and the expected, or actual, resolution terms for claims. The factors that cause changes in estimates vary depending on the maturation of the project within its lifecycle. For example, in the ramp-up phase, these factors typically consist of revisions in anticipated project costs and during the peak and close-out phases, these factors include the impact of change orders and claims, as well as additional revisions in remaining anticipated project costs. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Management evaluates changes in estimates on a contract by contract basis and discloses significant changes, if material, in the notes to the consolidated financial statements. The cumulative catch-up method is used to account for revisions in estimates.

***(f) Depreciation of Property and Equipment and Amortization of Long-Lived Intangible Assets***

Property and equipment and long-lived intangible assets are depreciated or amortized on a straight-line basis over their estimated useful lives ranging from three to forty years.

***(g) Recoverability of Long-Lived Assets***

Long-lived assets are reviewed for impairment whenever circumstances indicate that the future cash flows generated by the assets might be less than the assets' net carrying value. In such circumstances, an impairment loss will be recognized by the amount the assets' net carrying value exceeds their fair value.

***(h) Recoverability of Goodwill***

The Company tests goodwill for impairment annually for each reporting unit in the fourth quarter of the fiscal year, and between annual tests if events occur or circumstances change which suggest that goodwill should be reevaluated. Such events or circumstances include significant changes in legal factors and business climate, recent losses at a reporting unit, and industry trends, among other factors. The Civil, Building and Specialty Contractors segments each represent a reporting unit. The Company performs its annual quantitative impairment assessment during the fourth quarter of each year using a weighted-average of an income and a market approach. The income approach is based on estimated present value of future cash flows for each reporting unit. The market approach is based on assumptions about how market data relates to the Company. The weighting of these two approaches is based on their individual correlation to the economics of each reporting unit. The quantitative assessment performed in 2017 resulted in an estimated fair value for each of the Company's reporting units that exceeded their respective net book values; therefore, no impairment charge was necessary for the year.

***(i) Recoverability of Non-Amortizable Trade Names***

Certain trade names have an estimated indefinite life and are not amortized to earnings, but instead are reviewed for impairment annually, or more often if events occur or circumstances change which suggest that the non-amortizable trade names should be reevaluated. The Company performs its annual quantitative impairment assessment during the fourth quarter of each year using an income approach (relief from royalty method). The quantitative assessment performed in 2017 resulted in an estimated fair value for the non-amortizable trade names that exceeded their respective net book values; therefore, no impairment charge was necessary for the year.

***(j) Income Taxes***

Deferred income tax assets and liabilities are recognized for the effects of temporary differences between the financial statement carrying amounts and the income tax basis of assets and liabilities using tax rates expected to be in effect when such differences reverse. Income tax positions must meet a more-likely-than-not threshold to be recognized. The Company recognizes interest and penalties related to uncertain tax positions as a component of the income tax provision.

***(k) Earnings Per Common Share***

Basic EPS and diluted EPS are calculated by dividing net income attributable to Tutor Perini Corporation by the following: for basic EPS, the weighted-average number of common shares outstanding during the period; and for diluted EPS, the sum of the weighted-average number of both outstanding common shares and potentially dilutive securities, which for the Company can include restricted stock units, unexercised stock options and the Convertible Notes, as defined in Note 5. The Company calculates the effect of these potentially dilutive securities using the treasury stock method. The calculations of the basic and diluted EPS for the year ended December 31, 2017 are presented below (in thousands, except per share data):

| | |
|---|---|
| Net income attributable to Tutor Perini Corporation | $ 148,382 |
| Weighted-average common shares outstanding, basic | 49,647 |
| Effect of dilutive stock options and unvested restricted stock | 1,112 |
| Weighted-average common shares outstanding, diluted | 50,759 |
| Net income attributable to Tutor Perini Corporation per common share: | |
| Basic | $ 2.99 |
| Diluted | $ 2.92 |
| Anti-dilutive securities not included above | 798 |

With regard to diluted EPS and the impact of the Convertible Notes on the diluted EPS calculation, because the Company has the intent and ability to settle the principal amount of the Convertible Notes in cash, per ASC 260, *Earnings Per Share*, the settlement of the principal amount has no impact on diluted EPS.

***(l) Cash and Cash Equivalents***

Cash equivalents include short-term, highly liquid investments with maturities of three months or less when acquired. Cash and cash equivalents, as reported in the accompanying Consolidated Balance Sheet, consist of amounts available for the Company's general purposes, as well as the Company's proportionate share of cash held by the Company's unconsolidated joint ventures and also amounts held by the Company's consolidated joint ventures. In both cases, cash held by joint ventures is available only for joint venture-related uses, including future distributions to joint venture partners.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

Total cash and cash equivalents as of December 31, 2017 consisted of the following (in thousands):

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 94,713 |
| Joint venture cash and cash equivalents | | 98,155 |
| Total cash and cash equivalents | $ | 192,868 |

***(m) Restricted Cash and Restricted Investments***

The Company has restricted cash and restricted investments primarily held as collateral to secure insurance-related contingent obligations, such as insurance claim deductibles, in lieu of letters of credit. Restricted investments are comprised of various corporate bonds and bank notes that are rated A3 or better and have maturities within the Company's operating cycle. These restricted investments are held-to-maturity securities carried at amortized cost.

***(n) Share-Based Compensation***

The Company's long-term incentive plans allow the Company to grant share-based compensation awards in a variety of forms, including restricted and unrestricted stock units and stock options. Restricted stock units and stock options generally vest subject to service and/or performance requirements, with related compensation expense equal to the fair value of the award on the date of grant and recognized on a straight-line basis over the requisite service period. Unrestricted stock units vest immediately and are generally issued to the directors as part of their annual retainer fees, in which case they are expensed over a 12-month service period.

For share-based awards that have a service requirement, the Company accounts for forfeitures upon occurrence, rather than estimating the probability of forfeiture at the date of grant. Accordingly, the Company recognizes the full grant-date fair value of these awards on a straight-line basis throughout the requisite service period, reversing any expense if, and only if, there is a forfeiture.

For share-based awards that have a performance-based vesting requirement, the Company evaluates the probability of achieving the performance criterion throughout the performance period, and will adjust share-based compensation expense if it estimates that the achievement of the performance criterion, the achievement of which is ultimately determined by the Compensation Committee, is not probable.

***(o) Insurance Liabilities***

The Company typically utilizes third-party insurance coverage subject to varying deductible levels with aggregate caps on losses retained. The Company assumes the risk for the amount of the deductible portion of the losses and liabilities primarily associated with workers' compensation and general liability coverage. In addition, on certain projects, the Company assumes the risk for the amount of the deductible portion of losses that arise from any subcontractor defaults. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of insurance liability within the deductible limits includes an estimate of incurred but not reported claims based on data compiled from historical experience.

***(p) Other Comprehensive Income***

ASC 220, *Comprehensive Income*, establishes standards for reporting and displaying comprehensive income and its components in the consolidated financial statements. The Company reports the change in pension benefit plan assets/liabilities, cumulative foreign currency translation, change in fair value of investments and change in fair value of an interest rate swap as components of accumulated other comprehensive loss ("AOCI").

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The tax effects of the components of other comprehensive income for the year ended December 31, 2017 were as follows (in thousands):

| | Before-Tax Amount | Tax (Expense) Benefit | Net-of-Tax Amount |
|---|---|---|---|
| Other comprehensive income (loss): | | | |
| Defined benefit pension plan adjustments | $ 2,416 | $ (992) | $ 1,424 |
| Foreign currency translation adjustment | 2,159 | (886) | 1,273 |
| Unrealized loss in fair value of investments | (4) | 2 | (2) |
| Total other comprehensive income | $ 4,571 | $ (1,876) | $ 2,695 |
| Total other comprehensive income attributable to Tutor Perini Corporation | $ 4,571 | $ (1,876) | $ 2,695 |

The changes in AOCI balances by component (after tax) for the year ended December 31, 2017 were as follows (in thousands):

| | Defined Benefit Pension Plan | Foreign Currency Translation | Unrealized Gain in Fair Value of Investments | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|
| **Attributable to Tutor Perini Corporation:** | | | | |
| Balance as of December 31, 2016 | $ (40,865) | $ (4,864) | $ 316 | $ (45,413) |
| Other comprehensive income (loss) before reclassifications | 306 | 1,273 | (2) | 1,577 |
| Amounts reclassified from AOCI | 1,118 | — | — | 1,118 |
| Balance as of December 31, 2017 | $ (39,441) | $ (3,591) | $ 314 | $ (42,718) |

The significant items reclassified out of AOCI for the year ended December 31, 2017 and the corresponding location and impact on the Consolidated Statement of Income were as follows (in thousands):

| Component of AOCI: | Location in Consolidated Statement of Income | |
|---|---|---|
| Defined benefit pension plan adjustments | Various accounts[(a)] | $ 1,897 |
| Income tax benefit | Income tax benefit (provision) | (779) |
| Net of tax | | $ 1,118 |

(a) Defined benefit pension plan adjustments were reclassified to cost of operations and general and administrative expenses.

***(q) New Accounting Pronouncements***

In May 2014, the FASB issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, as amended by subsequent ASUs (collectively, "ASU 2014-09"). ASU 2014-09 amends the existing accounting standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on the expected consideration to be received in exchange for those goods or services. The guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The amendments may be applied retrospectively to each prior period presented or with the cumulative effect recognized as of the date of initial application (modified retrospective method). The Company will adopt this new standard using the modified retrospective method. The Company has reviewed its contract portfolio in order to determine the impact that the adoption of ASU 2014-09 will have on its consolidated financial statements. Based on the Company's evaluation of ASU 2014-09, the Company expects an immaterial reduction to beginning retained earnings, with an immaterial impact to net income on an ongoing basis. The Company has implemented changes to its business processes, systems and internal controls to support the adoption of this new standard and the related disclosure requirements. The adoption of the standard is also expected to impact the presentation of the consolidated balance sheet. The impact primarily relates to reclassifications among project working capital financial statement accounts to align with the new standard.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842),* which amends the existing guidance in ASC 840, *Leases*. This amendment requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases. Other significant provisions of the amendment include (i) defining the "lease term" to include the non-cancellable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease payments that depend on an index or that are in substance "fixed"; and (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset's economic benefits. This guidance will be effective for interim and annual reporting periods beginning after December 15, 2018 and will be applied using the modified retrospective transition method for existing leases. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

In March 2016, the FASB issued ASU 2016-09, *Compensation—Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting* ("ASU 2016-09"), which simplifies several aspects of the accounting for share-based payment transactions, including the accounting for the income tax effect of share-based transactions and the forfeiture of share-based instruments. The Company prospectively adopted this ASU effective January 1, 2017. Upon this adoption, the Company changed its accounting policy for share-based awards that have service requirements such that the impact for failure to meet service requirements will only be recognized upon occurrence. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments* ("ASU 2016-15"), seeking to eliminate diversity in practice related to how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The amendments in ASU 2016-15 address eight specific cash flow issues including the classification of debt prepayment and extinguishment costs in the cash flow statement. The amendments in ASU 2016-15 are effective for public business entities for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period provided any adjustments should be reflected as of the beginning of the fiscal year that includes the interim period. The Company adopted this accounting standard in 2017 and has applied the provisions retrospectively to the beginning of the fiscal years presented in the Consolidated Financial Statements. The adoption of this guidance did not have a material impact on the Company's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires restricted cash to be included with cash and cash equivalent balances in the statement of cash flows. The guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The adoption of this ASU will result in an increase of net cash used in investing activities of $45.7 million for the year ended December 31, 2017.

In January 2017, the FASB issued ASU 2017-04, *Intangibles—Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* ("ASU 2017-04"). This ASU simplifies the calculation of goodwill impairment by eliminating Step 2 of the impairment test prescribed by ASC 350. Step 2 requires companies to calculate the implied fair value of their goodwill by estimating the fair value of their assets, other than goodwill, and liabilities, including unrecognized assets and liabilities, following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. The calculated net fair value of the assets would then be compared to the fair value of the reporting unit to determine the implied fair value of goodwill, and to the extent that the carrying value of goodwill was less than the implied fair value, a loss would be recognized. Under ASU 2017-04, however, goodwill is impaired when the calculated fair value of a reporting unit is less than its carrying value, and the impairment charge will equal that difference (i.e., impairment will be calculated at the reporting unit level and there will be no need to estimate the fair value of individual assets and liabilities). This guidance will be effective for any goodwill impairment tests performed in fiscal years beginning after December 15, 2019; however, early adoption is permitted for tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In May 2017, the FASB issued ASU 2017-09, *Compensation—Stock Compensation (Topic 718): Scope of Modification Accounting*. This ASU clarifies the scope of modification accounting under Topic 718 with respect to changes to the terms or conditions of a share-based payments award. Under this new guidance, modification accounting would not apply if a change to an award does not affect the total current fair value, vesting conditions or the classification of the award. This guidance is effective for interim and annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In February 2018, the FASB issued ASU 2018-02, *Income Statement—Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from the Accumulated Other Comprehensive Income.* This ASU gives entities the option to reclassify to retained earnings tax effects related to items in accumulated other comprehensive income that the FASB refers to as having been stranded in accumulated other comprehensive income as a result of tax reform. Entities can apply the provisions of this ASU either in the period of adoption or retrospectively. The guidance is effective for interim and annual reporting periods beginning after December 15, 2018, with early adoption permitted. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

## 2. Consolidated Statement of Cash Flows

Below are the changes in other components of working capital, as shown in the Consolidated Statement of Cash Flows, and the supplemental disclosure of cash paid for interest and income taxes during the year ended December 31, 2017 (in thousands):

| | | |
|---|---|---|
| Increase in: | | |
| Accounts receivable | $ | (57,609) |
| Costs and estimated earnings in excess of billings | | (100,932) |
| Other current assets | | (19,718) |
| (Decrease) Increase in: | | |
| Accounts payable | | (32,225) |
| Billings in excess of costs and estimated earnings | | 125,757 |
| Accrued expenses | | 24,513 |
| Changes in other components of working capital | $ | (60,214) |
| Cash paid during the year for: | | |
| Interest | $ | 50,443 |
| Income taxes | $ | 39,776 |

## 3. Income Taxes

Income before taxes for the year ended December 31, 2017 is summarized as follows (in thousands):

| | | |
|---|---|---|
| United States operations | $ | 135,177 |
| Foreign operations | | 18,798 |
| Total | $ | 153,975 |

The income tax (benefit) provision for the year ended December 31, 2017 is as follows (in thousands):

| | | |
|---|---|---|
| Current expense: | | |
| Federal | $ | 12,329 |
| State | | 6,763 |
| Foreign | | 3,435 |
| Total current | | 22,527 |
| Deferred (benefit) expense: | | |
| Federal | | (30,021) |
| State | | 5,560 |
| Foreign | | 1,365 |
| Total deferred | | (23,096) |
| Total benefit | $ | (569) |

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The following table is a reconciliation of the Company's income tax provision at the statutory rate to the income tax benefit at the Company's effective rate for the year ended December 31, 2017 (dollars in thousands):

| | Amount | Rate |
|---|---|---|
| Federal income tax expense at statutory tax rate | $ 53,892 | 35.0 % |
| State income taxes, net of federal tax benefit | 7,753 | 5.0 |
| Impact of federal tax law change | (53,348) | (34.6) |
| Officers' compensation | 2,622 | 1.7 |
| Domestic production activities deduction | (2,668) | (1.7) |
| Noncontrolling interest | (2,137) | (1.4) |
| Reversal of taxes payable due to statute expiration | (4,337) | (2.8) |
| Other | (2,346) | (1.6) |
| Income tax benefit | $ (569) | (0.4) % |

On December 22, 2017, the U.S. government enacted significant tax legislation commonly referred to as the Tax Cuts and Jobs Act of 2017 (the "TCJA"). The TCJA makes broad and complex changes to the U.S. tax code that will impact the Company's financial statements, including but not limited to a permanent decrease in the corporate federal statutory income tax rate from 35% to 21%, effective January 1, 2018, and a one-time transition tax from the inclusion of foreign earnings, which the Company can elect to pay over eight years. Future distributions from foreign subsidiaries, however, will no longer be subject to federal income tax.

As a result of the TCJA, the Company recognized an income tax benefit of $53.3 million in 2017, primarily due to the remeasurement of deferred tax assets and liabilities based on the reduced corporate federal statutory income tax rate of 21%.

The Securities and Exchange Commission staff issued Staff Accounting Bulletin No. 118 ("SAB 118"), which provides guidance on accounting for the tax effects of the TCJA. SAB 118 provides a measurement period that should not extend beyond one year from the TCJA enactment date for companies to complete the accounting under ASC 740, *Income Taxes* ("ASC 740"). In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the TCJA for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the TCJA is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the TCJA.

The one-time transition tax is based on the Company's total post-1986 earnings and profits ("E&P") that it previously deferred from U.S. income taxes. The Company recorded a provisional amount for its one-time transition tax liability for its foreign subsidiaries, resulting in an increase in income tax expense of $0.5 million. The Company has not yet completed its calculation of the total post-1986 E&P for these foreign subsidiaries. Further, the transition tax is based in part on the amount of those earnings held in cash and other specified assets. This amount may change when the Company finalizes the calculation of post-1986 foreign E&P previously deferred from U.S. federal taxation and finalizes the amounts held in cash or other specified assets.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The following is a summary of the significant components of the deferred tax assets and liabilities as of December 31, 2017 (in thousands):

| | | |
|---|---|---|
| Deferred tax assets: | | |
| Timing of expense recognition | $ | 22,730 |
| Net operating losses | | 8,590 |
| Other, net | | 15,618 |
| Deferred tax assets | | 46,938 |
| Valuation allowance | | (381) |
| Net deferred tax assets | | 46,557 |
| Deferred tax liabilities: | | |
| Intangible assets, due primarily to purchase accounting | | (30,019) |
| Fixed assets, due primarily to purchase accounting | | (73,833) |
| Construction contract accounting | | (17,539) |
| Joint ventures | | (11,343) |
| Other | | (22,263) |
| Deferred tax liabilities | | (154,997) |
| Net deferred tax liabilities | $ | (108,440) |

The net deferred tax liabilities as of December 31, 2017 is presented in the Consolidated Balance Sheet as follows (in thousands):

| | | |
|---|---|---|
| Deferred tax assets | $ | 64 |
| Deferred tax liabilities | | (108,504) |
| Net deferred tax liabilities | $ | (108,440) |

Prior to 2017, the Company did not provide for deferred income taxes or foreign withholding tax on basis differences in its non-U.S. subsidiaries that result from undistributed earnings which the Company had the intent and the ability to reinvest in its foreign operations. Due to the enactment of the TCJA, the Company no longer intends to permanently reinvest in its foreign subsidiaries. Any tax on future distributions will be limited to certain state taxes, which would be immaterial.

The Company's policy is to record interest and penalties on unrecognized tax benefits as an element of income tax expense. The cumulative amounts related to interest and penalties are added to the total unrecognized tax liabilities on the balance sheet. The total amount of gross unrecognized tax benefits as of December 31, 2017 that, if recognized, would affect the effective tax rate is $6.5 million. During 2017, the Company recognized a net decrease of $1.1 million in liabilities. The Company does not expect any significant release of unrecognized tax benefits within the next twelve months.

The Company accounts for its uncertain tax positions in accordance with GAAP. A reconciliation of the beginning and ending amounts of these tax benefits for the year ended December 31, 2017 is as follows (in thousands):

| | | |
|---|---|---|
| Beginning balance | $ | 7,574 |
| Change in tax positions of prior years | | (1,207) |
| Change in tax positions of current year | | 128 |
| Ending Balance | $ | 6,495 |

The Company conducts business internationally and, as a result, one or more of its subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, the Company is subject to examination by taxing authorities principally throughout the United States, Guam and Canada. The Company is no longer under examination by the taxing authority regarding any U.S. federal income tax returns for years before 2011 while the years open for examination under various state and local jurisdictions vary.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

## 4. Goodwill and Other Intangible Assets

As of December 31, 2017, the Company had $585.0 million of goodwill allocated to its reporting units as follows: Civil, $415.3 million; Building, $13.5 million; and Specialty Contractors, $156.2 million. The balances presented include historical accumulated impairment of $76.7 million for the Civil segment and $411.3 million for the Building segment.

In addition, as of December 31, 2017, the Company had the following: (1) non-amortizable trade names with a carrying value of $50.4 million; (2) amortizable trade names with a gross carrying value of $51.1 million and accumulated amortization of $16.3 million; and (3) amortizable customer relationships with a gross carrying value of $23.2 million and accumulated amortization of $18.9 million.

Amortization expense related to amortizable intangible assets for the year ended December 31, 2017 totaled $3.5 million. Future amortization expense related to amortizable intangible assets will be approximately $3.5 million per year for the years 2018 through 2021 and $2.6 million for the year 2022.

The weighted-average amortization period for amortizable trade names and customer relationships is 20 years and 12 years, respectively.

## 5. Financial Commitments

***Long-Term Debt***

Long-term debt as of December 31, 2017 consisted of the following (in thousands):

| | |
|---|---|
| 2017 Senior Notes | $ 492,734 |
| 2017 Credit Facility | — |
| 2010 Senior Notes | — |
| 2014 Revolver | — |
| Term Loan | — |
| Convertible Notes | 161,635 |
| Equipment financing and mortgages | 76,820 |
| Other indebtedness | 5,087 |
| Total debt | 736,276 |
| Less: Current maturities | (30,748) |
| Long-term debt, net | $ 705,528 |

The following table reconciles the outstanding debt balance to the reported debt balances as of December 31, 2017 (in thousands):

| (in thousands) | Outstanding Long-Term Debt | Unamortized Discount and Issuance Costs | Long-Term Debt, as reported |
|---|---|---|---|
| 2017 Senior Notes | $ 500,000 | $ (7,266) | $ 492,734 |
| Convertible Notes | 200,000 | (38,365) | 161,635 |

The unamortized issuance cost related to the 2017 Credit Facility was $6.2 million as of December 31, 2017 and is included in other assets in the Consolidated Balance Sheet.

*2017 Senior Notes*

On April 20, 2017, the Company issued $500 million in aggregate principal amount of 6.875% Senior Notes due 2025 (the "2017 Senior Notes") in a private placement. Interest on the 2017 Senior Notes is payable in arrears semi-annually in May and November of each year, beginning in November 2017.

Prior to May 1, 2020, the Company may redeem the 2017 Senior Notes at a redemption price equal to 100% of their principal amount plus a "make-whole" premium described in the indenture. In addition, prior to May 1, 2020, the Company may redeem up to 40% of the original aggregate principal amount of the notes at a redemption price of 106.875% of their principal amount with the proceeds received by the Company from any offering of the Company's equity. After May 1, 2020, the Company may redeem the 2017 Senior Notes at specified redemption prices described in the indenture. Upon a change of control, holders of the 2017 Senior Notes may require the Company to repurchase all or part of the 2017 Senior Notes at 101% of the principal amount thereof, plus accrued and unpaid interest to the redemption date.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The 2017 Senior Notes are senior unsecured obligations of the Company and are guaranteed by substantially all of the Company's existing and future subsidiaries that also guarantee obligations under the Company's 2017 Credit Facility, as defined below. In addition, the indenture for the 2017 Senior Notes provides for customary covenants, including events of default and restrictions on the payment of dividends and share repurchases.

*2017 Credit Facility*

On April 20, 2017, the Company entered into a credit agreement (the "2017 Credit Facility") with SunTrust Bank as Administrative Agent, Swing Line Lender and L/C Issuer and a syndicate of other lenders. The 2017 Credit Facility provides for a $350 million revolving credit facility (the "2017 Revolver") and a sublimit for the issuance of letters of credit and swingline loans up to the aggregate amount of $150 million and $10 million, respectively, both maturing on April 20, 2022, unless any of the Convertible Notes, as defined below, are outstanding on December 17, 2020, in which case all such borrowings will mature on December 17, 2020 (subject to certain further exceptions). In addition, the 2017 Credit Facility permits additional borrowings in an aggregate amount of $150 million, which can be in the form of increased capacity on the 2017 Revolver or the establishment of one or more term loans.

Borrowings under the 2017 Revolver bear interest, at the Company's option, at a rate equal to a margin over (a) the London Interbank Offered Rate ("LIBOR") plus a margin of between 1.50% and 3.00% or (b) a base rate (determined by reference to the highest of (i) the administrative agent's prime lending rate, (ii) the federal funds effective rate plus 50 basis points, (iii) the LIBOR rate for a one-month interest period plus 100 basis points and (iv) 0%), plus a margin of between 0.50% and 2.00%, in each case based on the Consolidated Leverage Ratio (as defined in the 2017 Credit Facility). In addition to paying interest on outstanding principal under the 2017 Credit Facility, the Company will pay a commitment fee to the lenders under the 2017 Revolver in respect of the unutilized commitments thereunder. The Company will pay customary letter of credit fees. If an event of default occurs and is continuing, the otherwise applicable margin and letter of credit fees will be increased by 2% per annum. The weighted-average annual interest rate on borrowings under the 2017 Revolver was approximately 3.89% during the year ended December 31, 2017.

The 2017 Credit Facility contains customary covenants for credit facilities of this type, including maximum consolidated leverage ratios ranging from 4.00:1.00 to 3.25:1.00 over the life of the facility and a minimum consolidated fixed charge coverage ratio of 1.25:1.00. Substantially all of the Company's subsidiaries unconditionally guarantee the obligations of the Company under the 2017 Credit Facility; additionally, the obligations are secured by a lien on all personal property of the Company and its subsidiaries guaranteeing these obligations.

As of December 31, 2017, there was $350.0 million available under the 2017 Revolver, and the Company had not utilized the 2017 Credit Facility for letters of credit. The Company was in compliance with the financial covenants under the 2017 Credit Facility as of December 31, 2017.

*Repurchase and Redemption of 2010 Senior Notes and Termination of 2014 Credit Facility*

On April 20, 2017, the Company used proceeds from the 2017 Senior Notes and 2017 Revolver to repurchase or redeem its 2010 Senior Notes, to pay off its Term Loan and 2014 Revolver, and to pay accrued but unpaid interest and fees. In addition, the indenture governing the 2010 Senior Notes was satisfied and discharged, and the Company terminated the 2014 Credit Facility.

*2010 Senior Notes*

On October 20, 2010, the Company issued $300 million of 7.625% Senior Notes due November 1, 2018 (the "2010 Senior Notes") in a private placement offering. As discussed above, on April 20, 2017, the Company repurchased or redeemed the 2010 Senior Notes in full and the related indenture was satisfied and discharged.

*2014 Credit Facility*

On June 5, 2014, the Company entered into a Sixth Amended and Restated Credit Agreement, as amended (the "2014 Credit Facility"), with Bank of America, N.A. as Administrative Agent, Swing Line Lender and L/C Issuer and a syndicate of other lenders. The 2014 Credit Facility provided for a $300 million revolving credit facility (the "2014 Revolver"), a $250 million term loan (the "Term Loan") and a sublimit for the issuance of letters of credit up to the aggregate amount of $150 million, all maturing on May 1, 2018. Borrowings under both the 2014 Revolver and the Term Loan bore interest based either on Bank of America's prime lending rate or the London Interbank Offered Rate ("LIBOR"), each plus an applicable margin ranging from 1.25% to 3.00%, contingent upon the latest Consolidated Leverage Ratio.

As discussed above, on April 20, 2017, the Company repaid all borrowings under the 2014 Credit Facility and concurrently terminated the facility.

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*Convertible Notes*

On June 15, 2016, the Company issued $200 million of 2.875% Convertible Senior Notes due June 15, 2021 (the "Convertible Notes") in a private placement offering. The Convertible Notes are unsecured obligations and do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Company. The Convertible Notes bear interest at a rate of 2.875% per year, payable in cash semi-annually in June and December.

To account for the Convertible Notes, the Company applied the provisions of ASC 470-20, *Debt with Conversion and Other Options* ("ASC 470-20"). ASC 470-20 requires issuers of certain convertible debt instruments that may be settled in cash upon conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's nonconvertible debt borrowing rate. This is done by allocating the proceeds from issuance to the liability component based on the fair value of the debt instrument excluding the conversion feature, with the residual allocated to the equity component and classified in additional paid in capital. The $46.8 million difference between the principal amount of the Convertible Notes ($200.0 million) and the proceeds initially allocated to the liability component ($153.2 million) is treated as a discount on the Convertible Notes. This difference is being amortized as non-cash interest expense using the interest method, as discussed below under *Interest Expense*. The equity component, however, is not subject to amortization nor subsequent remeasurement.

In addition, ASC 470-20 requires that the debt issuance costs associated with a convertible debt instrument be allocated between the liability and equity components in proportion to the allocation of the debt proceeds between these two components. The debt issuance costs attributable to the liability component of the Convertible Notes ($5.1 million) are also treated as a discount on the Convertible Notes and amortized as non-cash interest expense. The debt issuance costs attributable to the equity component ($1.5 million) were netted with the equity component and will not be amortized.

The following table presents information related to the liability and equity components of the Convertible Notes as of December 31, 2017 (in thousands):

| | | |
|---|---|---|
| Liability component: | | |
| Principal | $ | 200,000 |
| Conversion feature | | (46,800) |
| Allocated debt issuance costs | | (5,051) |
| Amortization of discount and debt issuance costs (non-cash interest expense) | | 13,486 |
| Net carrying amount | $ | 161,635 |
| Equity component: | | |
| Conversion feature | $ | 46,800 |
| Allocated debt issuance costs | | (1,543) |
| Deferred taxes | | (18,815) |
| Net carrying amount | $ | 26,442 |

Prior to January 15, 2021, the Convertible Notes will be convertible only under the following circumstances: (1) during the five business day period after any ten consecutive trading day period in which the trading price per $1,000 principal amount of Convertible Notes for such trading day was less than 98% of the product of the last reported sale price of the Company's Common Stock and the conversion rate on each such trading day; (2) if the last reported sale price of the Common Stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion rate of 33.0579 (or $39.32) on each applicable trading day; or (3) upon the occurrence of specified corporate events. On or after January 15, 2021 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their notes, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The Convertible Notes will be convertible at an initial conversion rate of 33.0579 shares of the Company's Common Stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately $30.25. The conversion rate will be subject to adjustment for some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, the Company is required to increase, in certain circumstances, the conversion rate for a holder who elects to convert their Convertible Notes in connection with such a corporate event including customary conversion rate adjustments in connection with a "make-whole fundamental change" described in the indenture. Upon conversion, and at the Company's election, the Company may satisfy its conversion obligation by paying or delivering, as applicable, cash, shares of its Common Stock or a combination of cash and shares of its Common Stock. As of December 31, 2017, the conversion provisions of the Convertible Notes have not been triggered.

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*Equipment Financing and Mortgages*

The Company has certain loans entered into for the purchase of specific property, plant and equipment and secured by the assets purchased. The aggregate balance of equipment financing loans was approximately $61.1 million as of December 31, 2017, with interest rates ranging from 1.90% to 5.93% with equal monthly installment payments over periods up to ten years with additional balloon payments of $12.4 million in 2021 and $6.3 million in 2022 on the remaining loans outstanding at December 31, 2017. The aggregate balance of mortgage loans was approximately $15.7 million as of December 31, 2017, with interest rates ranging from a fixed 2.50% to LIBOR plus 3% and equal monthly installment payments over periods up to seven years with additional balloon payments of $2.6 million in 2018, $2.9 million in 2021 and $7.0 million in 2023.

The following table presents the future principal payments required under all of the Company's debt obligations, discussed above (in thousands):

| Year | | |
|---|---|---|
| 2018 | $ | 30,748 |
| 2019 | | 12,194 |
| 2020 | | 5,321 |
| 2021 | | 218,868 |
| 2022 | | 7,457 |
| Thereafter | | 507,319 |
| | | 781,907 |
| Less: Unamortized discount and issuance costs | | (45,631) |
| Total | $ | 736,276 |

*Interest Expense*

Interest Expense as reported in the Consolidated Statement of Income for the year ended December 31, 2017 consisted of the following (in thousands):

| | | |
|---|---|---|
| **Cash interest expense:** | | |
| Interest on 2017 Senior Notes | $ | 23,967 |
| Interest on 2017 Credit Facility | | 5,517 |
| Interest on 2010 Senior Notes | | 6,926 |
| Interest on 2014 Credit Facility | | 4,455 |
| Interest on Convertible Notes | | 5,750 |
| Other interest | | 3,261 |
| Cash portion of loss on extinguishment | | 1,913 |
| **Total cash interest expense** | | 51,789 |
| **Non-cash interest expense**[(a)]: | | |
| Amortization of debt issuance costs on 2017 Senior Notes | | 516 |
| Amortization of debt issuance costs on 2017 Credit Facility | | 962 |
| Amortization of discount and debt issuance costs on 2010 Senior Notes | | 308 |
| Amortization of debt issuance costs on 2014 Credit Facility | | 1,703 |
| Amortization of discount and debt issuance costs on Convertible Notes | | 8,967 |
| Non-cash portion of loss on extinguishment | | 5,139 |
| **Total non-cash interest expense** | | 17,595 |
| **Total interest expense** | $ | 69,384 |

(a) The combination of cash and non-cash interest expense produces effective interest rates that are higher than contractual rates. Accordingly, the effective interest rates for the 2017 Senior Notes and the Convertible Notes were 7.13% and 9.39%, respectively, for the year ended December 31, 2017.

***Leases***

The Company leases certain construction equipment, vehicles and office space under non-cancellable operating leases, with future minimum rent payments as of December 31, 2017 as follows (in thousands):

| Year | | |
|---|---|---|
| 2018 | $ | 18,420 |
| 2019 | | 12,424 |
| 2020 | | 8,980 |
| 2021 | | 6,240 |
| 2022 | | 5,524 |
| Thereafter | | 14,898 |
| | | 66,486 |
| Less: Sublease rental agreements | | (2,291) |
| Total | $ | 64,195 |

Rental expense under operating leases of construction equipment, vehicles and office space was $27.4 million in 2017.

## 6. Contingencies and Commitments

The Company and certain of its subsidiaries are involved in litigation and are contingently liable for commitments and performance guarantees arising in the ordinary course of business. The Company and certain of its customers have made claims arising from the performance under their contracts. The Company recognizes certain significant claims for recovery of incurred cost when it is probable that the claim will result in additional contract revenue and when the amount of the claim can be reliably estimated. These assessments require judgments concerning matters such as litigation developments and outcomes, the anticipated outcome of negotiations, the number of future claims, and the cost of both pending and future claims. In addition, because most contingencies are resolved over long periods of time, assets and liabilities may change in the future due to various factors. Management believes that, based on current information and discussions with the Company's legal counsel, the ultimate resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations or cash flows.

Several matters are in the litigation and dispute resolution process. The following discussion provides a background and current status of the more significant matters.

**Long Island Expressway/Cross Island Parkway Matter**

The Company reconstructed the Long Island Expressway/Cross Island Parkway Interchange for the New York State Department of Transportation (the "NYSDOT"). The $130 million project was substantially completed in January 2004 and was accepted by the NYSDOT as complete in February 2006. The Company incurred significant added costs in completing its work and suffered extended schedule costs due to numerous design errors, undisclosed utility conflicts, lack of coordination with local agencies and other interferences for which the Company believes the NYSDOT is responsible.

In March 2011, the Company filed its claim and complaint with the New York State Court of Claims and served to the New York State Attorney General's Office, seeking damages in the amount of $53.8 million. In May 2011, the NYSDOT filed a motion to dismiss the Company's claim on the grounds that the Company had not provided required documentation for project closeout and filing of a claim. In September 2011, the Company reached agreement on final payment with the Comptroller's Office on behalf of the NYSDOT, which resulted in an amount of $0.5 million payable to the Company and formally closed out the project allowing the Company to re-file its claim. The Company re-filed its claim in the amount of $53.8 million with the NYSDOT in February 2012 and with the Court of Claims in March 2012. In May 2012, the NYSDOT served its answer and counterclaims in the amount of $151 million alleging fraud in the inducement and punitive damages related to disadvantaged business enterprise ("DBE") requirements for the project. The Court subsequently ruled that NYSDOT's counterclaims may only be asserted as a defense and offset to the Company's claims and not as affirmative claims. In November 2014, the Appellate Division First Department affirmed the dismissal of the City's affirmative defenses and affirmative counterclaims based on DBE fraud. The Company does not expect the counterclaims to have any material effect on its consolidated financial statements. Discovery was completed during 2017 and the Company is currently awaiting the establishment of a trial date.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

**Fontainebleau Matter**

Desert Mechanical, Inc. ("DMI") and Fisk Electric Company ("Fisk"), wholly owned subsidiaries of the Company, were subcontractors on the Fontainebleau Project in Las Vegas ("Fontainebleau"), a hotel/casino complex with approximately 3,800 rooms. In June 2009, Fontainebleau filed for bankruptcy protection, under Chapter 11 of the U.S. Bankruptcy Code, in the Southern District of Florida.

DMI and Fisk filed liens in Nevada for approximately $44 million, representing unreimbursed costs to date and lost profits, including anticipated profits. Other unaffiliated subcontractors have also filed liens. In June 2009, DMI filed suit against Turnberry West Construction, Inc., the general contractor, in the 8th Judicial District Court, Clark County, Nevada (the "District Court"), and in May 2010, the court entered an order in favor of DMI for approximately $45 million.

In January 2010, the Bankruptcy Court approved the sale of the property to Icahn Nevada Gaming Acquisition, LLC, and this transaction closed in February 2010. As a result of a July 2010 ruling relating to certain priming liens, there was approximately $125 million set aside from this sale that is available for distribution to satisfy the creditor claims based on seniority. At that time, the total estimated sustainable lien amount was approximately $350 million. The project lender filed suit against the mechanic's lien claimants, including DMI and Fisk, alleging that certain mechanic's liens are invalid and that all mechanic's liens are subordinate to the lender's claims against the property. The Nevada Supreme Court ruled in October 2012 in an advisory opinion at the request of the Bankruptcy Court that lien priorities would be determined in favor of the mechanic lien holders under Nevada law.

In October 2013, a settlement was reached by and among the Statutory Lienholders and the other interested parties. The Bankruptcy Court appointed a mediator to facilitate the execution of that settlement agreement, but the parties were unable to settle. During the third quarter of 2017, DMI filed a motion seeking permission to file an action in Nevada; the motion was granted by the Bankruptcy Court.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

**Honeywell Street/Queens Boulevard Bridges Matter**

In 1999, the Company was awarded a contract for reconstruction of the Honeywell Street/Queens Boulevard Bridges project for the City of New York (the "City"). In June 2003, after substantial completion of the project, the Company initiated an action to recover $8.8 million in claims against the City on behalf of itself and its subcontractors. In March 2010, the City filed counterclaims for $74.6 million and other relief, alleging fraud in connection with the DBE requirements for the project. In May 2010, the Company served the City with its response to the City's counterclaims and affirmative defenses. In August 2013, the Court granted the Company's motion to dismiss the City's affirmative defenses and counterclaims relating to fraud.

In January 2017, the Court granted the City's motion for summary judgment and dismissed the Company's claim against the City. The Company has filed a notice of appeal. The Court also granted the Company's motion for summary judgment for release of retention plus interest from 2010 for an aggregate amount of approximately $1.2 million, which the City paid during the fourth quarter of 2017.

The Company does not expect ultimate resolution of this matter to have a material effect on its consolidated financial statements.

**Westgate Planet Hollywood Matter**

Tutor-Saliba Corporation ("TSC"), a wholly owned subsidiary of the Company, was contracted to construct a timeshare development project in Las Vegas, which was substantially completed in December 2009. The Company's claims against the owner, Westgate Planet Hollywood Las Vegas, LLC ("WPH"), relate to unresolved owner change orders and other claims. The Company filed a lien on the project in the amount of $23.2 million and filed its complaint with the District Court, Clark County, Nevada. Several subcontractors have also recorded liens, some of which have been released by bonds and some of which have been released as a result of subsequent payment. WPH has posted a mechanic's lien release bond for $22.3 million.

WPH filed a cross-complaint alleging non-conforming and defective work for approximately $51 million, primarily related to alleged defects, misallocated costs and liquidated damages. WPH revised the amount of their counterclaims to approximately $45 million.

Following multiple post-trial motions, final judgment was entered in this matter on March 20, 2014. TSC was awarded total judgment in the amount of $19.7 million on its breach of contract claim, which includes an award of interest up through the date of judgment, plus attorney's fees and costs. WPH was awarded total judgment in the amount of $3.1 million on its construction defect claims, which includes interest up through the date of judgment. WPH and its Sureties have filed a notice of appeal. TSC has filed a notice of

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appeal on the defect award. In July 2014, the Court ordered WPH to post an additional supersedeas bond on appeal, in the amount of $1.7 million, in addition to the lien release bond of $22.3 million, which increases the security up to $24.0 million. In May 2017, the Nevada Supreme Court issued its ruling on the appeal by WPH and its Sureties. With only minor adjustments, the Nevada Supreme Court affirmed the lower district court's judgment, and following further proceedings in the lower district court, the anticipated final recovery to the Company is estimated to exceed $20 million, including interest and recovery of certain attorneys' fees and costs, of which the Company collected more than $16 million in 2017. In December 2017 and in January 2018, the Court issued several post-appeal orders confirming its previous rulings.

The Company does not expect ultimate resolution of this matter to have any material effect on its consolidated financial statements. Management has made an estimate of the total anticipated recovery on this project and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

**U.S. Department of Commerce, National Oceanic and Atmospheric Administration Matter**

Rudolph and Sletten, Inc. ("R&S"), a wholly owned subsidiary of the Company, entered into a contract with the United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") for the construction of a 287,000 square-foot facility for NOAA's Southwest Fisheries Science Center Replacement Headquarters and Laboratory in La Jolla, California. The contract work began on May 24, 2010 and was substantially completed in September 2012. R&S incurred significant additional costs as a result of design errors and omissions, NOAA's unwillingness to correct design flaws in a timely fashion and a refusal to negotiate the time and pricing associated with change order work. R&S filed claims against NOAA for contract adjustments related to the unresolved owner change orders, delays, design deficiencies and other claims.

In March 2017, the parties agreed to a proposed settlement, which was subsequently approved and paid by the government in the third quarter of 2017. The settlement did not have a material impact on the Company's financial results for the year ended December 31, 2017.

**Five Star Electric Matter**

In the third quarter of 2015, Five Star Electric Corp. ("Five Star"), a wholly owned subsidiary of the Company that was acquired in 2011, entered into a tolling agreement (which has since expired) related to an ongoing investigation being conducted by the United States Attorney's Office for the Eastern District of New York ("USAO EDNY"). Five Star has been cooperating with the USAO EDNY since late June 2014, when it was first made aware of the investigation, and has provided information requested by the government related to its use of certain minority-owned, women-owned, small and disadvantaged business enterprises and certain of Five Star's employee compensation, benefit and tax practices.

As of December 31, 2017, the Company cannot predict the ultimate outcome of the investigation and cannot reasonably estimate the potential loss or range of loss that Five Star or the Company may incur or the impact of the results of the investigation on Five Star or the Company.

**Alaskan Way Viaduct Matter**

In January 2011, Seattle Tunnel Partners ("STP"), a joint venture between Dragados USA, Inc. and the Company, entered into a design-build contract with the Washington State Department of Transportation ("WSDOT") for the construction of a large diameter bored tunnel in downtown Seattle, King County, Washington to replace the Alaskan Way Viaduct, also known as State Route 99.

The construction of the large diameter bored tunnel required the use of a tunnel boring machine ("TBM"). In December 2013, the TBM struck a steel pipe, installed by WSDOT as a well casing for an exploratory well. The TBM was damaged and was required to be shut down for repair. STP has asserted that the steel pipe casing was a differing site condition that WSDOT failed to properly disclose. The Disputes Review Board mandated by the contract to hear disputes issued a decision finding the steel casing was a Type I differing site condition. WSDOT has not accepted that finding.

The TBM was insured under a Builder's Risk Insurance Policy (the "Policy") with Great Lakes Reinsurance (UK) PLC and a consortium of other insurers (the "Insurers"). STP submitted the claims to the Insurers and requested interim payments under the Policy. The Insurers refused to pay and denied coverage. In June 2015, STP filed a lawsuit in the King County Superior Court, State of Washington ("Washington Superior Court") seeking declaratory relief concerning contract interpretation, as well as damages as a result of the Insurers' breach of their obligations under the terms of the Policy. WSDOT is deemed a plaintiff since WSDOT is an insured under the Policy and had filed its own claim for damages. Hitachi Zosen ("Hitachi"), the manufacturer of the TBM, has also joined the case as a plaintiff for costs incurred to repair the damages to the TBM. Trial is scheduled for October 2018. Discovery is ongoing.

In March 2016, WSDOT filed a complaint against STP in Thurston County Superior Court for breach of contract alleging STP's delays and failure to perform and declaratory relief concerning contract interpretation. STP filed its answer to WSDOT's complaint and filed a counterclaim against WSDOT and Hitachi. Trial is set for April 2019. Discovery is ongoing.

As of December 31, 2017, the Company has concluded that the potential for a material adverse financial impact due to the Insurers' denial of coverage and WSDOT's legal actions is neither probable nor remote, and the potential loss or range of loss is not reasonably estimable. With respect to STP's claims against the Insurers, WSDOT and Hitachi, management has included an estimate of the total anticipated recovery, concluded to be both probable and reliably estimable, in receivables or costs and estimated earnings in excess of billings recorded to date. To the extent new facts become known or the final recoveries vary from the estimate, the impact of the change will be reflected in the financial statements at that time.

## 7. Other Income, Net

On May 31, 2017, the Company entered into a settlement agreement with Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), as successor in interest to Banc of America Securities LLC and Bank of America, N.A. (collectively "BofA"), to resolve the pending litigation between the Company and Merrill Lynch. The litigation, which was filed by the Company in 2011, related to the purchase by the Company of certain auction-rate securities from BofA.

On June 6, 2017, the Company received the $37.0 million cash settlement payment agreed to in the settlement agreement, and the pending litigation was dismissed with prejudice. Neither party made any admission of liability or wrongdoing, and the settlement agreement includes mutual releases of all claims and liabilities related to the subject matter of the pending litigation.

The Company recognized the settlement as a gain during the second quarter of 2017 and reported it as a component of other income, net in its Consolidated Statement of Income for the year ended December 31, 2017.

## 8. Share-Based Compensation

On April 3, 2017, the Company adopted the Tutor Perini Corporation Incentive Compensation Plan ("Compensation Plan"), which was approved by the Company's shareholders on May 24, 2017. Additionally, the Company's Amended and Restated Tutor Perini Corporation Long-Term Incentive Plan ("Incentive Plan" together with Compensation Plan the "Plans") is still active. The Plans provide for various types of share-based grants, including restricted and unrestricted stock units and stock options. Restricted and unrestricted stock units give the holder the right to exchange their stock units for shares of the Company's Common Stock on a one-for-one basis. Per the Plans, stock options give the holder the right to purchase shares of the Company's Common Stock subsequent to the grant date at a defined exercise price equal to or greater than the fair value of the Company's Common Stock on the date of the stock option's award. Restricted stock units and stock options are usually subject to certain service and performance conditions and may not be sold or otherwise transferred until those restrictions have been satisfied; however, unrestricted stock units have no such restrictions. The term for stock options is limited to 10 years from the date of grant. The Compensation Plan allows for 2,335,000 shares of the Company's Common Stock to be issued. As of December 31, 2017, there were 1,554,364 shares available to be granted under the Compensation Plan and 405,529 shares authorized to be issued under the Incentive Plan; however, as discussed in the Company's Definitive Proxy Statement (Schedule 14A) filed on April 13, 2017, the Company will not issue the 405,529 shares remaining in the Incentive Plan. As of December 31, 2017, the Incentive Plan had an aggregate of 4,360,018 of restricted stock units and stock options from outstanding, historical awards that either have not vested or have vested but have not been exercised.

The terms of the Plans give the Company the right to settle the vesting of share-based grants in cash or shares. During the year ended December 31, 2017, the Company paid approximately $0.6 million to settle share-based awards.

Many of the awards issued under the Plans contain separate tranches, each for a separate performance period and each with a performance target to be established subsequent to the award date; accordingly, the tranches are accounted for under ASC 718, *Stock Compensation* ("ASC 718") as separate grants, with the grant date being the date the performance targets for a given tranche are established and communicated to the grantee. Similarly, for these awards, compliance with the requirements of the Plan is also based on the number of units granted in a given year, as determined by ASC 718, rather than the number of units awarded in a given year. As a result, as of December 31, 2017, the Company had outstanding awards with 214,000 restricted stock units and 194,000 stock options that had not been granted yet. These units will be granted in 2018 and 2019 when the performance targets for those respective years are established.

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The following table summarizes restricted stock unit and stock option activity during the year ended December 31, 2017:

| | Restricted Stock Units | | Stock Options | |
|---|---|---|---|---|
| | Number | Weighted-Average Grant Date Fair Value Per Share | Number | Weighted-Average Exercise/ (Strike) Price Per Share |
| Outstanding as of December 31, 2016 | 1,156,484 | $ 22.64 | 2,174,500 | $ 19.50 |
| Granted | 1,064,000 | 30.02 | 539,000 | 24.54 |
| Expired or cancelled | (20,985) | 23.91 | (19,466) | 26.56 |
| Vested/exercised | (801,515) | 19.38 | (140,000) | 21.41 |
| Outstanding as of December 31, 2017 | 1,397,984 | $ 30.11 | 2,554,034 | $ 20.45 |

The Company issued 99,155 unrestricted stock units at a weighted-average grant date fair value per share of $26.26 to the non-employee members of the Company's Board of Directors as part of their annual retainer fees. The fair value of unrestricted stock units issued during 2017 was approximately $2.6 million.

The fair value of restricted stock units that vested during 2017 was approximately $25.3 million. The aggregate intrinsic value, representing the difference between the market value on the date of exercise and the option price of the stock options exercised during 2017 was $1.3 million, with a corresponding tax benefit of $0.6 million. As of December 31, 2017, the balance of unamortized restricted stock and stock option expense was $22.5 million and $3.7 million, respectively, which will be recognized over weighted-average periods of 2.6 years for restricted stock units and 2.2 years for stock options.

The 2,554,034 outstanding stock options as of December 31, 2017 had an intrinsic value of $13.6 million and a weighted-average remaining contractual life of 4.4 years. Of those outstanding options: a) 1,988,034 were exercisable with an intrinsic value of $12.8 million, a weighted-average exercise price of $19.31 per share and a weighted-average remaining contractual life of 3.3 years; b) 566,000, with an intrinsic value of $0.7 million, a weighted-average exercise price of $24.27 and a weighted-average remaining contractual life of 8.2 years, have been granted but have not vested; and c) of the 566,000 granted but unvested options, 527,816 are expected to vest.

The fair value on the grant date and the significant assumptions used in the Black-Scholes option-pricing model for stock option awards granted during 2017 are as follows:

| | |
|---|---|
| Total stock options granted | 539,000 |
| Weighted-average grant date fair value | $ 13.11 |
| Weighted-average assumptions: | |
| Risk-free rate | 1.81 % |
| Expected life of options[(a)] | 4.8 |
| Expected volatility[(b)] | 43.09 % |
| Expected quarterly dividends | $ — |

(a) Calculated using the simplified method due to the terms of the stock options and the limited pool of grantees.
(b) Calculated using historical volatility of the Company's Common Stock over periods commensurate with the expected life of the option.

For the year ended December 31, 2017, the Company recognized, as part of general and administrative expenses, costs for share-based payment arrangements for employees of $19.6 million and costs for share-based awards to non-employee directors of $1.6 million. The aggregate tax benefit for these awards was approximately $8.7 million for the year ended December 31, 2017.

## 9. Employee Benefit Plans

*Defined Benefit Pension Plan*

The Company has a defined benefit pension plan that covers certain of its executive, professional, administrative and clerical employees, subject to certain specified service requirements. The plan is noncontributory and benefits are based on an employee's years of service and "final average earnings," as defined by the plan. The plan provides reduced benefits for early retirement and takes into account offsets for social security benefits. The Company also has an unfunded supplemental retirement plan ("Benefit Equalization Plan") for certain employees whose benefits under the defined benefit pension plan were reduced because of

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

compensation limitations under federal tax laws. Effective June 1, 2004, all benefit accruals under the Company's pension plan and Benefit Equalization Plan were frozen; however, the current vested benefit was preserved. Pension disclosure as presented below includes aggregated amounts for both of the Company's plans, except where otherwise indicated.

The Company historically has used the date of its year-end as its measurement date to determine the funded status of the plan.

The long-term investment goals of the Company's plan are to manage the assets in accordance with the legal requirements of all applicable laws; produce investment returns which maximize return within reasonable and prudent levels of risks; and achieve a fully funded status with regard to current pension liabilities. Some risk must be assumed in order to achieve the investment goals. Investments with the ability to withstand short and intermediate term variability are considered and some interim fluctuations in market value and rates of return are tolerated in order to achieve the plan's longer-term objectives.

The pension plan's assets are managed by a third-party investment manager. The Company monitors investment performance and risk on an ongoing basis.

A summary of net periodic benefit cost for the year ended December 31, 2017 is as follows (in thousands):

| | |
|---|---|
| Interest cost | $ 3,919 |
| Service cost | 850 |
| Expected return on plan assets | (4,358) |
| Recognized net actuarial losses | 1,897 |
| Net periodic benefit cost | $ 2,308 |
| Actuarial assumptions used to determine net cost: | |
| Discount rate | 3.90 % |
| Expected return on assets | 6.00 % |
| Rate of increase in compensation | N/A |

The target asset allocation for the Company's pension plan by asset category for 2018 and the actual asset allocation as of December 31, 2017 by asset category are as follows:

| | Percentage of Plan Assets | |
|---|---|---|
| **Asset Category** | **Target Allocation 2018** | **Actual Allocation 2017** |
| Cash | 5 % | 3 % |
| Equity funds: | | |
| Domestic | 37 | 41 |
| International | 28 | 31 |
| Fixed income funds | 30 | 25 |
| Total | 100 % | 100 % |

As of December 31, 2017, plan assets included approximately $30.7 million of investments in hedge funds and equity partnerships which do not have readily determinable fair values. The underlying holdings of the funds were comprised of a combination of assets for which the estimate of fair value is determined using information provided by fund managers.

The Company expects to contribute approximately $2.8 million to its defined benefit pension plan in 2018.

Future benefit payments under the plans are estimated as follows (in thousands):

| **Year ended December 31,** | |
|---|---|
| 2018 | $ 6,748 |
| 2019 | 6,798 |
| 2020 | 6,781 |
| 2021 | 6,785 |
| 2022 | 6,721 |
| 2023-2027 | 32,410 |
| Total | $ 66,243 |

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The following tables provide a reconciliation of the changes in the fair value of plan assets and plan benefit obligations during 2017 and a summary of the funded status as of December 31, 2017 (in thousands):

| | | |
|---|---|---|
| **Change in Fair Value of Plan Assets** | | |
| Balance at beginning of year | $ | 66,057 |
| Actual return on plan assets | | 9,224 |
| Company contribution | | 2,838 |
| Benefit payments | | (6,578) |
| Balance at end of year | $ | 71,541 |
| | | |
| **Change in Benefit Obligations** | | |
| Balance at beginning of year | $ | 103,681 |
| Interest cost | | 3,919 |
| Service cost | | 850 |
| Assumption change (gain) loss | | 3,854 |
| Actuarial (gain) loss | | 492 |
| Benefit payments | | (6,578) |
| Balance at end of year | $ | 106,218 |
| | | |
| Funded status | $ | (34,677) |
| Net unfunded amounts recognized in Consolidated Balance Sheet consist of: | | |
| Current liabilities | $ | (279) |
| Long-term liabilities | | (34,398) |
| Total net unfunded amount recognized in Consolidated Balance Sheet | $ | (34,677) |

Amounts not yet recognized in net periodic benefit cost and included in accumulated other comprehensive loss consist of net actuarial losses before income taxes of $58.7 million for the year ended December 31, 2017.

In 2017, net other comprehensive income of $2.4 million consisted of reclassification adjustments for the amortization of previously existing actuarial losses and net actuarial gains arising during the period.

The estimated amount of the net accumulated loss (consisting of net actuarial losses) that will be amortized from accumulated other comprehensive loss into net period benefit cost in 2018 is $2.1 million.

The discount rate used in determining the accumulated post-retirement benefit obligation was 3.5% as of December 31, 2017. The discount rate used for the accumulated post-retirement obligation was derived using a blend of U.S. Treasury and high-quality corporate bond discount rates.

The expected long-term rate of return on assets assumption was 6.0% for 2017. The expected long-term rate of return on assets assumption was developed considering forward looking capital market assumptions and historical return expectations for each asset class assuming the plans' target asset allocation and full availability of invested assets.

Fund strategies seek to capitalize on inefficiencies identified across different asset classes or markets. Hedge fund strategy types include long-short, event-driven, multi-strategy, equity partnerships and distressed credit.

Plan assets were measured at fair value. Registered investment companies are public investment vehicles valued using the Net Asset Value (NAV) of shares held by the plan at year-end. Equity and fixed income funds are valued based on quoted market prices in active markets. Closely held funds held by the plan, which are only available through private offerings, do not have readily determinable fair values. Estimates of fair value of these funds were determined using the information provided by the fund managers and it is generally based on the net asset value per share or its equivalent.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The following table sets forth the plan assets as of December 31, 2017 at fair value in accordance with the fair value hierarchy described in Note 10 (in thousands):

| | Fair Value Hierarchy | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and cash equivalents | $ 2,390 | $ — | $ — | $ 2,390 |
| Fixed income funds | 18,031 | — | — | 18,031 |
| Equity funds | 20,372 | — | — | 20,372 |
| | $ 40,793 | $ — | $ — | $ 40,793 |
| Closely held funds[(a)] | | | | |
| Equity partnerships | | | | 8,711 |
| Hedge fund investments | | | | 22,037 |
| Total closely held funds[(a)] | | | | 30,748 |
| Total | $ 40,793 | $ — | $ — | $ 71,541 |

(a) Closely held funds in private investment were measured at fair value using NAV and were not categorized in the fair value hierarchy. Although the investments were not categorized within the fair value hierarchy, the holdings of these private investment funds were comprised of a combination of Level 1, 2 and 3 investments, but were not categorized in the fair value hierarchy because they were measured at NAV using the practical expedient under ASC 820, *Fair Value Measurement* ("ASC 820").

The plans have benefit obligations in excess of the fair value of each plan's assets as of December 31, 2017 detailed as follows (in thousands):

| | Pension Plan | Benefit Equalization Plan | Total |
|---|---|---|---|
| Projected benefit obligation | $ 102,806 | $ 3,412 | $ 106,218 |
| Accumulated benefit obligation | $ 102,806 | $ 3,412 | $ 106,218 |
| Fair value of plans' assets | 71,541 | — | 71,541 |
| Projected benefit obligation greater than fair value of plans' assets | $ 31,265 | $ 3,412 | $ 34,677 |
| Accumulated benefit obligation greater than fair value of plans' assets | $ 31,265 | $ 3,412 | $ 34,677 |

*Section 401(k) Plan*

The Company has a contributory Section 401(k) plan which covers its executive, professional, administrative and clerical employees, subject to certain specified service requirements. The cost recognized by the Company for its 401(k) plan was $4.2 million in 2017. The Company's contribution is based on a non-discretionary match of employees' contributions, as defined by the plan.

*Multiemployer Plans*

In addition to the Company's defined benefit pension and contribution plans discussed above, the Company participates in multiemployer pension plans for its union construction employees. Contributions are based on the hours worked by employees covered under various collective bargaining agreements. Under the Employee Retirement Income Security Act, a contributor to a multiemployer plan is only liable for its proportionate share of a plan's unfunded vested liability upon termination, or withdrawal from, a plan. The Company currently has no intention of withdrawing from any of the multiemployer pension plans in which it participates and, therefore, has not recognized a liability for its proportionate share of any unfunded vested liabilities associated with these plans.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The following table summarize key information for the plans that the Company had significant involvement with during the year ended December 31, 2017:

| Pension Fund | EIN/Pension Plan Number | Pension Protections Act Zone Status | FIP/RP Status Pending Or Implemented | Company Contributions[a] (in millions) | Surcharge Imposed | Expiration Date of Collective Bargaining Agreement |
|---|---|---|---|---|---|---|
| The Pension, Hospitalization and Benefit Plan of the Electrical Industry - Pension Trust Fund | 13-6123601/001 | Green | N/A | $16.0 | No | 4/30/2019 |
| Carpenters Pension Trust Fund for Northern California | 94-6050970 | Red | Implemented | 8.2 | No | 6/30/2019 |
| Laborers Pension Trust Fund for Northern California | 94-6277608 | Yellow | Implemented | 6.6 | No | 6/30/2019 |
| Northern California Electrical Workers Pension Plan | 94-6062674 | Green | N/A | 5.2 | No | 5/31/2018 |
| Steamfitters Industry Pension Fund | 13-6149680/001 | Green | N/A | 3.9 | No | 6/30/2020 |

(a) The Company's contributions as a percentage of total plan contributions were not available for any of its plans.

In addition to the individually significant plans described above, the Company also contributed approximately $32.1 million in 2017 to other multiemployer pension plans.

## 10. Fair Value Measurements

The fair value hierarchy established by ASC 820 prioritizes the use of inputs used in valuation techniques into the following three levels:

- Level 1 inputs are observable quoted prices in active markets for identical assets or liabilities
- Level 2 inputs are observable, either directly or indirectly, but are not Level 1 inputs
- Level 3 inputs are unobservable

The following fair value hierarchy table presents the Company's assets that are measured at fair value on a recurring basis as of December 31, 2017 (in thousands):

| | Fair Value Hierarchy | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Cash and cash equivalents[a] | $ 192,868 | $ — | $ — | $ 192,868 |
| Restricted cash[a] | 4,780 | — | — | 4,780 |
| Investments in lieu of retainage[b] | 69,891 | 2,405 | — | 72,296 |
| Total | $ 267,539 | $ 2,405 | $ — | $ 269,944 |

(a) Includes money market funds with original maturity dates of three months or less.
(b) Investments in lieu of retainage are included in accounts receivable and are comprised of money market funds and municipal bonds, the majority of which are rated A3 or better. The fair values of the money market funds are measured using quoted market prices; therefore, they are classified as Level 1 assets. The fair values of municipal bonds are measured using readily available pricing sources for comparable instruments; therefore, they are classified as Level 2 assets. All of the above investments are available-for-sale securities.

The Company did not have material transfers between Levels 1 and 2 during the year ended December 31, 2017.

The carrying values of receivables, payables and other amounts arising out of normal contract activities, including retainage, which may be settled beyond one year, are estimated to approximate fair value. The Company's restricted investments carried at amortized cost have an aggregate fair value of $52.5 million as of December 31, 2017, determined using Level 2 inputs. Of the Company's long-term debt, the fair values of the 2017 Senior Notes as of December 31, 2017 was $537.5 million. The fair value of the Convertible Notes was $222.2 million as of December 31, 2017. The fair values of the 2017 Senior Notes and Convertible Notes were determined using Level 1 inputs, specifically current observable market prices. The reported value of the Company's remaining borrowings as of December 31, 2017 approximates fair value.

## 11. Variable Interest Entities

From time to time the Company may form joint ventures with third parties for the execution of single contracts or projects. In accordance with ASC 810, the Company assesses its joint ventures at inception to determine if any meet the qualifications of a VIE. The Company considers a joint venture a VIE if either (a) the total equity investment is not sufficient to permit the entity to finance its activities without additional subordinated financial support, (b) characteristics of a controlling financial interest are missing (either the ability to make decisions through voting or other rights, the obligation to absorb the expected losses of the entity or the right to receive the expected residual returns of the entity), or (c) the voting rights of the equity holders are not proportional to their obligations to absorb the expected losses of the entity and/or their rights to receive the expected residual returns of the entity, and substantially all of the entity's activities either involve or are conducted on behalf of an investor that has disproportionately few voting rights. Upon the occurrence of certain events outlined in ASC 810, the company reassesses its initial determination of whether the joint venture is a VIE.

ASC 810 also requires the Company to determine whether it is the primary beneficiary of the VIE. The Company concludes that it is the primary beneficiary and consolidates the VIE if the Company has both (a) the power to direct the economically significant activities of the VIE and (b) the obligation to absorb losses of, or the right to receive benefits from, the VIE that could potentially be significant to the VIE. The Company considers the contractual agreements that define the ownership structure, distribution of profits and losses, risks, responsibilities, indebtedness, voting rights and board representation of the respective parties in determining if the Company is the primary beneficiary. The Company also considers all parties that have direct or implicit variable interests when determining whether it is the primary beneficiary. In accordance with ASC 810, management's assessment of whether the Company is the primary beneficiary of a VIE is performed continuously.

As of December 31, 2017, the Company's Consolidated Balance Sheet included current and noncurrent assets of $95.5 million and $11.6 million, respectively, as well as current liabilities of $140.7 million related to the operations of its consolidated VIEs.

One large joint venture that the Company is consolidating was established to construct the Purple Line Segment 2 Extension project, a $1.4 billion mass-transit project in Los Angeles, California. The Company has a 75% interest in the joint venture with the remaining 25% held by O&G Industries, Inc. The joint venture was initially financed with contributions from the partners and, per the terms of the joint venture agreement, the partners may be required to provide additional capital contributions in the future.

## 12. Business Segments

The Company offers general contracting, pre-construction planning and comprehensive project management services, including planning and scheduling of manpower, equipment, materials and subcontractors required for the timely completion of a project in accordance with the terms and specifications contained in a construction contract. The Company also offers self-performed construction services: site work; concrete forming and placement; steel erection; electrical; mechanical; plumbing; and heating, ventilation and air conditioning (HVAC). As described below, the Company's business is conducted through three segments: Civil, Building and Specialty Contractors. These segments are determined based on how the Company's Chairman and Chief Executive Officer (chief operating decision maker) aggregates business units when evaluating performance and allocating resources.

The Civil segment specializes in public works construction and the replacement and reconstruction of infrastructure. The civil contracting services include construction and rehabilitation of highways, bridges, tunnels, mass-transit systems, and water management and wastewater treatment facilities.

The Building segment has significant experience providing services for private and public works customers in a number of specialized building markets, including: high-rise residential, hospitality and gaming, transportation, health care, commercial and government offices, sports and entertainment, education, correctional facilities, biotech, pharmaceutical, industrial and high-tech.

The Specialty Contractors segment specializes in electrical, mechanical, plumbing, HVAC, fire protection systems and pneumatically placed concrete for a full range of Civil and Building construction projects in the industrial, commercial, hospitality and gaming, and mass-transit end markets. This segment provides the Company with unique strengths and capabilities that allow the Company to position itself as a full-service contractor with greater control over scheduled work, project delivery and risk management.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**
As of and for the year ended December 31, 2017

The following tables set forth certain reportable segment information relating to the Company's operations for the year ended December 31, 2017 (in thousands):

| | Reportable Segments | | | | | |
|---|---|---|---|---|---|---|
| (in thousands) | Civil | Building | Specialty Contractors | Segment Total | Corporate | Consolidated Total |
| Total revenue | $ 1,856,164 | $ 1,982,857 | $ 1,213,708 | $ 5,052,729 | $ — | $ 5,052,729 |
| Elimination of intersegment revenue | (253,989) | (41,532) | — | (295,521) | — | (295,521) |
| Revenue from external customers | $ 1,602,175 | $ 1,941,325 | $ 1,213,708 | $ 4,757,208 | $ — | $ 4,757,208 |
| Income from construction operations | $ 192,207 | $ 34,199 | $ 18,938 | $ 245,344 | $ (65,867)[(a)] | $ 179,477 |
| Capital expenditures | $ 27,694 | $ 267 | $ 721 | $ 28,682 | $ 1,598 | $ 30,280 |
| Depreciation and amortization[(b)] | $ 33,767 | $ 2,021 | $ 4,699 | $ 40,487 | $ 11,443 | $ 51,930 |

(a) Consists primarily of corporate general and administrative expenses.
(b) Depreciation and amortization is included in income from construction operations.

There were no material changes in estimates during the year ended December 31, 2017.

Total assets by segment as of December 31, 2017 are as follows (in thousands):

| | |
|---|---|
| Civil | $ 2,452,108 |
| Building | 909,207 |
| Specialty Contractors | 767,807 |
| Corporate and other[(a)] | 135,001 |
| Total assets | $ 4,264,123 |

(a) Consists principally of cash, equipment, tax-related assets and insurance-related assets, offset by the elimination of assets related to intersegment revenue.

**Geographic Information**

Information concerning principal geographic areas as of and for the year ended December 31, 2017 is as follows (in thousands):

| | |
|---|---|
| **Revenue:** | |
| United States | $ 4,613,644 |
| Foreign and U.S. territories | 143,564 |
| Total revenue | $ 4,757,208 |
| | |
| **Assets:** | |
| United States | $ 4,093,673 |
| Foreign and U.S. territories | 170,450 |
| Total assets | $ 4,264,123 |

**Reconciliation of Segment Information to Consolidated Amounts**

A reconciliation of segment results to the consolidated income before income taxes for the year ended December 13, 2017 is as follows (in thousands):

| | |
|---|---|
| Income from construction operations | $ 179,477 |
| Other income, net | 43,882 |
| Interest expense | (69,384) |
| Income before income taxes | $ 153,975 |

## 13. Related Party Transactions

The Company leases, at market rates, certain facilities from an entity owned by Ronald N. Tutor, the Company's Chairman and Chief Executive Officer. Under these leases, the Company paid $2.8 million and recognized expense of $3.2 million during the year ended December 31, 2017.

Raymond R. Oneglia, Vice Chairman of O&G Industries, Inc. ("O&G"), is a director of the Company. The Company occasionally forms construction project joint ventures with O&G, in which each partner may provide services and equipment to these joint ventures on customary trade terms. During the year ended December 31, 2017, the Company had three active joint ventures with O&G including two infrastructure projects in the northeastern United States that are both complete, and one for a project in Los Angeles, California in which the Company's and O&G's joint venture interests are 75% and 25%, respectively. Payments made by these joint ventures to O&G for services and equipment during the year ended December 31, 2017 were immaterial.

Peter Arkley, Senior Managing Director, Construction Services Group, of Alliant Insurance Services, Inc. ("Alliant"), is a director of the Company. The Company uses Alliant for various insurance-related services. The associated expenses for services provided for the year ended December 31, 2017 were $17.6 million. The Company owed Alliant $0.5 million as of December 31, 2017 for services rendered.

# SUPPLEMENTAL CONSOLIDATING INFORMATION

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING BALANCE SHEET**
**AS OF DECEMBER 31, 2017**
**(in thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | | | | |
| **CURRENT ASSETS:** | | | | | | | | | | | | | | | | | |
| Cash | $ 106,462 | $ 643 | $ — | $ 24,116 | $ 7,985 | $ 51 | $ 1 | $ 1,117 | $ 3 | $ — | $ 1,506 | $ 9,727 | $ 30,639 | $ 8,597 | $ 2,021 | $ — | $ 192,868 |
| Restricted cash | 1,072 | — | — | — | 176 | — | — | — | — | — | — | — | — | 1,421 | 2,111 | — | 4,780 |
| Restricted investments | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 53,014 | — | 53,014 |
| Accounts receivable, including retainage | 480,338 | 34,064 | 27,193 | 87,159 | 78,248 | 8,345 | 88,176 | 21,047 | 265,331 | 140,768 | 25,979 | 11,364 | 23,815 | 630,068 | 140,801 | (261,040) | 1,801,656 |
| Costs and estimated earnings in excess of billings | 140,580 | 77,458 | 48,994 | 82,657 | 18,088 | 6,891 | 27,553 | 11,506 | 1,995 | 106,033 | 17,686 | 32,045 | 1,950 | 437,744 | 152 | (78,574) | 932,758 |
| Intercompany notes and receivables | — | — | — | — | — | — | — | — | 78,013 | — | — | 2,503 | — | — | — | (80,516) | — |
| Other current assets | 76,535 | 590 | 230 | 4,546 | 5,004 | 286 | 863 | 25 | 3,758 | 5,713 | 1,310 | 250 | 13,925 | 5,306 | 14,892 | (43,917) | 89,316 |
| **Total current assets** | 804,987 | 112,755 | 76,417 | 198,478 | 109,501 | 15,573 | 116,593 | 33,695 | 349,100 | 252,514 | 46,481 | 55,889 | 70,329 | 1,083,136 | 212,991 | (464,047) | 3,074,392 |
| **PROPERTY AND EQUIPMENT, at cost** | | | | | | | | | | | | | | | | | |
| Land | 4,090 | — | 2,408 | 492 | 1,771 | — | 15,396 | — | 4,456 | — | 123 | — | 8,874 | 3,284 | 488 | — | 41,382 |
| Building and improvements | 22,172 | — | 4,420 | 1,798 | 3,914 | — | 23,547 | 852 | 13,236 | 1,204 | 3,931 | — | 12,344 | 24,287 | 13,324 | — | 125,029 |
| Construction equipment | 49,218 | 8,294 | 14,308 | 71,958 | 76,063 | 24,902 | 1,412 | 297 | 4,910 | — | 310 | — | 25,874 | 7,433 | 193,009 | — | 477,988 |
| Other equipment | 63,954 | 70,558 | 2,542 | 1 | 9,979 | 32 | 3,678 | 1,133 | 8,515 | 1,696 | 2,864 | 183 | 6,070 | 8,166 | 2,917 | — | 182,288 |
| | 139,434 | 78,852 | 23,678 | 74,249 | 91,727 | 24,934 | 44,033 | 2,282 | 31,117 | 2,900 | 7,228 | 183 | 53,162 | 43,170 | 209,738 | — | 826,687 |
| Less accumulated depreciation | (83,492) | (29,894) | (11,236) | (24,900) | (35,582) | (6,438) | (8,900) | (1,702) | (19,112) | (1,760) | (3,971) | (125) | (23,931) | (20,550) | (87,595) | — | (359,188) |
| **Total property and equipment, net** | 55,942 | 48,958 | 12,442 | 49,349 | 56,145 | 18,496 | 35,133 | 580 | 12,005 | 1,140 | 3,257 | 58 | 29,231 | 22,620 | 122,143 | — | 467,499 |
| **INTERCOMPANY NOTES AND RECEIVABLES** | — | — | — | — | 208,429 | — | 382,164 | 2,311 | 156,608 | — | 2,303 | 183,861 | 10,458 | 44,862 | 30,864 | (1,021,860) | — |
| **GOODWILL** | 571,519 | — | — | — | — | — | — | — | — | — | — | — | — | 13,487 | — | — | 585,006 |
| **INTANGIBLE ASSETS, NET** | 89,454 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 89,454 |
| **INVESTMENTS IN SUBSIDIARIES** | 1,959,894 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (1,959,894) | — |
| **OTHER ASSETS** | 49,419 | 3,277 | — | — | — | — | 2,005 | 147 | — | 5,629 | 9,857 | 214 | 64 | 1,163 | 54 | (24,057) | 47,772 |
| **TOTAL ASSETS** | $ 3,531,215 | $ 164,990 | $ 88,859 | $ 247,827 | $ 374,075 | $ 34,069 | $ 535,895 | $ 36,733 | $ 517,713 | $ 259,283 | $ 61,898 | $ 240,022 | $ 110,082 | $ 1,165,268 | $ 366,052 | $ (3,469,858) | $ 4,264,123 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | | | | | | | | | | | | |
| **CURRENT LIABILITIES:** | | | | | | | | | | | | | | | | | |
| Current maturities of long-term debt | $ 68,071 | $ 2,426 | $ — | $ 2,248 | $ 2,931 | $ 2,774 | $ — | $ — | $ — | $ — | $ — | $ — | $ 723 | $ 483 | $ 11,092 | $ (60,000) | $ 30,748 |
| Accounts payable, including retainage | 295,880 | 4,035 | 21,513 | 28,795 | 58,127 | 1,155 | 97,456 | 16,060 | 290,219 | 115,376 | 27,475 | 47,292 | 8,303 | 189,979 | 4,724 | (244,598) | 961,791 |
| Billings in excess of costs and estimated earnings | 200,421 | — | 2,626 | 22,050 | 34,718 | 92 | 2,762 | — | 45,640 | 345 | 11,780 | 8,057 | 21,957 | 98,774 | 44,194 | (36,547) | 456,869 |
| Intercompany notes and advances payable-short term | 28,786 | — | — | — | — | — | — | — | — | — | — | — | — | — | 51,730 | (80,516) | — |
| Accrued expenses and other current liabilities | 69,072 | 1,523 | 1,218 | 8,046 | 5,053 | 484 | 2,288 | 101 | 13,241 | 7,426 | 3,670 | 539 | 6,547 | 24,254 | 26,698 | (37,722) | 132,438 |
| **Total current liabilities** | 662,230 | 7,984 | 25,357 | 61,139 | 100,829 | 4,505 | 102,506 | 16,161 | 349,100 | 123,147 | 42,925 | 55,888 | 37,530 | 313,490 | 138,438 | (459,383) | 1,581,846 |
| **LONG TERM DEBT, less current maturities** | 667,694 | 18,254 | — | — | 1,042 | 6,836 | — | — | — | — | — | — | 4,316 | 8,577 | 5,074 | (6,265) | 705,528 |
| **DEFERRED INCOME TAXES** | 18,530 | 20,132 | 2,420 | 10,268 | 22,636 | 3,649 | — | — | 82 | — | — | — | 646 | 16,038 | 29,868 | (15,765) | 108,504 |
| **OTHER LONG-TERM LIABILITIES** | 107,779 | 1,730 | — | — | — | — | — | 531 | — | — | — | — | — | — | 53,442 | (17) | 163,465 |
| **INTERCOMPANY NOTES & ADVANCES PAYABLE** | 372,010 | 53,225 | 3,819 | 72,239 | — | 13,266 | 2,798 | 8 | — | 129,417 | — | 423 | — | 354,344 | 244 | (1,001,793) | — |
| **TOTAL LIABILITIES** | 1,828,243 | 101,325 | 31,596 | 143,646 | 124,507 | 28,256 | 105,304 | 16,700 | 349,182 | 252,564 | 42,925 | 56,311 | 42,492 | 692,449 | 227,066 | (1,483,223) | 2,559,343 |
| **STOCKHOLDERS' EQUITY:** | | | | | | | | | | | | | | | | | |
| Treasury Stock-Perini | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (658) | 658 | — |
| Common stock | 49,781 | — | 7 | 1 | 2,231 | 10 | 95 | 4 | 11 | — | 3 | 1 | 1,499 | 7 | 710 | (4,579) | 49,781 |
| Additional paid-in capital | 1,084,205 | 27,406 | 1 | 56,297 | 37,167 | — | — | 279 | 6,303 | 10,000 | 22,439 | — | 16,251 | 226,117 | 188,319 | (590,579) | 1,084,205 |
| Retained earnings (deficit) | 622,007 | 36,259 | 57,255 | 50,704 | 210,170 | 5,803 | 430,496 | 19,750 | 162,217 | (3,281) | (3,469) | 183,710 | 51,475 | 246,651 | (49,385) | (1,398,355) | 622,007 |
| Accumulated other comprehensive income (loss) | (42,718) | — | — | (4,629) | — | — | — | — | — | — | — | — | (1,635) | 44 | — | 6,220 | (42,718) |
| **Total stockholders' equity** | 1,713,275 | 63,665 | 57,263 | 102,373 | 249,568 | 5,813 | 430,591 | 20,033 | 168,531 | 6,719 | 18,973 | 183,711 | 67,590 | 472,819 | 138,986 | (1,986,635) | 1,713,275 |
| Noncontrolling interests | (10,303) | — | — | 1,808 | — | — | — | — | — | — | — | — | — | — | — | — | (8,495) |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 3,531,215 | $ 164,990 | $ 88,859 | $ 247,827 | $ 374,075 | $ 34,069 | $ 535,895 | $ 36,733 | $ 517,713 | $ 259,283 | $ 61,898 | $ 240,022 | $ 110,082 | $ 1,165,268 | $ 366,052 | $ (3,469,858) | $ 4,264,123 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture assets and liabilities is included in the respective amounts shown above.
(4) Consolidating Balance Sheet does not reflect adjustments for push-down accounting relative to goodwill and intangible assets.
(5) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.
(6) Management has determined the allocation of intercompany notes and receivable (or advance payable) balances between current assets (liabilities) and noncurrent assets (liabilities) based upon management's intent as to when such amounts will be settled.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
**(in thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | $ 1,241,189 | $ 8,674 | $ 89,837 | $ 157,359 | $ 338,502 | $ 21,660 | $ 424,081 | $ 19,348 | $ 1,087,220 | $ 221,035 | $ 158,725 | $ 82,249 | $ 96,941 | $ 1,213,709 | $ 52,483 | $ (455,804) | $ 4,757,208 |
| COST OF OPERATIONS | (1,095,039) | (11,139) | (81,527) | (133,625) | (287,126) | (16,430) | (409,103) | (18,961) | (1,037,201) | (217,035) | (146,812) | (73,245) | (75,282) | (1,129,774) | (26,308) | 455,804 | (4,302,803) |
| GROSS PROFIT (LOSS) | 146,150 | (2,465) | 8,310 | 23,734 | 51,376 | 5,230 | 14,978 | 387 | 50,019 | 4,000 | 11,913 | 9,004 | 21,659 | 83,935 | 26,175 | — | 454,405 |
| General and administrative expenses | (101,523) | (20) | (659) | (14,179) | (14,620) | (2,464) | (16,969) | (1,170) | (23,970) | (5,723) | (8,399) | (5,770) | (8,994) | (68,531) | (1,937) | — | (274,928) |
| INCOME (LOSS) FROM CONSTRUCTION OPERATIONS | 44,627 | (2,485) | 7,651 | 9,555 | 36,756 | 2,766 | (1,991) | (783) | 26,049 | (1,723) | 3,514 | 3,234 | 12,665 | 15,404 | 24,238 | — | 179,477 |
| Equity in earnings of subsidiaries | 144,444 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (144,444) | - |
| Other income (expense), net | 32,181 | (21) | — | 3,887 | 5,114 | 748 | 5 | — | 286 | 4 | 24 | 24 | 62 | 443 | 2,723 | (1,598) | 43,882 |
| Interest expense | (69,309) | — | — | (34) | (136) | (392) | — | — | — | — | — | — | (186) | (372) | (553) | 1,598 | (69,384) |
| INCOME (LOSS) BEFORE INCOME TAXES | 151,943 | (2,506) | 7,651 | 13,408 | 41,734 | 3,122 | (1,986) | (783) | 26,335 | (1,719) | 3,538 | 3,258 | 12,541 | 15,475 | 26,408 | (144,444) | 153,975 |
| Income tax benefit (provision) | 2,386 | 15,032 | (2,232) | 1,305 | (6,496) | 416 | (204) | 202 | (8,932) | (360) | (3,815) | (1,346) | (4,657) | 5,122 | 4,148 | — | 569 |
| NET INCOME (LOSS) | 154,329 | 12,526 | 5,419 | 14,713 | 35,238 | 3,538 | (2,190) | (581) | 17,403 | (2,079) | (277) | 1,912 | 7,884 | 20,597 | 30,556 | (144,444) | 154,544 |
| LESS: NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTERESTS | (5,947) | — | — | (215) | — | — | — | — | — | — | — | — | — | — | — | — | (6,162) |
| NET INCOME (LOSS) ATTRIBUTABLE TO TUTOR PERINI CORPORATION | $ 148,382 | $ 12,526 | $ 5,419 | $ 14,498 | $ 35,238 | $ 3,538 | $ (2,190) | $ (581) | $ 17,403 | $ (2,079) | $ (277) | $ 1,912 | $ 7,884 | $ 20,597 | $ 30,556 | $ (144,444) | $ 148,382 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture net income (loss) is included in the respective amounts shown above.
(4) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Artech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF RETAINED EARNINGS**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
**(in thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BALANCE - December 31, 2016 | $ 473,625 | $ 23,733 | $ 51,836 | $ 36,206 | $ 174,932 | $ 2,265 | $ 432,686 | $ 20,331 | $ 144,814 | $ (1,202) | $ (3,192) | $ 181,798 | $ 43,591 | $ 226,054 | $ (79,941) | $ (1,253,911) | $ 473,625 |
| Net Income (loss) | 148,382 | 12,526 | 5,419 | 14,498 | 35,238 | 3,538 | (2,190) | (581) | 17,403 | (2,079) | (277) | 1,912 | 7,884 | 20,597 | 30,556 | (144,444) | 148,382 |
| BALANCE - December 31, 2017 | $ 622,007 | $ 36,259 | $ 57,255 | $ 50,704 | $ 210,170 | $ 5,803 | $ 430,496 | $ 19,750 | $ 162,217 | $ (3,281) | $ (3,469) | $ 183,710 | $ 51,475 | $ 246,651 | $ (49,385) | $ (1,398,355) | $ 622,007 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture activities is included in the respective amounts shown above.
(4) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2017**
**(in thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Net Income (loss) | $ 154,329 | $ 12,526 | $ 5,419 | $ 14,713 | $ 35,238 | $ 3,538 | $ (2,190) | $ (581) | $ 17,403 | $ (2,079) | $ (277) | $ 1,912 | $ 7,884 | $ 20,597 | $ 30,556 | $ (144,444) | $ 154,544 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | | | | | | | | | | | | | | |
| Depreciation | 17,078 | 5,632 | 581 | 2,286 | 4,364 | 1,601 | 818 | 103 | 482 | 212 | 329 | 34 | 2,014 | 2,897 | 9,956 | — | 48,387 |
| Amortization of intangible assets | 3,543 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 3,543 |
| Change in debt discounts and debt issuance costs | 17,595 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 17,595 |
| Equity in earnings of subsidiaries | (144,444) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 144,444 | — |
| Share-based compensation expense | 21,174 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 21,174 |
| Deferred income taxes | 181 | (16,842) | (945) | (6,156) | 4,028 | (1,497) | (2,235) | 444 | (275) | 3,427 | 4,340 | (113) | 965 | 8,122 | (16,540) | — | (23,096) |
| (Gain) loss on sale of property and equipment | — | — | 36 | 16 | (294) | 33 | (1) | — | (16) | 13 | (1) | — | (40) | (65) | 1,450 | — | 1,131 |
| Other long-term liabilities | (1,120) | 4 | — | — | — | — | (14) | (36) | — | — | — | — | — | — | 4,822 | — | 3,656 |
| Other non-cash items | 4,361 | — | — | 1,507 | (10,164) | — | — | — | — | — | 485 | — | 413 | 85 | 143 | — | (3,170) |
| Changes in other components of working capital | 44,066 | 5,180 | (22,211) | (2,910) | 13,011 | (2,464) | 17,223 | (3,019) | 27,122 | (44,829) | (1,172) | (1,816) | 2,676 | (91,308) | 237 | — | (60,214) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 116,763 | 6,500 | (17,120) | 9,456 | 46,183 | 1,211 | 13,601 | (3,089) | 44,716 | (43,256) | 3,704 | 17 | 13,912 | (59,672) | 30,624 | — | 163,550 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Acquisition of property and equipment | (1,689) | (232) | (97) | (12,144) | (8,176) | (522) | — | (53) | (2) | (105) | (108) | — | (1,715) | (721) | (4,716) | — | (30,280) |
| Proceeds from sale of property and equipment | — | — | 83 | 13 | 604 | 41 | 2 | — | 94 | — | 8 | — | 93 | 175 | 1,631 | — | 2,744 |
| Investments in securities, restricted | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (54,504) | — | (54,504) |
| Investments in securities | — | — | — | — | — | — | — | — | — | — | — | — | — | 177 | (6,640) | — | (6,463) |
| Proceeds from maturities of investments in securities | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 1,370 | — | 1,370 |
| Change in restricted cash | 944 | — | — | — | 227 | — | — | — | — | — | — | — | — | 388 | 44,165 | — | 45,724 |
| (Increase) decrease in intercompany advances | — | — | 13,833 | — | (37,913) | — | (13,603) | 3,090 | (44,805) | — | (4,523) | 9,407 | (171) | (3,377) | — | 78,062 | — |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (745) | (232) | 13,819 | (12,131) | (45,258) | (481) | (13,601) | 3,037 | (44,713) | (105) | (4,623) | 9,407 | (1,793) | (3,358) | (18,694) | 78,062 | (41,409) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Proceeds from debt | 2,161,384 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 2,161,384 |
| Repayment of debt | (2,172,833) | (2,426) | — | (720) | (2,973) | (2,722) | — | — | — | — | — | — | (698) | (556) | (12,140) | — | (2,195,068) |
| Cash payments related to share-based compensation | (11,769) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (11,769) |
| Debt issuance and extinguishment costs | (15,266) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (15,266) |
| Distributions paid to noncontrolling interests | (17,499) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (17,499) |
| Contributions from noncontrolling interests | 1,251 | — | — | 1,591 | — | — | — | — | — | — | — | — | — | — | — | — | 2,842 |
| Increase/(decrease) in intercompany advances | (35,655) | (4,220) | 2,236 | 8,428 | — | 1,996 | — | — | — | 43,361 | — | — | — | 59,886 | 2,030 | (78,062) | — |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (90,387) | (6,646) | 2,236 | 9,299 | (2,973) | (726) | — | — | — | 43,361 | — | — | (698) | 59,330 | (10,110) | (78,062) | (75,376) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 25,631 | (378) | (1,065) | 6,624 | (2,048) | 4 | — | (52) | 3 | — | (919) | 9,424 | 11,421 | (3,700) | 1,820 | — | 46,765 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 80,831 | 1,021 | 1,065 | 17,492 | 10,033 | 47 | 1 | 1,169 | — | — | 2,425 | 303 | 19,218 | 12,297 | 201 | — | 146,103 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $ 106,462 | $ 643 | $ — | $ 24,116 | $ 7,985 | $ 51 | $ 1 | $ 1,117 | $ 3 | $ — | $ 1,506 | $ 9,727 | $ 30,639 | $ 8,597 | $ 2,021 | $ — | $ 192,868 |
| SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR: | | | | | | | | | | | | | | | | | |
| Interest | $ 49,020 | $ — | $ — | $ 34 | $ 138 | $ 122 | $ — | $ — | $ — | $ — | $ — | $ — | $ 187 | $ 370 | $ 572 | $ — | $ 50,443 |
| Income taxes | $ 31,327 | $ — | $ — | $ 2,419 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ 293 | $ 1,737 | $ — | $ 4,000 | $ — | $ 39,776 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture activities is included in the respective amounts shown above.
(4) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.
(5) Consolidating Statement of Cash Flows does not reflect adjustments for push-down accounting relative to goodwill and intangible assets.

# Tutor Perini Corporation and Subsidiaries

Consolidated Financial Statements and Supplemental Consolidating Information for Tutor Perini's General Contractor Subsidiaries as of and for the Year Ended December 31, 2016, and Report of Independent Registered Public Accounting Firm

# TUTOR PERINI CORPORATION AND SUBSIDIARIES

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Stockholders of
Tutor Perini Corporation
Sylmar, California

We have audited the accompanying consolidated balance sheet of Tutor Perini Corporation and subsidiaries (the "Company") as of December 31, 2016, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 2016. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Tutor Perini Corporation and subsidiaries as of December 31, 2016, and the results of their operations and their cash flows for the year ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America.

The supplemental consolidating information on pages 31-34 has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental consolidating information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental consolidating information reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental consolidating information. In our opinion, such information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

February 23, 2017
(March 31, 2017 as to the supplemental consolidating information)

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(In thousands, except per share data)**

| | |
|---|---|
| **REVENUE** | $ 4,973,076 |
| **COST OF OPERATIONS** | (4,515,886) |
| **GROSS PROFIT** | 457,190 |
| General and administrative expenses | (255,270) |
| **INCOME FROM CONSTRUCTION OPERATIONS** | 201,920 |
| Other income, net | 6,977 |
| Interest expense | (59,782) |
| **INCOME BEFORE INCOME TAXES** | 149,115 |
| Provision for income taxes | (53,293) |
| **NET INCOME** | $ 95,822 |
| **BASIC EARNINGS PER COMMON SHARE** | $ 1.95 |
| **DILUTED EARNINGS PER COMMON SHARE** | $ 1.92 |
| **WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING:** | |
| Basic | 49,150 |
| Diluted | 49,864 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(In thousands)**

| | |
|---|---|
| **NET INCOME** | $ 95,822 |
| **OTHER COMPREHENSIVE LOSS, NET OF TAX:** | |
| Defined benefit pension plan adjustments | (2,623) |
| Foreign currency translation adjustment | (261) |
| Unrealized loss in fair value of investments | (340) |
| Unrealized loss in fair value of interest rate swap | (24) |
| **Total other comprehensive loss, net of tax** | (3,248) |
| **TOTAL COMPREHENSIVE INCOME** | $ 92,574 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEET**
**AS OF DECEMBER 31, 2016**
**(In thousands, except share data)**

| | |
|---|---|
| **ASSETS** | |
| **CURRENT ASSETS:** | |
| Cash, including cash equivalents of $15,302 | $ 146,103 |
| Restricted cash | 50,504 |
| Accounts receivable, including retainage of $569,391 | 1,743,300 |
| Costs and estimated earnings in excess of billings | 831,826 |
| Other current assets | 66,023 |
| Total current assets | 2,837,756 |
| **PROPERTY AND EQUIPMENT:** | |
| Land | 41,382 |
| Building and improvements | 124,157 |
| Construction equipment | 444,153 |
| Other equipment | 181,717 |
| | 791,409 |
| Less accumulated depreciation | (313,783) |
| Total property and equipment, net | 477,626 |
| **GOODWILL** | 585,006 |
| **INTANGIBLE ASSETS, NET** | 92,997 |
| **OTHER ASSETS** | 45,235 |
| **TOTAL ASSETS** | $ 4,038,620 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | |
| **CURRENT LIABILITIES:** | |
| Current maturities of long-term debt | $ 85,890 |
| Accounts payable, including retainage of $258,294 | 994,016 |
| Billings in excess of costs and estimated earnings | 331,112 |
| Accrued expenses and other current liabilities | 107,925 |
| Total current liabilities | 1,518,943 |
| **LONG-TERM DEBT, less current maturities**, net of unamortized discount and debt issuance cost of $56,072 | 673,629 |
| **DEFERRED INCOME TAXES** | 131,007 |
| **OTHER LONG-TERM LIABILITIES** | 162,018 |
| **TOTAL LIABILITIES** | 2,485,597 |
| **STOCKHOLDERS' EQUITY:** | |
| Preferred stock – authorized 1,000,000 shares ($1 par value), none issued | — |
| Common stock – authorized 75,000,000 shares ($1 par value), issued and outstanding 49,211,353 shares | 49,211 |
| Additional paid-in capital | 1,075,600 |
| Retained earnings | 473,625 |
| Accumulated other comprehensive loss | (45,413) |
| **TOTAL STOCKHOLDERS' EQUITY** | 1,553,023 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 4,038,620 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(In thousands)**

| | |
|---|---|
| **Cash Flows from Operating Activities:** | |
| Net income | $ 95,822 |
| Adjustments to reconcile net income to net cash from operating activities: | |
| Depreciation | 63,759 |
| Amortization of intangible assets | 3,543 |
| Share-based compensation expense | 13,423 |
| Excess income tax benefit from share-based compensation | (269) |
| Change in debt discount and deferred debt issuance costs | 10,968 |
| Deferred income taxes | (10,169) |
| Loss on sale of property and equipment | 453 |
| Other long-term liabilities | 28,210 |
| Other non-cash items | (1,874) |
| Changes in other components of working capital | (90,530) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 113,336 |
| **Cash Flows from Investing Activities:** | |
| Acquisition of property and equipment excluding financed purchases | (15,743) |
| Proceeds from sale of property and equipment | 1,899 |
| Change in restricted cash | (4,651) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (18,495) |
| **Cash Flows from Financing Activities:** | |
| Issuance of convertible notes | 200,000 |
| Proceeds from debt | 1,353,895 |
| Repayment of debt | (1,562,684) |
| Excess income tax benefit from share-based compensation | 269 |
| Issuance of common stock and effect of cashless exercise | (584) |
| Debt issuance costs | (15,086) |
| **NET CASH USED IN FINANCING ACTIVITIES** | (24,190) |
| **Net increase in cash and cash equivalents** | 70,651 |
| **Cash and cash equivalents at beginning of year** | 75,452 |
| **Cash and cash equivalents at end of year** | $ 146,103 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(In thousands)**

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive Loss | Total |
|---|---|---|---|---|---|
| **Balance - December 31, 2015** | $ 49,073 | $ 1,035,516 | $ 377,803 | $ (42,165) | $ 1,420,227 |
| Net income | — | — | 95,822 | — | 95,822 |
| Other comprehensive loss | — | — | — | (3,248) | (3,248) |
| Tax effect of share-based compensation | — | (457) | — | — | (457) |
| Share-based compensation expense | — | 13,423 | — | — | 13,423 |
| Issuance of common stock, net | 138 | 676 | — | — | 814 |
| Convertible note proceeds allocated to conversion option, net | — | 26,442 | — | — | 26,442 |
| **Balance - December 31, 2016** | $ 49,211 | $ 1,075,600 | $ 473,625 | $ (45,413) | $ 1,553,023 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
As of and for the year ended December 31, 2016

## 1. Summary of Significant Accounting Policies

***(a) Basis of Presentation***

The accompanying consolidated financial statements have been prepared in compliance with accounting principles generally accepted in the United States of America ("GAAP") as codified in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC").

***(b) Principles of Consolidation***

The consolidated financial statements include the accounts of Tutor Perini Corporation and its wholly owned subsidiaries (the "Company"). The Company frequently forms joint ventures or partnerships with unrelated third parties for the execution of single contracts or projects. The Company assesses its joint ventures or partnerships at inception to determine if they meet the qualifications of a variable interest entity ("VIE") in accordance with ASC 810, *Consolidation*. If a joint venture or partnership is a VIE and the Company is the primary beneficiary, the joint venture or partnership is fully consolidated. For construction joint ventures that do not need to be consolidated, the Company accounts for its interest in the joint ventures using the proportionate consolidation method, whereby the Company's proportionate share of the joint ventures' assets, liabilities, revenue and cost of operations are included in the appropriate classifications in the Company's consolidated financial statements. All intercompany transactions and balances have been eliminated in consolidation.

***(c) Use of Estimates***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available through the date of the issuance of the financial statements; therefore, actual results could differ from those estimates.

***(d) Construction Contracts***

The Company and its affiliated entities recognize construction contract revenue using the percentage-of-completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. Cost of revenue includes an allocation of depreciation and amortization. Pre-contract costs are expensed as incurred. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined.

The Company generally provides limited warranties for work performed under its construction contracts with periods typically extending for a limited duration following substantial completion of the Company's work on a project. Historically, warranty claims have not resulted in material costs incurred.

The Company classifies construction-related receivables and payables that may be settled in periods exceeding one year from the balance sheet date as current, consistent with the length of time of its project operating cycle. For example:

- Costs and estimated earnings in excess of billings represent the excess of contract costs and profits (or contract revenue) over the amount of contract billings to date and are classified as a current asset.
- Billings in excess of costs and estimated earnings represent the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date and are classified as a current liability.

Costs and estimated earnings in excess of billings result when either: 1) the appropriate contract revenue amount has been recognized in accordance with the percentage-of-completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract, or 2) costs are incurred related to certain claims and unapproved change orders. Claims occur when there is a dispute regarding both a change in the scope of work and the price associated with that change. Unapproved change orders occur when a change in the scope of work results in additional work being performed before the parties have agreed on the corresponding change in the contract price. For both claims and unapproved change orders, the Company recognizes revenue, but not profit, when it is determined that recovery of incurred cost is probable and the amounts can be reliably estimated. For claims, these requirements are satisfied under ASC 605-35-25 when the contract or other evidence provides a legal basis for the claim, additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the Company's performance, claim-related costs are identifiable and considered reasonable in view of the work performed, and evidence supporting the claim or change order is objective and verifiable.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

Reported costs and estimated earnings in excess of billings as of December 31, 2016 consists of the following (in thousands):

| | |
|---|---|
| Claims | $ 477,425 |
| Unapproved change orders | 207,475 |
| Other unbilled costs and profits | 146,926 |
| Total costs and estimated earnings in excess of billings | $ 831,826 |

The prerequisite for billing claims and unapproved change orders is the final resolution and agreement between the parties. The prerequisite for billing other unbilled costs and profits is provided in the defined billing terms of each of the applicable contracts. The amount of costs and estimated earnings in excess of billings as of December 31, 2016 estimated by management to be collected beyond one year is approximately $414.7 million.

***(e) Changes in Estimates***

The Company's estimates of contract revenue and cost are highly detailed and many factors change during a contract performance period that result in a change to contract profitability. These factors include, but are not limited to, differing site conditions; availability of skilled contract labor; performance of major material suppliers and subcontractors; on-going subcontractor negotiations and buyout provisions; unusual weather conditions; changes in the timing of scheduled work; change orders; accuracy of the original bid estimate; changes in estimated labor productivity and costs based on experience to date; achievement of incentive-based income targets; and the expected, or actual, resolution terms for claims. The factors that cause changes in estimates vary depending on the maturation of the project within its lifecycle. For example, in the ramp-up phase, these factors typically consist of revisions in anticipated project costs and during the peak and close-out phases, these factors include the impact of change orders and claims as well as additional revisions in remaining anticipated project costs. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Management evaluates changes in estimates on a contract by contract basis and discloses significant changes, if material, in the notes to the consolidated financial statements. The cumulative catch-up method is used to account for revisions in estimates.

***(f) Depreciation of Property and Equipment and Amortization of Long-Lived Intangible Assets***

Property and equipment and long-lived intangible assets are depreciated or amortized on a straight-line basis over their estimated useful lives ranging from three to forty years.

***(g) Recoverability of Long-Lived Assets***

Long-lived assets are reviewed for impairment whenever circumstances indicate that the future cash flows generated by the assets might be less than the assets' net carrying value. In such circumstances, an impairment loss will be recognized by the amount the assets' net carrying value exceeds their fair value.

***(h) Recoverability of Goodwill***

The Company tests goodwill for impairment annually for each reporting unit in the fourth quarter of the fiscal year, and between annual tests if events occur or circumstances change which suggest that goodwill should be reevaluated. Such events or circumstances include significant changes in legal factors and business climate, recent losses at a reporting unit, and industry trends, among other factors. The Civil, Building and Specialty Contractors segments each represent a reporting unit. We perform our annual quantitative impairment assessment during the fourth quarter of each year using a weighted average of an income and a market approach. The income approach is based on estimated present value of future cash flows for each reporting unit. The market approach is based on assumptions about how market data relates to the Company. The weighting of these two approaches is based on their individual correlation to the economics of each reporting unit. The quantitative assessment performed in 2016 resulted in an estimated fair value for each of our reporting units that exceeded their respective net book values; therefore, no impairment charge was necessary for 2016.

***(i) Recoverability of Non-Amortizable Trade Names***

Certain trade names have an estimated indefinite life and are not amortized to earnings, but instead are reviewed for impairment annually, or more often if events occur or circumstances change which suggest that the non-amortizable trade names should be reevaluated. We perform our annual quantitative impairment assessment during the fourth quarter of each year using an income approach (relief from royalty method). The quantitative assessment performed in 2016 resulted in an estimated fair value for the non-amortizable trade names that exceeded their respective net book values; therefore, no impairment charge was necessary for 2016.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

***(j) Income Taxes***

Deferred income tax assets and liabilities are recognized for the effects of temporary differences between the financial statement carrying amounts and the income tax basis of assets and liabilities using tax rates expected to be in effect when such differences reverse. Income tax positions must meet a more-likely-than-not threshold to be recognized. The Company recognizes interest and penalties related to uncertain tax positions as a component of the income tax provision.

***(k) Earnings Per Share***

Basic EPS is calculated by dividing net income by the weighted-average number of common shares outstanding during the period. Potentially dilutive securities include restricted stock units and stock options. Diluted EPS reflects the assumed exercise or conversion of all dilutive securities using the treasury stock method. The calculations of the basic and diluted EPS for the year ended December 31, 2016 are presented below (in thousands, except per share data):

| | |
|---|---|
| Net income | $ 95,822 |
| | |
| Weighted-average common shares outstanding — basic | 49,150 |
| Effect of diluted stock options and unvested restricted stock | 714 |
| Weighted-average common shares outstanding — diluted | 49,864 |
| | |
| Net income per share: | |
| Basic | $ 1.95 |
| Diluted | $ 1.92 |
| Anti-dilutive securities not included above | 1,132 |

With regard to diluted EPS and the impact of the Convertible Notes (as discussed in Note 5) on the diluted EPS calculation, because the Company has the intent and ability to settle the principal amount of the Convertible Notes in cash, per ASC 260, *Earnings Per Share,* the settlement of the principal amount has no impact on diluted EPS. ASC 260 also requires any potential conversion premium associated with the Convertible Notes' conversion option to be considered in the calculation of diluted EPS when the Company's average stock price, as defined in the indenture governing the Convertible Notes, is higher than 130% of the Convertible Notes' conversion rate of 33.0579 (or $39.32); however, this was not the case during the year ended December 31, 2016.

***(l) Cash and Cash Equivalents and Restricted Cash***

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less when acquired. Cash and cash equivalents, as reported in the accompanying Consolidated Balance Sheet, consist of amounts held by the Company that are available for general purposes and the Company's proportionate share of amounts held by construction joint ventures that are available only for joint-venture-related uses, including future distributions to joint-venture partners. Restricted cash is primarily held to secure insurance-related contingent obligations, such as insurance claim deductibles, in lieu of letters of credit.

Cash and cash equivalents and restricted cash as of December 31, 2016 consisted of the following (in thousands):

| | |
|---|---|
| Cash and cash equivalents | $ 49,539 |
| Company's share of joint-venture cash and cash equivalents | 96,564 |
| Total cash and cash equivalents | $ 146,103 |
| | |
| Restricted cash | $ 50,504 |

***(m) Share-Based Compensation***

The Company's long-term incentive plan allows the Company to grant share-based compensation awards in a variety of forms, including restricted and unrestricted stock units and stock options. Restricted stock units and stock options generally vest subject to service and/or performance requirements, with related compensation expense equal to the fair value of the award on the date of grant and recognized on a straight-line basis over the requisite service period. Unrestricted stock units are issued to the directors as part of their annual service fee, vest immediately and are expensed over a 12-month service period.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

***(n) Insurance Liabilities***

The Company typically utilizes third party insurance coverage subject to varying deductible levels with aggregate caps on losses retained. The Company assumes the risk for the amount of the deductible portion of the losses and liabilities primarily associated with workers' compensation and general liability coverage. In addition, on certain projects, the Company assumes the risk for the amount of the deductible portion of losses that arise from any subcontractor defaults. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of insurance liability within the deductible limits includes an estimate of incurred but not reported claims based on data compiled from historical experience.

***(o) Other Comprehensive Income (Loss)***

ASC 220, *Comprehensive Income*, establishes standards for reporting and displaying comprehensive income and its components in the consolidated financial statements. The Company reports the change in pension benefit plans assets/liabilities, cumulative foreign currency translation, change in fair value of investments and change in fair value of interest rate swap as components of accumulated other comprehensive loss ("AOCI").

The tax effects of the components of other comprehensive loss for the year ended December 31, 2016 are as follows (in thousands):

| | Before-Tax Amount | Tax Benefit | Net-of-Tax Amount |
|---|---|---|---|
| Other comprehensive loss: | | | |
| Defined benefit pension plan adjustments | $ (4,452) | $ 1,829 | $ (2,623) |
| Foreign currency translation adjustment | (439) | 178 | (261) |
| Unrealized loss in fair value of investments | (576) | 236 | (340) |
| Unrealized loss in fair value of interest rate swap | (45) | 21 | (24) |
| Total other comprehensive loss | $ (5,512) | $ 2,264 | $ (3,248) |

The changes in AOCI balances by component (after-tax) for the year ended December 31, 2016 are as follows (in thousands):

| | Defined Benefit Pension Plan | Foreign Currency Translation | Unrealized Gain (Loss) in Fair Value of Investments | Unrealized Gain (Loss) in Fair Value of Interest Rate Swap | Accumulated Other Comprehensive Loss |
|---|---|---|---|---|---|
| Balance as of December 31, 2015 | $ (38,242) | $ (4,603) | $ 656 | $ 24 | $ (42,165) |
| Other comprehensive loss before reclassifications | (3,722) | (261) | (340) | (24) | (4,347) |
| Amounts reclassified from AOCI | 1,099 | — | — | — | 1,099 |
| Balance as of December 31, 2016 | $ (40,865) | $ (4,864) | $ 316 | $ — | $ (45,413) |

The significant items reclassified out of AOCI during the year ended December 31, 2016 and the corresponding location and impact on the Consolidated Statement of Operations are as follows (in thousands):

| Component of AOCI: | Location in Consolidated Statement of Operations | |
|---|---|---|
| Defined benefit pension plan adjustments | Various accounts | $ 1,745 |
| Income tax benefit | Provision for income taxes | (646) |
| Net of tax | | $ 1,099 |

***(p) New Accounting Pronouncements***

In May 2014, the FASB issued new accounting guidance which amended the existing accounting standards for revenue recognition. The new accounting guidance establishes principles for recognizing revenue upon the transfer of promised goods or services to customers, in an amount that reflects the expected consideration to be received in exchange for those goods or services. The guidance will be effective for the Company as of January 1, 2018. The amendments may be applied retrospectively to each prior period presented or with the cumulative effect recognized as of the date of initial application (modified retrospective method). The Company is currently reviewing contracts within types of projects in order to determine the impact, if any, the adoption of this ASU will have on its consolidated financial statements. A number of industry-specific implementation issues are still unresolved and the final resolution

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

of certain of these issues could impact the Company's current accounting policies and/or revenue recognition patterns. The Company currently expects to adopt this new standard using the modified retrospective method.

In January 2017, The FASB issued ASU 2017-04, *Intangibles-Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment.* This ASU simplifies the calculation of goodwill impairment by eliminating Step 2 of the impairment test prescribed by ASC 350. Step 2 requires companies to calculate the implied fair value of their goodwill by estimating the fair value of their assets, other than goodwill, and liabilities, including unrecognized assets and liabilities, following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. The calculated net fair value of the assets would then be compared to the fair value of the reporting unit to determine the implied fair value of goodwill, and to the extent that the carrying value of goodwill was less than the implied fair value, a loss would be recognized. Under ASU 2017-04, however, goodwill is impaired when the calculated fair value of a reporting unit is less than its carrying value, and the impairment charge will equal that difference; i.e., impairment will be calculated at the reporting unit level and there will be no need to estimate the fair value of individual assets and liabilities. This guidance will be effective for the Company for any goodwill impairment tests performed in fiscal years beginning after December 15, 2019, however, early adoption is permitted for tests performed on testing dates after January 1, 2017. The Company does not expect the adoption of this ASU to have a material impact on its consolidated financial statements.

In the first quarter of 2016, the Company adopted ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30)* and applied the guidance retrospectively. This ASU requires companies to present, in the balance sheet, debt issuance costs related to a recognized debt liability as a direct deduction from the carrying amount of that debt liability, consistent with the presentation of debt discounts. In addition, the amortization of debt discounts is required to be presented as a component of interest expense.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic-842),* which amends the existing guidance in ASC 840 *Leases*. This amendment requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases. Other significant provisions of the amendment include (i) defining the "lease term" to include the non-cancellable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease payments that depend on an index or that are in substance "fixed"; and (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset's economic benefits. This guidance will be effective for the Company as of January 1, 2019 and will be applied using the modified retrospective transition method for existing leases. The Company is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

In the fourth quarter of 2016, the Company elected to early adopt ASU 2015-17, *Balance Sheet Classification of Deferred Taxes (Subtopic 740-10)*, as allowed for by the guidance. This ASU requires entities to present all deferred tax assets and all deferred tax liabilities as noncurrent in a classified balance sheet. The Company applied the guidance retrospectively.

## 2. Consolidated Statement of Cash Flows

Below are the changes in other components of working capital, as shown in the Consolidated Statement of Cash Flows, and the supplemental disclosure of cash paid for interest and income taxes during the year ended December 31, 2016 (in thousands):

| | |
|---|---|
| Decrease (Increase) in: | |
| Accounts receivable | $ (269,900) |
| Costs and estimated earnings in excess of billings | 73,349 |
| Other current assets | 39,480 |
| Increase (Decrease) in: | |
| Accounts payable | 56,552 |
| Billings in excess of costs and estimated earnings | 42,926 |
| Accrued expenses | (32,937) |
| Changes in other components of working capital | $ (90,530) |
| | |
| Cash paid during the year for: | |
| Interest | $ 47,403 |
| Income taxes | $ 26,908 |

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

### 3. Fair Value Measurements

The fair value hierarchy established by ASC 820, *Fair Value Measurement*, prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1 — quoted prices in active markets for identical assets and liabilities
Level 2 — inputs other than Level 1 inputs that are observable, either directly or indirectly
Level 3 — unobservable inputs

The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2016 (in thousands):

| | | Fair Value Hierarchy | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| **Assets:** | | | | |
| Cash and cash equivalents [a] | $ 146,103 | $ 146,103 | $ — | $ — |
| Restricted cash [a] | 50,504 | 50,504 | — | — |
| Investments in lieu of customer retainage [b] | 51,266 | 46,855 | 4,411 | — |
| Total | $ 247,873 | $ 243,462 | $ 4,411 | $ — |

(a) Cash, cash equivalents and restricted cash consists primarily of money market funds with original maturity dates of three months or less measured using quoted market prices.
(b) Investments in lieu of customer retainage are classified as accounts receivable and are comprised of money market funds, U.S. Treasury Notes and other municipal bonds, the majority of which are rated Aa3 or better. The fair value of money market funds is measured using quoted market prices; therefore they are classified as Level 1 assets. The fair values of the U.S. Treasury Notes and municipal bonds are measured using readily available pricing sources for comparable instruments; therefore, they are classified as Level 2 assets.

The Company did not have material transfers between Levels 1 and 2 for either financial assets or liabilities during the year ended December 31, 2016.

The carrying values of receivables, payables, other amounts arising out of normal contract activities, including retainage, which may be settled beyond one year, are estimated to approximate fair value. Of the Company's long-term debt, the fair value of the 2010 Notes as of December 31, 2016 was $302.6 million and the fair value of the Convertible Notes was $228.4 million as of December 31, 2016; the fair values were determined using Level 1 inputs, specifically current observable market prices. The reported value of the Company's remaining long-term debt at December 31, 2016 approximates fair value.

The fair value of the liability component of the Convertible Notes as of the issuance date of June 15, 2016 was $153.2 million, which was determined using a binomial lattice approach based on Level 2 inputs, specifically quoted prices in active markets for similar debt instruments that do not have a conversion feature. See Note 5 for additional information related to the Company's Convertible Notes.

### 4. Goodwill and Other Intangible Assets

As of December 31, 2016, the Company had $585.0 million of goodwill allocated to its reporting units as follows: Civil, $415.3 million; Building, $13.5 million; and Specialty Contractors, $156.2 million. The balances presented include historical accumulated impairment of $76.7 million for the Civil segment and $411.3 million for the Building segment.

In addition, as of December 31, 2016, the Company had the following: (1) non-amortizable trade names with a carrying value of $50.4 million; (2) amortizable trade names with a gross carrying value of $51.1 million and accumulated amortization of $13.8 million; and (3) amortizable customer relationships with a gross carrying value of $23.2 million and accumulated amortization of $17.9 million.

Amortization expense related to amortizable intangible assets for the year ended December 31, 2016 totaled $3.5 million. Future amortization expense related to amortizable intangible assets will be approximately $3.5 million per year for the years 2017 through 2021.

The weighted-average amortization period for amortizable trade names and customer relationships is 20 years and 12 years, respectively.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

## 5. Financial Commitments

### *Long-Term Debt*

Long-term debt as of December 31, 2016 consists of the following (in thousands):

| | |
|---|---|
| Term Loan | $ 54,650 |
| 2014 Revolver | 147,990 |
| 2010 Notes | 298,120 |
| Convertible Notes | 152,668 |
| Equipment financing and mortgages | 101,558 |
| Other indebtedness | 4,533 |
| Total debt | 759,519 |
| Less – current maturities | (85,890) |
| Long-term debt, net | $ 673,629 |

The following table reconciles the outstanding debt balance to the reported debt balances as of December 31, 2016 (in thousands):

| | As of December 31, 2016 | | |
|---|---|---|---|
| | Outstanding Long-Term Debt | Unamortized Discount and Issuance Cost | Long-Term Debt, as reported |
| Term Loan | $ 57,000 | $ (2,350) | $ 54,650 |
| 2014 Revolver | 152,500 | (4,510) | 147,990 |
| 2010 Notes | 300,000 | (1,880) | 298,120 |
| Convertible Notes | 200,000 | (47,332) | 152,668 |

*2014 Credit Facility*

On June 5, 2014, the Company entered into a Sixth Amended and Restated Credit Agreement (the “Original Facility,” with subsequent amendments discussed herein, the “2014 Credit Facility”) with Bank of America, N.A. as Administrative Agent, Swing Line Lender and L/C Issuer and a syndicate of other lenders. The 2014 Credit Facility provides for a $300 million revolving credit facility (the “2014 Revolver”), a $250 million Term Loan (the “Term Loan”) and a sublimit for the issuance of letters of credit up to the aggregate amount of $150 million, all maturing on May 1, 2018. Borrowings under both the 2014 Revolver and the Term Loan bear interest based on either on Bank of America’s prime lending rate or the London Interbank Offered Rate (“LIBOR”), each plus an applicable margin ranging from 1.25% to 3.00% contingent upon the latest Consolidated Leverage Ratio.

During the first half of 2016, the Company entered into two amendments to the Original Facility (the “Amendments”): Waiver and Amendment No. 1, entered into on February 26, 2016 (“Amendment No. 1”), and Consent and Amendment No. 2, entered into on June 8, 2016 (“Amendment No. 2”). In Amendment No. 1, the lenders waived the Company’s violation of its consolidated leverage ratio covenant and consolidated fixed charge coverage ratio covenant. These violations were the result of the Company’s financial results for the year ended December 31, 2015, which included the previously reported $23.9 million non-cash, pre-tax charge related to an adverse ruling on the Brightwater litigation matter in the third quarter of 2015, as well as $45.6 million of pre-tax charges in the third and fourth quarters of 2015 for various Five Star Electric projects. In Amendment No. 2, the lenders consented to the issuance of the Convertible Notes subject to certain conditions, including the prepayment of $125 million on the Term Loan and the paydown of $69 million on the 2014 Revolver, and consented to a potential sale transaction of one of the Company’s business units in its Building segment, which the Company later decided not to sell.

In addition to the Amendments’ provisions discussed above, the Amendments also modified other provisions and added new provisions to the Original Facility, and Amendment No. 2 superseded and modified some of the provisions of Amendment No. 1. The following reflects the more significant changes to the Original Facility and the results of the Amendments that are now reflected in the 2014 Credit Facility. Unless otherwise noted, the changes below were primarily the result of Amendment No. 1: (1) The Company may utilize LIBOR-based borrowings. (Amendment No. 1 precluded the use of LIBOR-based borrowings until the Company filed its compliance certificate for the fourth quarter of 2016; however, Amendment No. 2 negated this preclusion.) (2) The Company is subject to an increased rate on borrowings, with such rate being 100 basis points higher than the highest rate under the Original Facility if the Company’s consolidated leverage ratio is greater than 3.50:1.00 but not more than 4.00:1.00, and an additional 100 basis points higher if the Company’s consolidated leverage ratio is greater than 4.00:1.00. (3) The Company will be subject to increased commitment fees if the Company’s consolidated leverage ratio is greater than 3.50:1.00. (4) The impact of the Brightwater litigation matter in the third quarter of 2015 is to be excluded from the calculation of the Company’s consolidated leverage ratio and

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

consolidated fixed charge coverage ratio covenants. (5) Interest payments are due on a monthly basis; however, if the Company is in compliance with its consolidated leverage ratio and consolidated fixed charge coverage ratio covenants provided in the Original Facility as of December 31, 2016, the timing of interest payments will revert to the terms of the Original Facility. As of December 31, 2016, the Company is in compliance with its consolidated leverage ratio and consolidated fixed charge coverage ratio covenants provided in the Original Facility and the timing of our interest payments reverted back to the terms of the Original Facility, quarterly for the Term Loan and base rate borrowings and upon maturity for Eurodollar borrowings. (6) The accordion feature of the Original Facility, which would have allowed either an increase of $300 million in the 2014 Revolver or the establishment of one or more new term loan commitments, is no longer available. (7) The Company's maximum allowable consolidated leverage ratio was increased to 4.25:1.00 for the first, second and third quarters of 2016 after which it returns to the Original Facility's range of 3.25:1.00 to 3.00:1.00. (Amendment No. 1 increased the Company's maximum allowable consolidated leverage ratio covenant requirements to 4.25:1.00 for the first quarter of 2016 and 4.0:1.0 for the second and third quarters of 2016. Amendment No. 2 increased the maximum allowable consolidated leverage ratio covenant requirements to 4.25:1.00 for the second and third quarters of 2016.) (8) The Company is subject to additional covenants regarding its liquidity, including a cap on the cash balance in the Company's bank account and a weekly minimum liquidity requirement (based on specified available cash balances and availability under the 2014 Revolver). (9) The Company is required to achieve certain cumulative quarterly cash collection milestones, which were eased somewhat in Amendment No. 2. (10) The Company is required to make additional quarterly principal payments, which will be applied to the Term Loan balloon payment, with some of the payments based on a percentage of certain forecasted cash collections for the prior quarter. This change was effective in the fourth quarter of 2016. (11) The lenders' collateral package was increased by pledging to the lenders (i) the equity interests of each direct domestic subsidiary of the Company and (ii) 65% of the stock of each material first-tier foreign restricted subsidiary of the Company. (12) The 2014 Credit Facility will now mature on May 1, 2018, as opposed to June 5, 2019, the maturity date of the Original Facility.

As of December 31, 2016, there was $147.3 million available under the 2014 Revolver and the Company had utilized the 2014 Credit Facility for letters of credit in the amount of $0.2 million. The Company was in compliance with the financial covenants under the 2014 Credit Facility for the period ended December 31, 2016. As of December 31, 2016, the effective interest rate on the Term Loan and the 2014 Revolver was 4.68% and 5.05%, respectively.

*2010 Senior Notes*

In October 2010, the Company issued $300 million of 7.625% Senior Notes due November 1, 2018 (the "2010 Notes") in a private placement offering. Interest on the 2010 Notes is payable semi-annually on May 1 and November 1 of each year. The Company may redeem the 2010 Notes at par beginning on November 1, 2016, which was not exercised as of December 31, 2016. At the date of any redemption, any accrued and unpaid interest would also be due.

*Convertible Notes*

On June 15, 2016, the Company issued $200 million of 2.875% Convertible Senior Notes due June 15, 2021 (the "Convertible Notes") in a private placement offering.

To account for the Convertible Notes, the Company applied the provisions of ASC 470-20, *Debt with Conversion and Other Options*. ASC 470-20 requires issuers of certain convertible debt instruments that may be settled in cash upon conversion to separately account for the liability (debt) and equity (conversion option) components of the instrument in a manner that reflects the issuer's nonconvertible debt borrowing rate. This is done by allocating the proceeds from issuance to the liability component based on the fair value of the debt instrument excluding the conversion feature, with the residual allocated to the equity component and classified in additional paid in capital. The $46.8 million difference between the principal amount of the Convertible Notes ($200.0 million) and the proceeds allocated to the liability component ($153.2 million) is treated as a discount on the Convertible Notes. This difference is being amortized as non-cash interest expense using the interest method, as discussed below under *Interest Expense*. The equity component, however, is not subject to amortization nor subsequent remeasurement.

In addition, ASC 470-20 requires that the debt issuance costs associated with a convertible debt instrument be allocated between the liability and equity components in proportion to the allocation of the debt proceeds between these two components. The debt issuance costs attributable to the liability component of the Convertible Notes ($5.1 million) are also treated as a discount on the Convertible Notes and amortized as non-cash interest expense. The debt issuance costs attributable to the equity component ($1.5 million) were netted with the equity component and will not be amortized.

The following table presents information related to the liability and equity components of the Convertible Notes as of December 31, 2016 (in thousands):

| | |
|---|---|
| Liability component: | |
| Principal | $ 200,000 |
| Conversion feature | (46,800) |
| Allocated debt issuance costs | (5,051) |
| Amortization of discount and debt issuance costs (non-cash interest expense) | 4,519 |
| Net carrying amount | $ 152,668 |
| Equity component: | |
| Conversion feature | $ 46,800 |
| Allocated debt issuance costs | (1,543) |
| Net deferred tax liability | (18,815) |
| Net carrying amount | $ 26,442 |

The Convertible Notes, governed by the terms of an indenture between the Company and Wilmington Trust, National Association, as trustee, are unsecured obligations and do not contain any financial covenants or restrictions on the payments of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Company. The Convertible Notes bear interest at a rate of 2.875% per year, payable in cash semiannually in June and December.

Prior to January 15, 2021, the Convertible Notes will be convertible only under the following circumstances: (1) during the five business day period after any ten consecutive trading day period in which the trading price per $1,000 principal amount of Convertible Notes for such trading day was less than 98% of the product of the last reported sale price of our common stock and the conversion rate on each such trading day; (2) during any calendar quarter commencing after the calendar quarter ending on September 30, 2016, if the last reported sale price of the common stock for at least 20 trading days (whether or not consecutive) during a period of 30 consecutive trading days ending on the last trading day of the immediately preceding calendar quarter is greater than or equal to 130% of the conversion rate of 33.0579 (or $39.32), on each applicable trading day; or (3) upon the occurrence of specified corporate events. On or after January 15, 2021 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert all or any portion of their notes, in multiples of $1,000 principal amount, at the option of the holder regardless of the foregoing circumstances.

The Convertible Notes will be convertible at an initial conversion rate of 33.0579 shares of the Company's common stock per $1,000 principal amount of the Convertible Notes, which is equivalent to an initial conversion price of approximately $30.25. The conversion rate will be subject to adjustment for some events but will not be adjusted for any accrued and unpaid interest. In addition, following certain corporate events that occur prior to the maturity date, the Company is required to increase, in certain circumstances, the conversion rate for a holder who elects to convert their Convertible Notes in connection with such a corporate event including customary conversion rate adjustments in connection with a "make-whole fundamental change" described in the indenture. Upon conversion, and at the Company's election, the Company may satisfy its conversion obligation by paying or delivering, as applicable, cash, shares of its common stock or a combination of cash and shares of its common stock. As of December 31, 2016, none of the conversion provisions of the Convertible Notes have been triggered.

*Equipment Financing and Mortgages*

The Company has certain loans entered into for the purchase of specific property, plant and equipment and secured by the assets purchased. The aggregate balance of equipment financing loans was approximately $84.9 million at December 31, 2016 with interest rates ranging from 1.90% to 5.93% with equal monthly installment payments over periods up to ten years with additional balloon payments of $12.4 million in 2021 and $6.3 million in 2022 on the remaining loans outstanding at December 31, 2016. The aggregate balance of mortgage loans was approximately $16.7 million at December 31, 2016 with interest rates ranging from a fixed 2.50% to LIBOR plus 3% and equal monthly installment payments over periods up to seven years with additional balloon payments of $2.6 million in 2018, $2.9 million in 2021 and $6.7 million in 2023.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
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The following table presents the future principal payments required under all of the Company's debt obligations, discussed above, including the terms of the Amendments (in thousands).

| **Year** | |
|---|---|
| 2017 | $ 85,890 |
| 2018 | 478,583 |
| 2019 | 12,294 |
| 2020 | 5,378 |
| 2021 | 218,923 |
| Thereafter | 14,523 |
| | 815,591 |
| Less: Unamortized Discount and Issuance Cost | (56,072) |
| Total | $ 759,519 |

*Interest Expense*

Interest Expense as reported in the Consolidated Statement of Operations for the year ended December 31, 2016 consists of the following (in thousands):

| | |
|---|---|
| **Cash interest expense:** | |
| Interest on 2014 Credit Facility | $ 19,201 |
| Interest on 2010 Senior Notes | 22,875 |
| Interest on Convertible Notes | 3,115 |
| Other interest | 3,623 |
| **Total cash interest expense** | 48,814 |
| **Non-cash interest expense:**[(a)] | |
| Amortization of debt issuance costs on 2014 Credit Facility | 5,447 |
| Amortization of discount and debt issuance costs on 2010 Senior Notes | 1,002 |
| Amortization of discount and debt issuance costs on Convertible Notes | 4,519 |
| **Total non-cash interest expense** | 10,968 |
| **Total cash and non-cash interest expense** | $ 59,782 |

(a) Non-cash interest expense produces effective interest rates that are higher than contractual rates; accordingly, the effective interest rates for the 2014 Credit Facility, the 2010 Senior Notes and the Convertible Notes are 9.86%, 7.99% and 9.39%, respectively.

***Leases***

The Company leases certain construction equipment, vehicles and office space under non-cancellable operating leases, with future minimum rent payments as of December 31, 2016 as follows (in thousands):

| **Year** | |
|---|---|
| 2017 | $ 22,950 |
| 2018 | 13,612 |
| 2019 | 9,983 |
| 2020 | 7,417 |
| 2021 | 5,455 |
| Thereafter | 19,260 |
| | 78,677 |
| Less - Sublease rental agreements | (3,150) |
| Total | $ 75,527 |

Rental expense under operating leases of construction equipment, vehicles and office space was $28.2 million in 2016.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

## 6. Income Taxes

Income before taxes for the year ended December 31, 2016 is summarized as follows (in thousands):

| | |
|---|---|
| United States Operations | $ 128,072 |
| Foreign Operations | 21,043 |
| Total | $ 149,115 |

The provision for income taxes for the year ended December 31, 2016 is as follows (in thousands):

| | |
|---|---|
| Current expense: | |
| Federal | $ 43,850 |
| State | 13,039 |
| Foreign | 6,573 |
| Total current | 63,462 |
| Deferred (benefit) expense: | |
| Federal | (3,054) |
| State | (5,302) |
| Foreign | (1,813) |
| Total deferred | (10,169) |
| Total provision | $ 53,293 |

The following table is a reconciliation of the Company's provision for income taxes at the statutory rates to the provision for income taxes at the Company's effective rate for the year ended December 31, 2016 (dollars in thousands).

| | Amount | Rate |
|---|---|---|
| **Federal income expense at statutory tax rate** | $ 52,190 | 35.0 % |
| State income taxes, net of federal tax benefit | 5,972 | 4.0 |
| Officers' compensation | 3,807 | 2.6 |
| Domestic Production Activities Deduction | (4,018) | (2.7) |
| Impact of state tax rate changes on deferred taxes | (1,358) | (0.9) |
| Other | (3,300) | (2.3) |
| **Provision for income taxes** | $ 53,293 | 35.7 % |

The Company's provision for income taxes and effective tax rate for the year ended December 31, 2016 were significantly impacted by rate changes associated with shifts of revenue affecting state apportionment as well as various return-to-provision and depreciation adjustments. The decrease in the state rate was applied to deferred tax balances, which further decreased the effective rate.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

The following is a summary of the significant components of the deferred tax assets and liabilities as of December 31, 2016 (in thousands):

| | |
|---|---|
| **Deferred Tax Assets** | |
| Timing of expense recognition | $ 36,055 |
| Net operating losses | 10,140 |
| Other, net | 33,507 |
| Deferred tax assets | 79,702 |
| Valuation allowance | (460) |
| Net deferred tax assets | 79,242 |
| **Deferred Tax Liabilities** | |
| Intangible assets, due primarily to purchase accounting | (34,679) |
| Fixed assets, due primarily to purchase accounting | (107,081) |
| Construction contract accounting | (12,564) |
| Joint ventures - construction | (29,609) |
| Other | (24,970) |
| Deferred tax liabilities | (208,903) |
| Net deferred tax liability | $ (129,661) |

The net deferred tax liability as of December 31, 2016 is presented in the Consolidated Balance Sheet as follows (in thousands):

| | |
|---|---|
| Deferred tax asset | $ 1,346 |
| Deferred tax liability | (131,007) |
| Net deferred tax liability | $ (129,661) |

The Company had a valuation allowance of $0.5 million as of December 31, 2016 for federal and state capital loss carryforwards as the ultimate utilization of this item was not likely.

The Company has not provided for deferred income taxes or foreign withholding tax on basis differences in its non-U.S. subsidiaries that result from undistributed earnings aggregating $19.7 million which the Company has the intent and the ability to reinvest in its foreign operations. Generally, the U.S. income taxes imposed upon repatriation of undistributed earnings would be reduced by foreign tax credits from foreign income taxes paid on the earnings. Determination of the deferred income tax liability on these basis differences is not reasonably estimable because such liability, if any, is dependent on circumstances existing if and when remittance occurs.

The Company's policy is to record interest and penalties on unrecognized tax benefits as an element of income tax expense. The cumulative amounts related to interest and penalties are added to the total unrecognized tax liabilities on the balance sheet. The total amount of gross unrecognized tax benefits as of December 31, 2016 that, if recognized, would affect the effective tax rate is $7.6 million. During 2016, the Company recognized a net increase of $4.0 million in liabilities. The Company does not expect any significant release of unrecognized tax benefits within the next twelve months.

The Company accounts for its uncertain tax positions in accordance with GAAP. A reconciliation of the beginning and ending amounts of these tax benefits for the year ended December 31, 2016 is as follows (in thousands):

| | |
|---|---|
| Beginning balance | $ 3,612 |
| Change in tax positions of prior years | 3,543 |
| Change in tax positions of current year | 419 |
| Reduction in tax positions for statute expirations | — |
| Ending Balance | $ 7,574 |

We conduct business internationally and, as a result, one or more of our subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, we are subject to examination by taxing authorities principally throughout the United States, Guam and Canada. We are no longer under examination by the taxing authority regarding any U.S. federal income tax returns for years before 2011 while the years open for examination under various state and local jurisdictions vary.

## 7. Contingencies and Commitments

The Company and certain of its subsidiaries are involved in litigation and are contingently liable for commitments and performance guarantees arising in the ordinary course of business. The Company and certain of its customers have made claims arising from the performance under their contracts. The Company recognizes certain significant claims for recovery of incurred cost when it is probable that the claim will result in additional contract revenue and when the amount of the claim can be reliably estimated. These assessments require judgments concerning matters such as litigation developments and outcomes, the anticipated outcome of negotiations, the number of future claims and the cost of both pending and future claims. In addition, because most contingencies are resolved over long periods of time, assets and liabilities may change in the future due to various factors. Management believes that, based on current information and discussions with the Company's legal counsel, the ultimate resolution of these matters is not expected to have a material adverse effect on the Company's financial position, results of operations, or cash flows.

Several matters are in the litigation and dispute resolution process. The following discussion provides a background and current status of the more significant matters.

### Long Island Expressway/Cross Island Parkway Matter

The Company reconstructed the Long Island Expressway/Cross Island Parkway Interchange project for the New York State Department of Transportation (the "NYSDOT"). The $130 million project was substantially completed in January 2004 and was accepted by the NYSDOT as complete in February 2006. The Company incurred significant added costs in completing its work and suffered extended schedule costs due to numerous design errors, undisclosed utility conflicts, lack of coordination with local agencies and other interferences for which the Company believes the NYSDOT is responsible.

In March 2011, the Company filed its claim and complaint with the New York State Court of Claims and served to the New York State Attorney General's Office, seeking damages in the amount of $53.8 million. In May 2011, the NYSDOT filed a motion to dismiss the Company's claim on the grounds that the Company had not provided required documentation for project closeout and filing of a claim. In September 2011, the Company reached agreement on final payment with the Comptroller's Office on behalf of the NYSDOT which resulted in an amount of $0.5 million payable to the Company and formally closed out the project allowing the Company to re-file its claim. The Company re-filed its claim in the amount of $53.8 million with the NYSDOT in February 2012 and with the Court of Claims in March 2012. In May 2012, the NYSDOT served its answer and counterclaims in the amount of $151 million alleging fraud in the inducement and punitive damages related to disadvantaged business enterprise ("DBE") requirements for the project. The Court subsequently ruled that NYSDOT's counterclaims may only be asserted as a defense and offset to the Company's claims and not as affirmative claims. In November 2014, the Appellate Division First Department affirmed the dismissal of the City's affirmative defenses and affirmative counterclaims based on DBE fraud. The Company does not expect the counterclaims to have any material effect on its consolidated financial statements.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

### Fontainebleau Matter

Desert Mechanical Inc. ("DMI") and Fisk Electric Company ("Fisk"), wholly owned subsidiaries of the Company, were subcontractors on the Fontainebleau Project in Las Vegas ("Fontainebleau"), a hotel/casino complex with approximately 3,800 rooms. In June 2009, Fontainebleau filed for bankruptcy protection, under Chapter 11 of the U.S. Bankruptcy Code, in the Southern District of Florida. Fontainebleau is headquartered in Miami, Florida.

DMI and Fisk filed liens in Nevada for approximately $44 million, representing unreimbursed costs to date and lost profits, including anticipated profits. Other unaffiliated subcontractors have also filed liens. In June 2009, DMI filed suit against Turnberry West Construction, Inc., the general contractor, in the 8th Judicial District Court, Clark County, Nevada (the "District Court"), and in May 2010, the court entered an order in favor of DMI for approximately $45 million.

In January 2010, the Bankruptcy Court approved the sale of the property to Icahn Nevada Gaming Acquisition, LLC, and this transaction closed in February 2010. As a result of a July 2010 ruling relating to certain priming liens, there was approximately $125 million set aside from this sale, which is available for distribution to satisfy the creditor claims based on seniority. At that time, the total estimated sustainable lien amount was approximately $350 million. The project lender filed suit against the mechanic's lien claimants, including DMI and Fisk, alleging that certain mechanic's liens are invalid and that all mechanic's liens are subordinate to the lender's claims against the property. The Nevada Supreme Court ruled in October 2012 in an advisory opinion at the request of the Bankruptcy Court that lien priorities would be determined in favor of the mechanic lien holders under Nevada law.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
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In October 2013, a settlement was reached by and among the Statutory Lienholders and the other interested parties. The Bankruptcy Court appointed a mediator to facilitate the execution of that settlement agreement. Settlement discussions are ongoing.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

**Honeywell Street/Queens Boulevard Bridges Matter**

In 1999, the Company was awarded a contract for reconstruction of the Honeywell Street/Queens Boulevard Bridges project for the City of New York (the "City"). In June 2003, after substantial completion of the project, the Company initiated an action to recover $8.8 million in claims against the City on behalf of itself and its subcontractors. In March 2010, the City filed counterclaims for $74.6 million and other relief, alleging fraud in connection with the DBE requirements for the project. In May 2010, the Company served the City with its response to the City's counterclaims and affirmative defenses. In August 2013, the Court granted the Company's motion to dismiss the City's affirmative defenses and counterclaims relating to fraud.

In January 2017, the Court granted the City's motion for summary judgment and dismissed the Company's claim against the City of New York. The Company has filed a notice of appeal. The Court also granted the Company's motion for summary judgment for release of retention plus interest from 2010 for an aggregate amount of approximately $1.1 million.

The Company does not expect ultimate resolution of this matter to have any material effect on its consolidated financial statements.

**Westgate Planet Hollywood Matter**

Tutor-Saliba Corporation ("TSC"), a wholly owned subsidiary of the Company, contracted to construct a timeshare development project in Las Vegas which was substantially completed in December 2009. The Company's claims against the owner, Westgate Planet Hollywood Las Vegas, LLC ("WPH"), relate to unresolved owner change orders and other claims. The Company filed a lien on the project in the amount of $23.2 million, and filed its complaint with the District Court, Clark County, Nevada. Several subcontractors have also recorded liens, some of which have been released by bonds and some of which have been released as a result of subsequent payment. WPH has posted a mechanic's lien release bond for $22.3 million.

WPH filed a cross-complaint alleging non-conforming and defective work for approximately $51 million, primarily related to alleged defects, misallocated costs, and liquidated damages. WPH revised the amount of their counterclaims to approximately $45 million.

Following multiple post-trial motions, final judgment was entered in this matter on March 20, 2014. TSC was awarded total judgment in the amount of $19.7 million on its breach of contract claim, which includes an award of interest up through the date of judgment, plus attorney's fees and costs. WPH has paid $0.6 million of that judgment. WPH was awarded total judgment in the amount of $3.1 million on its construction defect claims, which includes interest up through the date of judgment. The awards are not offsetting. WPH and its Sureties have filed a notice of appeal. TSC has filed a notice of appeal on the defect award. In July 2014, the Court ordered WPH to post an additional supersedeas bond on appeal, in the amount of $1.7 million, in addition to the lien release bond of $22.3 million, which increases the security up to $24.0 million. The Nevada Supreme Court has not yet ruled on this matter.

The Company does not expect ultimate resolution of this matter to have any material effect on its consolidated financial statements. Management has made an estimate of the total anticipated recovery on this project and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

**U.S. Department of Commerce, National Oceanic and Atmospheric Administration Matter**

Rudolph and Sletten, Inc. ("R&S"), a wholly owned subsidiary of the Company, entered into a contract with the United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") for the construction of a 287,000 square-foot facility for NOAA's Southwest Fisheries Science Center Replacement Headquarters and Laboratory in La Jolla, California. The contract work began on May 24, 2010, and was substantially completed in September 2012. R&S incurred significant additional costs as a result of a design that contained errors and omissions, NOAA's unwillingness to correct design flaws in a timely fashion and a refusal to negotiate the time and pricing associated with change order work.

R&S has filed three certified claims against NOAA for contract adjustments related to the unresolved Owner change orders, delays, design deficiencies and other claims. The First Certified Claim was submitted on August 20, 2013, in the amount of $26.8 million

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
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("First Certified Claim") and the Second Certified Claim was submitted on October 30, 2013, in the amount of $2.6 million ("Second Certified Claim") and the Third Certified Claim was submitted on October 1, 2014 in the amount of $0.7 million ("Third Certified Claim").

NOAA requested an extension to issue a decision on the First Certified Claim and on the Third Certified Claim, but did not request an extension of time to review the Second Certified Claim. On January 6, 2014, R&S filed suit in the United States Federal Court of Claims on the Second Certified Claim plus interest and attorney's fees and costs. This was followed by a submission of a lawsuit on the First Certified Claim on July 31, 2014. In February 2015, the Court denied NOAA's motion to dismiss the Second Certified Claim. In March 2015, the Contracting Officer issued decisions on all Claims accepting a total of approximately $1.0 million of claims and denying approximately $29.5 million of claims. On April 14, 2015, the Court consolidated the cases. Trial is scheduled to commence in December 2017.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

**Five Star Electric Matter**

In the third quarter of 2015, Five Star Electric Corp. ("Five Star"), a subsidiary of the Company that was acquired in 2011, entered into a tolling agreement related to an ongoing investigation being conducted by the United States Attorney for the Eastern District of New York ("USAO EDNY"). The tolling agreement extended the statute of limitations to avoid the expiration of any unexpired statute of limitations while the investigation is pending. Five Star has been cooperating with the USAO EDNY since late June 2014, when it was first made aware of the investigation, and has been providing information related to its use of certain minority-owned, women-owned, small and disadvantaged business enterprises and, in addition, most recently, information regarding certain of Five Star's employee compensation, benefit and tax practices. The investigation covers the period of 2005-2014.

The Company cannot predict the ultimate outcome of the investigation and cannot accurately estimate any potential liability that Five Star or the Company may incur or the impact of the results of the investigation on Five Star or the Company.

**Alaskan Way Viaduct Matter**

In January 2011, Seattle Tunnel Partners ("STP"), a joint venture between Dragados USA, Inc. and the Company, entered into a design-build contract with the Washington State Department of Transportation ("WSDOT") for the construction of a large diameter bored tunnel in downtown Seattle, King County, Washington to replace the Alaskan Way Viaduct, also known as State Route 99.

The construction of the large diameter bored tunnel requires the use of a tunnel boring machine ("TBM"). In December 2013, the TBM struck a steel pipe, installed by WSDOT as a well casing for an exploratory well. The TBM was damaged and was required to be shut down for repair. STP has asserted that the steel pipe casing was a differing site condition that WSDOT failed to properly disclose. The Disputes Review Board mandated by the contract to hear disputes issued a decision finding the steel casing was a Type I differing site condition. WSDOT has not accepted that finding.

The TBM is insured under a Builder's Risk Insurance Policy ("the Policy") with Great Lakes Reinsurance (UK) PLC and a consortium of other insurers (the "Insurers"). STP submitted the claims to the insurer and requested interim payments under the Policy. The Insurers refused to pay and denied coverage. In June 2015, STP filed a lawsuit in the King County Superior Court, State of Washington ("Washington Superior Court") seeking declaratory relief concerning contract interpretation as well as damages as a result of the Insurers' breach of its obligations under the terms of the Policy. WSDOT is deemed a plaintiff since WSDOT is an insured under the Policy and had filed its own claim for damages. Hitachi, the manufacturer of the TBM, has also joined the case as a plaintiff for costs incurred to repair the damages to the TBM. Trial is scheduled for June 2018.

In March 2016, WSDOT filed a complaint against STP in Thurston County Superior Court for breach of contract alleging STP's delays and failure to perform and declaratory relief concerning contract interpretation. STP filed its answer to WSDOT's complaint and filed a counterclaim against WSDOT and against the manufacturer of the TBM. Trial is set for June 2018.

As of December 31, 2016, the Company has concluded that the potential for a material adverse financial impact due to the Insurer's and WSDOT's respective legal actions is neither probable nor remote. With respect to STP's counterclaim, management has included an estimate of the total anticipated recovery, concluded to be both probable and reliably estimable, in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

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## 8. Share-Based Compensation

The Amended and Restated Tutor Perini Corporation Long-Term Incentive Plan (the "Plan") provides for various types of share-based grants, including restricted and unrestricted stock units and stock options. Restricted and unrestricted stock units give the holder the right to exchange their stock units for shares of the Company's common stock on a one-for-one basis. Stock options give the holder the right to purchase shares of the Company's common stock at an exercise price equal to the fair value of the Company's common stock on the date of the stock option's award. Restricted stock units and stock options are usually subject to certain service and performance conditions and may not be sold or otherwise transferred until those restrictions have been satisfied; however, unrestricted stock units have no such restrictions. The term for stock options is limited to 10 years from the date of grant. As of December 31, 2016, there were 327,584 shares available to be granted under the Company's share-based compensation plan.

Many of the awards issued under the Plan contain separate tranches, each for a separate performance period and each with a performance target to be established subsequent to the award date; accordingly, the tranches are accounted for under ASC 718 *Stock Compensation* ("ASC 718") as separate grants, with the grant date being the date the performance targets for a given tranche are established and communicated to the grantee. Similarly, for these awards, compliance with the requirements of the Plan is also based on the number of units granted in a given year, as determined by ASC 718, rather than the number of units awarded in a given year. As a result, as of December 31, 2016, the Company had outstanding awards with 448,000 restricted stock units and 448,000 stock options that had not been granted yet. These units will be granted in 2017, 2018 and 2019 when the performance targets for those respective years are established.

The following table summarizes restricted stock unit and stock option activity during the year ended December 31, 2016:

| | Restricted Stock Units | | Stock Options | |
|---|---|---|---|---|
| | Number | Weighted-Average Grant Date Fair Value Per Share | Number | Weighted-Average Exercise/ (Strike) Price Per Share |
| Outstanding as of December 31, 2015 | 725,597 | $ 25.28 | 1,998,000 | $ 19.62 |
| Granted | 483,387 | 19.14 | 274,000 | 16.20 |
| Vested/exercised | (52,500) | 18.74 | (97,500) | 12.72 |
| Outstanding as of December 31, 2016 | 1,156,484 | $ 22.64 | 2,174,500 | $ 19.50 |

The following table summarizes unrestricted stock units issued to the members of the Company's Board of Directors during the year ended December 31, 2016 as part of their annual retainers:

| | Unrestricted Stock Units | |
|---|---|---|
| Year | Number | Weighted-Average Grant Date Fair Value Per Share |
| 2016 | 64,603 | $21.67 |

The fair value of unrestricted stock units issued during 2016 was approximately $1.4 million.

The fair value of restricted stock units that vested during 2016 was approximately $1.0 million. The aggregate intrinsic value, representing the difference between the market value on the date of exercise and the option price of the stock options exercised during 2016 was $1.1 million. As of December 31, 2016, the balance of unamortized restricted stock and stock option expense was $6.5 million and $0.7 million, respectively, which will be recognized over weighted-average periods of 1.3 years for restricted stock units and 0.5 years for stock options.

The 2,174,500 outstanding stock options as of December 31, 2016 had an intrinsic value of $18.5 million and a weighted-average remaining contractual life of 4.3 years. Of those outstanding options: 1) 1,402,500 were exercisable with an intrinsic value of $11.3 million, a weighted-average exercise price of $19.95 per share and a weighted-average remaining contractual life of 3.1 years; and

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

2) 772,000 have been granted but have not vested, of which 756,876 are expected to vest and have an intrinsic value of $7.2 million, a weighted-average exercise price of $18.49 and a weighted-average remaining contractual life of 6.5 years.

The fair value on the grant date and the significant assumptions used in the Black-Scholes option-pricing model for stock option awards granted during 2016 are as follows:

| | | |
|---|---|---|
| Total stock options granted | | 274,000 |
| Weighted-average grant date fair value | $ | 5.31 |
| Weighted-average assumptions: | | |
| Risk-Free Rate | | 1.2 % |
| Expected life of options[(a)] | | 4.2 |
| Expected volatility[(b)] | | 40.6 % |
| Expected quarterly dividends | $ | — |

(a) Calculated using the simplified method due to the terms of the stock options and the limited pool of grantees.
(b) Calculated using historical volatility of the Company's common stock over periods commensurate with the expected life of the option.

For the year ended December 31, 2016, the Company recognized, as part of general and administrative expense, costs for stock-based payment arrangements for both employees of $13.4 million and non-employee directors of $1.4 million with related aggregate tax benefit of $6.1 million.

## 9. Employee Benefit Plans

*Defined Benefit Pension Plan*

The Company has a defined benefit pension plan that covers certain of its executive, professional, administrative and clerical employees, subject to certain specified service requirements. The plan is noncontributory and benefits are based on an employee's years of service and "final average earnings," as defined by the plan. The plan provides reduced benefits for early retirement and takes into account offsets for social security benefits. The Company also has an unfunded supplemental retirement plan ("Benefit Equalization Plan") for certain employees whose benefits under the defined benefit pension plan were reduced because of compensation limitations under federal tax laws. Effective June 1, 2004, all benefit accruals under the Company's pension plan and Benefit Equalization Plan were frozen; however, the current vested benefit was preserved. Pension disclosure as presented below includes aggregated amounts for both of the Company's plans, except where otherwise indicated.

The Company historically has used the date of its year-end as its measurement date to determine the funded status of the plan.

The long-term investment goals of our plan are to manage the assets in accordance with the legal requirements of all applicable laws; produce investment returns which maximize return within reasonable and prudent levels of risks; and achieve a fully funded status with regard to current pension liabilities. Some risk must be assumed in order to achieve the investment goals. Investments with the ability to withstand short and intermediate term variability are considered and some interim fluctuations in market value and rates of return are tolerated in order to achieve the plan's longer-term objectives.

The pension plan's assets are managed by a third-party investment manager. The Company monitors investment performance and risk on an ongoing basis.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

A summary of net periodic benefit cost for the year ended December 31, 2016 is as follows (in thousands):

| | |
|---|---|
| Interest cost | $ 4,153 |
| Service cost | 600 |
| Expected return on plan assets | (4,803) |
| Recognized net actuarial losses | 1,745 |
| Net periodic benefit cost | $ 1,695 |
| Actuarial assumptions used to determine net cost: | |
| Discount rate | 4.10 % |
| Expected return on assets | 6.00 % |
| Rate of increase in compensation | N/A |

The target asset allocation for the Company's pension plan by asset category for 2017 and the actual asset allocation as of December 31, 2016 by asset category are as follows:

| | Percentage of Plan Assets | |
|---|---|---|
| **Asset Category** | **Target Allocation 2017** | **Actual Allocation 2016** |
| Cash | 5 % | 4 % |
| Equity securities: | | |
| Domestic | 50 | 47 |
| International | 25 | 28 |
| Fixed income securities | 20 | 21 |
| Total | 100 % | 100 % |

As of December 31, 2016, plan assets included approximately $39.1 million of investments in hedge funds and equity partnerships which do not have readily determinable fair values. The underlying holdings of the funds were comprised of a combination of assets for which the estimate of fair value is determined using information provided by fund managers.

The Company expects to contribute approximately $2.6 million to its defined benefit pension plan in 2017.

Future benefit payments under the plans are estimated as follows (in thousands):

| **Year ended December 31,** | |
|---|---|
| 2017 | $ 6,488 |
| 2018 | 6,632 |
| 2019 | 6,691 |
| 2020 | 6,717 |
| 2021 | 6,732 |
| Thereafter | 32,722 |
| Total | $ 65,982 |

The following tables provide a reconciliation of the changes in the fair value of plan assets and plan benefit obligations during 2016, and a summary of the funded status as of December 31, 2016 (in thousands).

| **Change in Fair Value of Plan Assets** | |
|---|---|
| Balance at beginning of year | $ 72,296 |
| Actual return on plan assets | (1,909) |
| Company contribution | 2,025 |
| Benefit payments | (6,355) |
| Balance at end of year | $ 66,057 |

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

| **Change in Benefit Obligations** | |
|---|---|
| Balance at beginning of year | $ 105,942 |
| Interest cost | 4,153 |
| Service cost | 600 |
| Assumption change (gain) loss | 308 |
| Actuarial (gain) loss | (967) |
| Benefit payments | (6,355) |
| Balance at end of year | $ 103,681 |

| | |
|---|---|
| Funded status | $ (37,624) |
| Amounts recognized in Consolidated Balance Sheet consist of: | |
| Current liabilities | $ (271) |
| Long-term liabilities | (37,353) |
| Net amount recognized in Consolidated Balance Sheet | $ (37,624) |

| **Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive loss** | |
|---|---|
| Net actuarial loss | $ (61,132) |
| Cumulative Company contributions in excess of net periodic benefit cost | 23,508 |
| Net amount recognized in Consolidated Balance Sheet | $ (37,624) |

The change in actuarial loss during the period resulting from changed assumptions was $4.3 million in 2016.

The estimated amount of the net accumulated loss that will be amortized from accumulated other comprehensive loss into net period benefit cost in 2017 is $1.8 million.

The discount rate used in determining the accumulated post-retirement benefit obligation was 3.9% as of December 31, 2016. The discount rate used for the accumulated post-retirement obligation was derived using a blend of U.S. Treasury and high-quality corporate bond discount rates.

The expected long-term rate of return on assets assumption was 6.0% for 2016. The expected long-term rate of return on assets assumption was developed considering forward looking capital market assumptions and historical return expectations for each asset class assuming the plans' target asset allocation and full availability of invested assets.

Fund strategies seek to capitalize on inefficiencies identified across different asset classes or markets. Hedge fund strategy types include long-short, event-driven, multi-strategy, equity partnerships and distressed credit.

Plan assets were measured at fair value. The following provides a description of the valuation techniques employed for each major asset class: Corporate equities were valued at the closing price reported on the active market on which the individual securities were purchased.

Registered investment companies are public investment vehicles valued using the Net Asset Value (NAV) of shares held by the plan at year-end. Closely held funds held by the plan, which are only available through private offerings, do not have readily determinable fair values. Estimates of fair value of these funds were determined using the information provided by the fund managers and it is generally based on the net asset value per share or its equivalent. Corporate bonds were valued based on market values quoted by dealers who are market makers in these securities, and by independent pricing services which use multiple valuation techniques that incorporate available market information and proprietary valuation models using market characteristics, such as benchmark yield curve, coupon rates, credit spreads, estimated default rates and other features.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

The following table sets forth the plan assets as of December 31, 2016 at fair value in accordance with the fair value hierarchy described in Note 3 (in thousands):

| | | Fair Value Hierarchy | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| Cash and cash equivalents | $ 2,437 | $ 2,437 | $ — | $ — |
| Fixed Income | 14,023 | 14,023 | — | — |
| Equities | — | — | — | — |
| Mutual Funds | 10,489 | 10,489 | — | — |
| | $ 26,949 | $ 26,949 | $ — | $ — |
| Closely held funds[(a)] | | | | |
| Equity Partnerships | 6,931 | | | |
| Hedge Fund Investments | 32,177 | | | |
| Total closely held funds[(a)] | 39,108 | | | |
| Total | $ 66,057 | $ 26,949 | $ — | $ — |

(a) Closely held funds in private investment were measured at fair value using NAV and were not categorized in the fair value hierarchy. Although the investments were not categorized within the fair value hierarchy, the holdings of these private investment funds were comprised of a combination of Level 1, 2 and 3 investments, but were not categorized in the fair value hierarchy because they were measured at NAV using the practical expedient. This is a change from prior years' presentation as there is no longer a requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient.

The plans have benefit obligations in excess of the fair value of each plan's assets as of December 31, 2016 detailed as follows (in thousands):

| | Pension Plan | Benefit Equalization Plan | Total |
|---|---|---|---|
| Projected benefit obligation | $ 100,336 | $ 3,345 | $ 103,681 |
| Accumulated benefit obligation | 100,336 | 3,345 | 103,681 |
| Fair value of plans' assets | 66,057 | — | 66,057 |
| Projected benefit obligation greater than fair value of plans' assets | $ 34,279 | $ 3,345 | $ 37,624 |
| Accumulated benefit obligation greater than fair value of plans' assets | $ 34,279 | $ 3,345 | $ 37,624 |

*Section 401(k) Plans*

The Company has several contributory Section 401(k) plans which cover its executive, professional, administrative and clerical employees, subject to certain specified service requirements. The 401(k) expense provision was $4.0 million for the year ended December 31, 2016. The Company's contribution is based on a non-discretionary match of employees' contributions, as defined by each plan.

*Cash-Based Compensation Plans*

The Company has multiple cash-based compensation plans and a share-based incentive compensation plan for key employees, which are generally based on the Company's achievement of a certain level of profit. For information on the Company's share-based incentive compensation plan, see Note 8.

*Multiemployer Plans*

In addition to the Company's defined benefit pension and contribution plans discussed above, the Company participates in multiemployer pension plans for its union construction employees. Contributions are based on the hours worked by employees covered under various collective bargaining agreements. Under the Employee Retirement Income Security Act, a contributor to a multiemployer plan is only liable for its proportionate share of a plan's unfunded vested liability upon termination, or withdrawal from, a plan. The Company currently has no intention of withdrawing from any of the multiemployer pension plans in which it participates and, therefore, has not recognized a liability for its proportionate share of any unfunded vested liabilities associated with these plans.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

The following tables summarize key information for the plans that the Company had significant involvement with during the year ended December 31, 2016.

| Pension Fund | EIN/Pension Plan Number | Pension Protections Act Zone Status 2016 | FIP/RP Status Pending Or Implemented | Company Contributions[(a)] (in millions) | Surcharge Imposed | Expiration Date of Collective Bargaining Agreement |
|---|---|---|---|---|---|---|
| The Pension, Hospitalization and Benefit Plan of the Electrical Industry - Pension Trust Fund | 13-6123601/001 | Green | N/A | $15.8 | No | 5/31/2019 |
| Laborers Pension Trust Fund for Northern California | 94-6277608 | Yellow | Implemented | 5.6 | No | 6/30/2019 |
| Carpenters Pension Trust Fund for Northern California | 94-6050970 | Red | Implemented | 4.4 | No | 6/30/2019 |
| Excavators Union Local 731 Pension Fund | 13-1809825/002 | Green | N/A | 4.2 | No | 4/30/2022 |
| Steamfitters Industry Pension Fund | 13-6149680/001 | Green | N/A | 3.9 | No | 6/30/2017 |
| Iron Workers Locals 40, 361 & 417 Pension Fund | 51-6102576/001 | Green | Implemented | 3.8 | No | 6/30/2020 |
| Local 147 Construction Workers Retirement Fund | 13-6528181 | Green | N/A | 3.7 | No | 6/30/2018 |
| Southern California Gunite Workers Pension Fund | 95-4354179 | Green | N/A | 3.5 | No | 6/30/2019 |

(a) The Company's contributions as a percentage of total plan contributions were not available for any of our plans.

In addition to the individually significant plans described above, the Company also contributed approximately $38.8 million to other multiemployer pension plans during the year ended December 31, 2016.

## 10. Business Segments

The Company offers general contracting, pre-construction planning and comprehensive project management services, including planning and scheduling of manpower, equipment, materials and subcontractors required for the timely completion of a project in accordance with the terms and specifications contained in a construction contract. The Company also offers self-performed construction services: site work, concrete forming and placement, steel erection, electrical, mechanical, plumbing and heating, ventilation and air conditioning (HVAC). As described below, our business is conducted through three segments: Civil, Building and Specialty Contractors. These segments are determined based on how the Company's Chairman and Chief Executive Officer (chief operating decision maker) aggregates business units when evaluating performance and allocating resources.

The Civil segment specializes in public works construction and the replacement and reconstruction of infrastructure. The civil contracting services include construction and rehabilitation of highways, bridges, tunnels, mass-transit systems, and water management and wastewater treatment facilities.

The Building segment has significant experience providing services to a number of specialized building markets for private and public works customers, including the high-rise residential, hospitality and gaming, transportation, health care, commercial and government offices, sports and entertainment, education, correctional facilities, biotech, pharmaceutical, industrial and high-tech markets.

The Specialty Contractors segment specializes in electrical, mechanical, plumbing, HVAC, fire protection systems and pneumatically placed concrete for a full range of civil and building construction projects in the industrial, commercial, hospitality and gaming, and mass-transit end markets. This segment provides the Company with unique strengths and capabilities that allow the Company to position itself as a full-service contractor with greater control over scheduled work, project delivery and risk management.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

The following table sets forth certain reportable segment information relating to the Company's operations for the year ended December 31, 2016 (in thousands).

| | Reportable Segments | | | | | |
|---|---|---|---|---|---|---|
| | Civil | Building | Specialty Contractors | Segment Total | Corporate | Consolidated Total |
| Total revenue | $ 1,830,857 | $ 2,146,747 | $ 1,234,272 | $ 5,211,876 | $ — | $ 5,211,876 |
| Elimination of intersegment revenue | (161,894) | (76,906) | — | (238,800) | — | (238,800) |
| Revenue from external customers | $ 1,668,963 | $ 2,069,841 | $ 1,234,272 | $ 4,973,076 | $ — | $ 4,973,076 |
| Income from construction operations | $ 172,668 | $ 51,564 | $ 37,908 | $ 262,140 | $ (60,220)[(a)] | $ 201,920 |
| Capital expenditures | $ 13,541 | $ 516 | $ 1,005 | $ 15,062 | $ 681 | $ 15,743 |
| Depreciation and amortization [(b)] | $ 48,561 | $ 2,186 | $ 5,035 | $ 55,782 | $ 11,520 | $ 67,302 |

(a) Consists primarily of corporate general and administrative expenses.
(b) Depreciation and amortization is included in income from construction operations.

During the year ended December 31, 2016, the Company recorded the following offsetting adjustments in the Specialty Contractors segment: a favorable adjustment of $14.0 million for a completed project ($0.17 per diluted share) and an unfavorable adjustment of $13.8 million for a project that is substantially complete ($0.16 per diluted share).

The above were the only changes in estimates considered material to the Company's results of operations during the period presented herein.

The following table sets forth the total assets for the reportable segments as of December 31, 2016 (in thousands).

| | |
|---|---|
| Civil | $ 2,152,123 |
| Building | 917,317 |
| Specialty Contractors | 813,851 |
| Corporate and other [(a)] | 155,329 |
| Total Assets | $ 4,038,620 |

(a) Consists principally of cash, equipment, tax-related assets and insurance-related assets, offset by the elimination of assets related to intersegment revenue.

**Geographic Information**

Information concerning principal geographic areas as of and for the year ended December 31, 2016 is as follows (in thousands):

| | |
|---|---|
| **Revenue:** | |
| United States | $ 4,802,393 |
| Foreign and U.S. territories | 170,683 |
| Total | $ 4,973,076 |
| **Assets:** | |
| United States | $ 3,911,865 |
| Foreign and U.S. territories | 126,755 |
| **Total Assets** | $ 4,038,620 |

**Reconciliation of Segment Information to Consolidated Amounts**

The following table reconciles segment results to the consolidated income before income taxes for the year ended December 31, 2016 (in thousands).

| | |
|---|---|
| Income from construction operations | $ 201,920 |
| Other income, net | 6,977 |
| Interest expense | (59,782) |
| **Income before income taxes** | $ 149,115 |

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (continued)**
As of and for the year ended December 31, 2016

## 11. Related Party Transactions

The Company leases certain facilities from an entity owned by Ronald N. Tutor, the Company's Chairman and Chief Executive Officer, at market lease rates. Under these leases the Company paid $2.8 million and recognized expense of $3.2 million for the year ended December 31, 2016.

Raymond R. Oneglia, Vice Chairman of O&G Industries, Inc. ("O&G"), is a director of the Company. The Company occasionally forms construction project joint ventures with O&G, and O&G often provides equipment and services for the projects on customary trade terms. Currently, the Company has a 30% interest in a joint venture for a highway construction project. The payments made by the joint venture to O&G during the year ended December 31, 2016 were immaterial.

Peter Arkley, Senior Managing Director, Construction Services Group, of Alliant Insurance Services, Inc. ("Alliant"), is a director of the Company. The Company uses Alliant for various insurance related services. The associated expense for services provided for the year ended December 31, 2016 was $8.9 million. The Company owed Alliant $5.2 million as of December 31, 2016 for services rendered.

## SUPPLEMENTAL CONSOLIDATING INFORMATION

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING BALANCE SHEET**
**AS OF DECEMBER 31, 2016**
**(In thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | | | | |
| **CURRENT ASSETS:** | | | | | | | | | | | | | | | | | |
| Cash | $ 80,831 | $ 1,021 | $ 1,065 | $ 17,492 | $ 10,033 | $ 47 | $ 1 | $ 1,169 | $ — | $ — | $ 2,425 | $ 303 | $ 19,218 | $ 12,297 | $ 201 | $ — | $ 146,103 |
| Restricted cash | 2,016 | — | — | — | 401 | — | — | — | — | — | — | — | — | 1,810 | 46,277 | — | 50,504 |
| Accounts receivable, including retainage | 405,095 | 44,727 | 26,405 | 78,445 | 78,831 | 11,989 | 108,352 | 21,141 | 293,516 | 96,813 | 42,813 | 13,741 | 29,050 | 615,519 | 108,382 | (231,519) | 1,743,300 |
| Costs and estimated earnings in excess of billings | 115,788 | 75,526 | 40,935 | 69,497 | 14,725 | 2,969 | 19,091 | 13,034 | 26,741 | 82,943 | 21,667 | 32,030 | 3,494 | 380,619 | 152 | (67,385) | 831,826 |
| Intercompany notes and receivables | — | — | — | — | — | — | — | — | 50,895 | — | — | 13,743 | — | 6 | — | (64,644) | — |
| Other current assets | 75,742 | 678 | 343 | 4,356 | 10,543 | 351 | 2,648 | 37 | 4,385 | 3,596 | 1,115 | — | 6,723 | 6,177 | 8,082 | (58,753) | 66,023 |
| **Total current assets** | 679,472 | 121,952 | 68,748 | 169,790 | 114,533 | 15,356 | 130,092 | 35,381 | 375,537 | 183,352 | 68,020 | 59,817 | 58,485 | 1,016,428 | 163,094 | (422,301) | 2,837,756 |
| **PROPERTY AND EQUIPMENT, at cost** | | | | | | | | | | | | | | | | | |
| Land | 4,090 | — | 2,407 | 492 | 1,771 | — | 15,396 | — | 4,456 | — | 124 | — | 8,874 | 3,284 | 488 | — | 41,382 |
| Building and improvements | 22,160 | — | 4,421 | 1,798 | 2,663 | — | 23,547 | 852 | 13,236 | 1,888 | 3,907 | — | 12,346 | 24,015 | 13,324 | — | 124,157 |
| Construction equipment | 52,015 | 8,294 | 14,409 | 59,840 | 50,201 | 22,725 | 1,415 | 297 | 4,910 | — | 48 | — | 24,519 | 7,225 | 198,255 | — | 444,153 |
| Other equipment | 62,576 | 70,326 | 2,644 | 1 | 9,627 | 32 | 3,678 | 1,080 | 9,084 | 1,864 | 2,990 | 183 | 5,218 | 9,035 | 3,379 | — | 181,717 |
| | 140,841 | 78,620 | 23,881 | 62,131 | 64,262 | 22,757 | 44,036 | 2,229 | 31,686 | 3,752 | 7,069 | 183 | 50,957 | 43,559 | 215,446 | — | 791,409 |
| Less accumulated depreciation | (66,103) | (24,262) | (10,836) | (23,270) | (26,909) | (4,032) | (8,083) | (1,599) | (19,123) | (2,492) | (3,583) | (90) | (21,726) | (18,681) | (82,994) | — | (313,783) |
| **Total property and equipment, net** | 74,738 | 54,358 | 13,045 | 38,861 | 37,353 | 18,725 | 35,953 | 630 | 12,563 | 1,260 | 3,486 | 93 | 29,231 | 24,878 | 132,452 | — | 477,626 |
| **INTERCOMPANY NOTES AND RECEIVABLES** | — | — | 13,832 | 1 | 170,521 | — | 368,561 | 5,402 | 138,921 | — | — | 182,029 | 10,284 | 44,005 | 30,864 | (964,420) | — |
| **GOODWILL** | 571,519 | — | — | — | — | — | — | — | — | — | — | — | — | 13,487 | — | — | 585,006 |
| **INTANGIBLE ASSETS, NET** | 92,997 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 92,997 |
| **INVESTMENTS IN SUBSIDIARIES** | 1,812,845 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (1,812,845) | — |
| **OTHER ASSETS** | 44,733 | 3,274 | — | — | — | — | 3 | 590 | — | 9,056 | 14,680 | 100 | 1,827 | 6,585 | 54 | (35,667) | 45,235 |
| **TOTAL ASSETS** | $ 3,276,304 | $ 179,584 | $ 95,625 | $ 208,652 | $ 322,407 | $ 34,081 | $ 534,609 | $ 42,003 | $ 527,021 | $ 193,668 | $ 86,186 | $ 242,039 | $ 99,827 | $ 1,105,383 | $ 326,464 | $ (3,235,233) | $ 4,038,620 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | | | | | | | | | | | | |
| **CURRENT LIABILITIES:** | | | | | | | | | | | | | | | | | |
| Current maturities of long-term debt | $ 122,166 | $ 2,426 | $ — | $ 2,331 | $ 2,973 | $ 2,722 | $ — | $ — | $ — | $ — | $ — | $ — | $ 700 | $ 582 | $ 11,990 | $ (60,000) | $ 85,890 |
| Accounts payable, including retainage | 265,317 | 6,977 | 25,277 | 21,094 | 62,799 | 2,953 | 96,703 | 19,750 | 324,751 | 95,333 | 46,170 | 51,875 | 11,229 | 187,389 | 2,648 | (226,249) | 994,016 |
| Billings in excess of costs and estimated earnings | 102,373 | — | 13,328 | 12,391 | 11,586 | 88 | 2,081 | 708 | 36,748 | 951 | 10,773 | 6,702 | 15,461 | 118,763 | 19,730 | (20,571) | 331,112 |
| Intercompany notes and advances payable-short term | 13,697 | — | — | — | — | — | — | — | — | — | — | — | — | — | 50,941 | (64,638) | — |
| Accrued expenses and other current liabilities | 59,878 | 2,215 | 229 | 6,313 | 8,139 | 940 | — | 356 | 14,037 | 2,530 | 7,771 | 1,240 | 6,665 | 27,150 | 21,140 | (50,678) | 107,925 |
| **Total current liabilities** | 563,431 | 11,618 | 38,834 | 42,129 | 85,497 | 6,703 | 98,784 | 20,814 | 375,536 | 98,814 | 64,714 | 59,817 | 34,055 | 333,884 | 106,449 | (422,136) | 1,518,943 |
| **LONG TERM DEBT, less current maturities** | 614,607 | 20,677 | — | 637 | 3,972 | 9,339 | — | — | — | — | — | — | 5,036 | 9,036 | 16,320 | (5,995) | 673,629 |
| **DEFERRED INCOME TAXES** | 16,475 | 36,975 | 3,365 | 16,423 | 18,608 | 5,146 | 247 | — | 357 | — | — | — | 963 | 13,251 | 46,404 | (27,207) | 131,007 |
| **OTHER LONG-TERM LIABILITIES** | 111,108 | 1,727 | — | — | — | — | — | 567 | — | — | — | — | — | — | 48,619 | (3) | 162,018 |
| **INTERCOMPANY NOTES & ADVANCES PAYABLE** | 417,660 | 57,448 | 1,582 | 63,814 | — | 10,618 | 2,797 | 8 | — | 86,056 | 2,222 | 423 | — | 296,985 | 241 | (939,854) | — |
| **STOCKHOLDERS' EQUITY:** | | | | | | | | | | | | | | | | | |
| Treasury Stock-Perini | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (658) | 658 | — |
| Common stock | 49,211 | — | 7 | 1 | 2,231 | 10 | 95 | 4 | 11 | — | 3 | 1 | 1,499 | 7 | 711 | (4,580) | 49,211 |
| Additional paid-in capital | 1,075,600 | 27,406 | 1 | 56,297 | 37,167 | — | — | 279 | 6,303 | 10,000 | 22,439 | — | 16,251 | 226,117 | 188,319 | (590,579) | 1,075,600 |
| Retained earnings (deficit) | 473,625 | 23,733 | 51,836 | 36,206 | 174,932 | 2,265 | 432,686 | 20,331 | 144,814 | (1,202) | (3,192) | 181,798 | 43,591 | 226,054 | (79,941) | (1,253,911) | 473,625 |
| Accumulated other comprehensive income (loss) | (45,413) | — | — | (6,855) | — | — | — | — | — | — | — | — | (1,568) | 49 | — | 8,374 | (45,413) |
| **Total stockholders' equity** | 1,553,023 | 51,139 | 51,844 | 85,649 | 214,330 | 2,275 | 432,781 | 20,614 | 151,128 | 8,798 | 19,250 | 181,799 | 59,773 | 452,227 | 108,431 | (1,840,038) | 1,553,023 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 3,276,304 | $ 179,584 | $ 95,625 | $ 208,652 | $ 322,407 | $ 34,081 | $ 534,609 | $ 42,003 | $ 527,021 | $ 193,668 | $ 86,186 | $ 242,039 | $ 99,827 | $ 1,105,383 | $ 326,464 | $ (3,235,233) | $ 4,038,620 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture assets and liabilities are included in the respective amounts shown above.
(4) Consolidating Balance Sheet does not reflect adjustments for push-down accounting relative to goodwill and intangible assets.
(5) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.
(6) Management has determined the allocation of intercompany notes and receivable (or advance payable) balances between current assets (liabilities) and noncurrent assets (liabilities) based upon management's intent as to when such amounts will be settled.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(In thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| REVENUE | $ 963,623 | $ 25,615 | $ 80,875 | $ 251,333 | $ 438,591 | $ 15,990 | $ 380,377 | $ 26,568 | $ 1,307,801 | $ 161,871 | $ 196,361 | $ 89,875 | $ 120,803 | $ 1,234,273 | $ 42,549 | $ (363,429) | $ 4,973,076 |
| COST OF OPERATIONS | (851,562) | (26,159) | (73,621) | (216,481) | (372,072) | (13,828) | (358,199) | (25,851) | (1,260,375) | (160,134) | (183,077) | (80,218) | (100,759) | (1,136,118) | (20,861) | 363,429 | (4,515,886) |
| GROSS PROFIT | 112,061 | (544) | 7,254 | 34,852 | 66,519 | 2,162 | 22,178 | 717 | 47,426 | 1,737 | 13,284 | 9,657 | 20,044 | 98,155 | 21,688 | — | 457,190 |
| General and administrative expenses | (85,017) | (44) | (4,008) | (14,024) | (14,540) | (2,439) | (14,628) | (1,309) | (20,294) | (5,497) | (8,159) | (6,485) | (8,497) | (68,367) | (1,962) | — | (255,270) |
| INCOME (LOSS) FROM CONSTRUCTION OPERATIONS | 27,044 | (588) | 3,246 | 20,828 | 51,979 | (277) | 7,550 | (592) | 27,132 | (3,760) | 5,125 | 3,172 | 11,547 | 29,788 | 19,726 | — | 201,920 |
| Equity in earnings of subsidiaries | 115,644 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (115,644) | — |
| Other income (expense), net | 893 | 308 | — | 341 | 954 | 1,456 | 5 | 46 | 1 | 12 | (2) | 32 | 208 | 2,265 | 1,669 | (1,211) | 6,977 |
| Interest expense | (58,788) | (31) | (1) | (95) | (245) | (458) | — | — | — | — | — | — | (187) | (337) | (851) | 1,211 | (59,782) |
| INCOME (LOSS) BEFORE INCOME TAXES | 84,793 | (311) | 3,245 | 21,074 | 52,688 | 721 | 7,555 | (546) | 27,133 | (3,748) | 5,123 | 3,204 | 11,568 | 31,716 | 20,544 | (115,644) | 149,115 |
| (Provision) benefit for income taxes | 11,029 | 110 | (1,159) | (7,532) | (18,830) | (258) | (2,699) | 195 | (9,697) | 1,339 | (1,832) | (1,145) | (4,135) | (11,336) | (7,343) | — | (53,293) |
| NET INCOME (LOSS) | $ 95,822 | $ (201) | $ 2,086 | $ 13,542 | $ 33,858 | $ 463 | $ 4,856 | $ (351) | $ 17,436 | $ (2,409) | $ 3,291 | $ 2,059 | $ 7,433 | $ 20,380 | $ 13,201 | $ (115,644) | $ 95,822 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture net income (loss) is included in the respective amounts shown above.
(4) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.
(5) The Company applied the consolidated effective tax rate when computing the tax provision of the respective consolidating entities.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF RETAINED EARNINGS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(In thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BALANCE - December 31, 2015 | 377,803 | 23,934 | 49,750 | 22,664 | 141,074 | 1,802 | 427,830 | 20,682 | 127,378 | 1,207 | (6,483) | 179,739 | 36,158 | 205,674 | (93,142) | (1,138,267) | 377,803 |
| Net Income (loss) | 95,822 | (201) | 2,086 | 13,542 | 33,858 | 463 | 4,856 | (351) | 17,436 | (2,409) | 3,291 | 2,059 | 7,433 | 20,380 | 13,201 | (115,644) | 95,822 |
| BALANCE - December 31, 2016 | 473,625 | 23,733 | 51,836 | 36,206 | 174,932 | 2,265 | 432,686 | 20,331 | 144,814 | (1,202) | (3,192) | 181,798 | 43,591 | 226,054 | (79,941) | (1,253,911) | 473,625 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture activities are included in the respective amounts shown above.
(4) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2016**
**(In thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Net Income (loss) | $ 95,822 | $ (201) | $ 2,086 | $ 13,542 | $ 33,858 | $ 463 | $ 4,856 | $ (351) | $ 17,436 | $ (2,409) | $ 3,291 | $ 2,059 | $ 7,433 | $ 20,380 | $ 13,201 | $ (115,644) | $ 95,822 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | | | | | | | | | | | | | | |
| Depreciation | 31,660 | 5,638 | 565 | 4,732 | 2,458 | 1,490 | 849 | 94 | 599 | 209 | 363 | 29 | 1,861 | 3,232 | 9,980 | — | 63,759 |
| Amortization of intangible assets, change in debt discount and debt issuance costs | 14,511 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 14,511 |
| Equity in earnings of subsidiaries | (115,644) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 115,644 | — |
| Share-based compensation expense | 13,423 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 13,423 |
| Excess income tax benefit from stock-based compensation | (269) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (269) |
| Deferred income taxes | 2,877 | (38,288) | (1,726) | 1,018 | 7,364 | 1,810 | (4,565) | 408 | 425 | (13,917) | 409 | 26 | (10) | 738 | 33,262 | — | (10,169) |
| (Gain) loss on sale of property and equipment | 138 | — | 31 | — | (62) | 88 | — | — | 2 | — | 4 | — | 168 | (2) | 86 | — | 453 |
| Other long-term liabilities | 4,768 | — | — | — | — | — | (3) | (40) | (945) | — | — | — | — | — | 24,430 | — | 28,210 |
| Other non-cash items | (1,113) | 347 | — | 243 | — | — | — | — | — | — | (388) | — | (1,252) | 18 | — | 271 | (1,874) |
| Changes in other components of working capital | 34,220 | (18,010) | 17,885 | (13,355) | (46,178) | (3,134) | 22,260 | (9,076) | 8,104 | (33,854) | (2,635) | 11,186 | (1,255) | (27,095) | (29,617) | 24 | (90,530) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | 80,393 | (50,514) | 18,841 | 6,180 | (2,560) | 717 | 23,397 | (8,965) | 25,621 | (49,971) | 1,044 | 13,300 | 6,945 | (2,729) | 51,342 | 295 | 113,336 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Acquisition of property and equipment, excluding financed purchase | (1,397) | — | (202) | (1,490) | (1,508) | (2,642) | — | (37) | (321) | (70) | (110) | (45) | (1,919) | (1,006) | (4,996) | — | (15,743) |
| Proceeds from sale of property and equipment | 164 | — | 113 | — | 324 | 169 | 67 | — | 71 | — | 3 | — | — | 153 | 835 | — | 1,899 |
| Change in restricted cash | 1,353 | — | — | — | (1) | — | — | — | — | — | 330 | — | — | 746 | (7,079) | — | (4,651) |
| (Increase) decrease in intercompany advances | — | — | (17,608) | — | 18,464 | — | (23,463) | 8,640 | (25,371) | — | — | (12,952) | 4,072 | (14,221) | — | 62,439 | — |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | 120 | — | (17,697) | (1,490) | 17,279 | (2,473) | (23,396) | 8,603 | (25,621) | (70) | 223 | (12,997) | 2,153 | (14,328) | (11,240) | 62,439 | (18,495) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Issuance of convertible notes | 200,000 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 200,000 |
| Proceeds from debt | 1,348,506 | — | — | — | — | — | — | — | — | — | — | — | 5,389 | — | — | — | 1,353,895 |
| Repayment of debt | (1,523,579) | (2,426) | (79) | (8,660) | (6,830) | (2,674) | — | — | — | — | — | — | (6,152) | (588) | (11,696) | — | (1,562,684) |
| Excess income tax benefit from share-based compensation | 269 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 269 |
| Issuance of common stock and effect of cashless exercise | (584) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (584) |
| Debt issuance costs | (15,086) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (15,086) |
| Increase (decrease) in intercompany advances | (56,406) | 53,122 | — | 6,944 | — | 4,379 | — | — | — | 50,041 | (776) | — | — | 27,906 | (29,566) | (55,644) | — |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | (46,880) | 50,696 | (79) | (1,716) | (6,830) | 1,705 | — | — | — | 50,041 | (776) | — | (763) | 27,318 | (41,262) | (55,644) | (24,190) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 33,633 | 182 | 1,065 | 2,974 | 7,889 | (51) | 1 | (362) | — | — | 491 | 303 | 8,335 | 10,261 | (1,160) | 7,090 | 70,651 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 47,198 | 839 | — | 14,518 | 2,144 | 98 | — | 1,531 | — | — | 1,934 | — | 10,883 | 2,036 | 1,361 | (7,090) | 75,452 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $ 80,831 | $ 1,021 | $ 1,065 | $ 17,492 | $ 10,033 | $ 47 | $ 1 | $ 1,169 | $ — | $ — | $ 2,425 | $ 303 | $ 19,218 | $ 12,297 | $ 201 | $ — | $ 146,103 |
| SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR: | | | | | | | | | | | | | | | | | |
| Interest | $ 45,177 | $ 31 | $ 1 | $ 99 | $ 245 | $ 459 | $ — | $ — | $ — | $ — | $ — | $ — | $ 183 | $ 337 | $ 871 | $ — | $ 47,403 |
| Income taxes | $ 20,553 | $ 1,438 | $ — | $ 897 | $ — | $ — | $ — | $ — | $ 2 | $ — | $ — | $ 18 | $ — | $ — | $ 4,000 | $ — | $ 26,908 |

NOTES:
(1) Investments in subsidiaries are accounted for under the equity method of accounting.
(2) Tutor Perini Corp. includes the following: Tutor Perini Corp., TPC Civil-West, TPC Civil-Metro and TPC Civil-East.
(3) Proportional share of joint venture activities are included in the respective amounts shown above.
(4) Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.
(5) Consolidating Statement of Cash Flows does not reflect adjustments for push-down accounting relative to goodwill and intangible assets.

# Tutor Perini Corporation and Subsidiaries

Consolidated Financial Statements and Supplemental Consolidating Information for Tutor Perini's General Contractor Subsidiaries as of and for the Year Ended December 31, 2015, and Independent Auditors' Report

# TUTOR PERINI CORPORATION AND SUBSIDIARIES

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## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Tutor Perini Corporation
Sylmar, CA

We have audited the accompanying consolidated balance sheet of Tutor Perini Corporation and subsidiaries (the "Company") as of December 31, 2015, and the related consolidated statements of operations, comprehensive income, stockholders' equity, and cash flows for the year ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Tutor Perini Corporation and subsidiaries as of December 31, 2015, and the results of their operations and their cash flows for the year ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

The supplemental consolidating information on pages 31–34 has been subjected to audit procedures performed in conjunction with the audit of the Company's consolidated financial statements. The supplemental consolidating information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental consolidating information reconciles to the consolidated financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental consolidating information. In our opinion, such information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Deloitte & Touche LLP

February 29, 2016

(April 11, 2016 as to the supplemental consolidating information)

Member of
Deloitte Touche Tohmatsu Limited

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2015**
**(In thousands, except per share data)**

| | | |
|---|---|---|
| **REVENUE** | $ | 4,920,472 |
| **COST OF OPERATIONS** | | (4,564,219) |
| **GROSS PROFIT** | | 356,253 |
| General and administrative expenses | | (250,840) |
| **INCOME FROM CONSTRUCTION OPERATIONS** | | 105,413 |
| Other income, net | | 12,453 |
| Interest expense | | (44,027) |
| **INCOME BEFORE INCOME TAXES** | | 73,839 |
| Provision for income taxes | | (28,547) |
| **NET INCOME** | $ | 45,292 |
| **BASIC EARNINGS PER COMMON SHARE** | $ | 0.92 |
| **DILUTED EARNINGS PER COMMON SHARE** | $ | 0.91 |
| **WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING:** | | |
| BASIC | | 48,981 |
| DILUTED | | 49,666 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**FOR THE YEAR ENDED DECEMBER 31, 2015**
**(In thousands)**

| | | |
|---|---|---|
| **NET INCOME** | $ | 45,292 |
| **OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX:** | | |
| Defined benefit pension plan adjustments | | 2,026 |
| Foreign currency translation adjustment | | (3,214) |
| Unrealized gain in fair value of investments | | 766 |
| Unrealized loss in fair value of interest rate swap | | (125) |
| **Total other comprehensive loss, net of tax** | $ | (547) |
| **TOTAL COMPREHENSIVE INCOME** | $ | 44,745 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED BALANCE SHEET**
**AS OF DECEMBER 31, 2015**
**(In thousands, except share data)**

| | | |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS:** | | |
| Cash, including cash equivalents of $1,696 | $ | 75,452 |
| Restricted cash | | 45,853 |
| Accounts receivable, including retainage of $484,255 | | 1,473,615 |
| Costs and estimated earnings in excess of billings | | 905,175 |
| Deferred income taxes | | 26,306 |
| Other current assets | | 108,844 |
| **Total current assets** | | 2,635,245 |
| **PROPERTY AND EQUIPMENT, at cost:** | | |
| Land | | 41,382 |
| Building and improvements | | 123,600 |
| Construction equipment | | 431,080 |
| Other equipment | | 181,940 |
| | | 778,002 |
| Less - Accumulated depreciation | | 254,477 |
| Total property and equipment, net | | 523,525 |
| **GOODWILL** | | 585,006 |
| **INTANGIBLE ASSETS, NET** | | 96,540 |
| **OTHER ASSETS** | | 202,125 |
| **TOTAL ASSETS** | $ | 4,042,441 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | |
| **CURRENT LIABILITIES:** | | |
| Current maturities of long-term debt | $ | 88,917 |
| Accounts payable, including retainage | | 937,464 |
| Billings in excess of costs and estimated earnings | | 288,311 |
| Accrued expenses and other current liabilities | | 159,016 |
| **Total current liabilities** | | 1,473,708 |
| **LONG-TERM DEBT, less current maturities** | | 734,531 |
| **DEFERRED INCOME TAXES** | | 273,310 |
| **OTHER LONG-TERM LIABILITIES** | | 140,665 |
| **TOTAL LIABILITIES** | | 2,622,214 |
| **CONTINGENCIES AND COMMITMENTS (Note 7)** | | |
| **STOCKHOLDERS' EQUITY:** | | |
| Preferred stock - authorized 1,000,000 shares ($1 par value), none issued | | — |
| Common stock - authorized 75,000,000 shares ($1 par value), issued and outstanding - 49,072,710 shares | | 49,073 |
| Additional paid-in capital | | 1,035,516 |
| Retained earnings | | 377,803 |
| Accumulated other comprehensive loss | | (42,165) |
| **TOTAL STOCKHOLDERS' EQUITY** | | 1,420,227 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ | 4,042,441 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2015**
**(In thousands)**

| | |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| Net income | $ 45,292 |
| Adjustments to reconcile net income to net cash from operating activities: | |
| Depreciation | 37,919 |
| Amortization of intangible assets and debt issuance costs | 5,810 |
| Share-based compensation expense | 9,477 |
| Excess income tax benefit from share-based compensation | (186) |
| Deferred income taxes | 22,214 |
| Loss on sale of investments | — |
| Gain on sale of property and equipment | (2,909) |
| Other long-term liabilities | 28,912 |
| Other non-cash items | (3,680) |
| Changes in other components of working capital | (128,777) |
| **NET CASH PROVIDED BY OPERATING ACTIVITIES** | 14,072 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | |
| Acquisition of property and equipment excluding financed purchases | (35,912) |
| Proceeds from sale of property and equipment | 4,980 |
| Proceeds from sale of available-for-sale securities | — |
| Change in restricted cash | (1,483) |
| **NET CASH USED IN INVESTING ACTIVITIES** | (32,415) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | |
| Proceeds from debt | 1,013,205 |
| Repayment of debt | (1,054,371) |
| Business acquisition-related payments | — |
| Excess income tax benefit from share-based compensation | 186 |
| Issuance of common stock and effect of cashless exercise | (808) |
| Debt issuance costs | — |
| **NET CASH USED IN FINANCING ACTIVITIES** | (41,788) |
| **Net decrease in cash and cash equivalents** | (60,131) |
| **Cash and cash equivalents at beginning of year** | 135,583 |
| **Cash and cash equivalents at end of year** | $ 75,452 |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY**
**FOR THE YEAR ENDED DECEMBER 31, 2015**
**(In thousands)**

| | Common Stock | Additional Paid-in Capital | Retained Earnings | Accumulated Other Comprehensive (Loss) Income | Total |
|---|---|---|---|---|---|
| **Balance - December 31, 2014** | **$ 48,671** | **$ 1,025,941** | **$ 332,511** | **$ (41,618)** | **$ 1,365,505** |
| Net income | — | — | 45,292 | — | 45,292 |
| Other comprehensive loss | — | — | — | (547) | (547) |
| Total comprehensive income | | | | | 44,745 |
| Tax effect of share-based compensation | — | (186) | — | — | (186) |
| Share-based compensation expense | — | 9,477 | — | — | 9,477 |
| Issuance of common stock, net | 402 | 284 | — | — | 686 |
| **Balance - December 31, 2015** | **$ 49,073** | **$ 1,035,516** | **$ 377,803** | **$ (42,165)** | **$ 1,420,227** |

The accompanying notes are an integral part of these consolidated financial statements.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
As Of And For The Year Ended December 31, 2015

## 1. Summary of Significant Accounting Policies

***(a) Basis of Presentation***

The accompanying consolidated financial statements have been prepared in compliance with accounting principles generally accepted in the United States of America ("GAAP") as codified in the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC").

***(b) Principles of Consolidation***

The consolidated financial statements include the accounts of Tutor Perini Corporation and its wholly owned subsidiaries (the "Company"). The Company's interests in construction joint ventures are accounted for using the proportionate consolidation method whereby the Company's proportionate share of each joint venture's assets, liabilities, revenue and cost of operations are included in the appropriate classifications in the consolidated financial statements. All intercompany transactions and balances have been eliminated in consolidation.

***(c) Use of Estimates***

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts. These estimates are based on information available through the date of the issuance of the financial statements. Therefore, actual results could differ from those estimates.

***(d) Construction Contracts***

The Company and its affiliated entities recognize construction contract revenue using the percentage-of-completion method, based primarily on contract cost incurred to date compared to total estimated contract cost. Cost of revenue includes an allocation of depreciation and amortization. Pre-contract costs are expensed as incurred. Changes to total estimated contract cost or losses, if any, are recognized in the period in which they are determined.

The Company generally provides limited warranties for work performed under its construction contracts with periods typically extending for a limited duration following substantial completion of the Company's work on a project. Historically, warranty claims have not resulted in material costs incurred.

The Company classifies construction-related receivables and payables that may be settled in periods exceeding one year from the balance sheet date as current, consistent with the length of time of its project operating cycle. For example:

- Costs and estimated earnings in excess of billings represent the excess of contract costs and profits (or contract revenue) over the amount of contract billings to date and are classified as a current asset.
- Billings in excess of costs and estimated earnings represent the excess of contract billings to date over the amount of contract costs and profits (or contract revenue) recognized to date and are classified as a current liability.

Costs and estimated earnings in excess of billings result when either: 1) costs are incurred related to certain claims and unapproved change orders, or 2) the appropriate contract revenue amount has been recognized in accordance with the percentage-of-completion accounting method, but a portion of the revenue recorded cannot be billed currently due to the billing terms defined in the contract. Claims occur when there is a dispute regarding both a change in the scope of work and the price associated with that change. Unapproved change orders occur when there is a dispute regarding only the price associated with a change in scope of work. For both claims and unapproved change orders, the Company recognizes revenue, but not profit, when it is determined that recovery of incurred cost is probable and the amounts can be reliably estimated. For claims, these requirements are satisfied under ASC 605-35-25 when the contract or other evidence provides a legal basis for the claim, additional costs were caused by circumstances that were unforeseen at the contract date and not the result of deficiencies in the Company's performance, claim-related costs are identifiable and considered reasonable in view of the work performed, and evidence supporting the claim or change order is objective and verifiable.

Reported costs and estimated earnings in excess of billings as of December 31, 2015 consists of the following (in thousands):

| | | |
|---|---|---|
| Claims | $ | 407,164 |
| Unapproved change orders | | 270,019 |
| Other unbilled costs and profits | | 227,992 |
| Total costs and estimated earnings in excess of billings | $ | 905,175 |

The prerequisite for billing claims and unapproved change orders is the final resolution and agreement between the parties. The prerequisite for billing other unbilled costs and profits is provided in the defined billing terms of each of the applicable contracts. The amount of costs and estimated earnings in excess of billings as of December 31, 2015 estimated by management to be collected beyond one year is approximately $353.2 million.

***(e) Changes in Estimates***

The Company's estimates of contract revenue and cost are highly detailed and many factors change during a contract performance period that result in a change to contract profitability. These factors include, but are not limited to, differing site conditions; availability of skilled contract labor; performance of major material suppliers and subcontractors; on-going subcontractor negotiations and buyout provisions; unusual weather conditions; changes in the timing of scheduled work; change orders; accuracy of the original bid estimate; changes in estimated labor productivity and costs based on experience to date; achievement of incentive-based income targets; and, the expected, or actual, resolution terms for claims. The factors that cause changes in estimates vary depending on the maturation of the project within its lifecycle. For example, in the ramp-up phase, these factors typically consist of revisions in anticipated project costs and during the peak and close-out phases, these factors include the impact of change orders and claims as well as additional revisions in remaining anticipated project costs. Generally, if the contract is at an early stage of completion, the current period impact is smaller than if the same change in estimate is made to the contract at a later stage of completion. Management focuses on evaluating the performance of contracts individually and uses the cumulative catch-up method to account for revisions in estimates. Material changes in estimates are disclosed in the notes to the consolidated financial statements.

***(f) Depreciation of Property and Equipment and Amortization of Long-Lived Intangible Assets***

Property and equipment and long-lived intangible assets are depreciated or amortized on a straight-line basis over their estimated useful lives ranging from three to forty years.

***(g) Recoverability of Long-Lived Assets***

Long-lived assets are reviewed for impairment whenever circumstances indicate that the future cash flows generated by the assets might be less than the assets' net carrying value. In such circumstances, an impairment loss will be recognized by the amount the assets' net carrying value exceeds their fair value.

***(h) Recoverability of Goodwill***

Goodwill is not amortized to earnings, but instead is reviewed for impairment at a reporting unit level annually, or more often if there are indicators between the annual review dates that signal that impairment is probable. The Civil, Building and Specialty Contractors segments each represent a reporting unit. We perform our annual quantitative impairment assessment during the fourth quarter of each year using a weighted average of an income and a market approach. The income approach is based on estimated future cash flows for each reporting unit, which then are discounted to their present value. The market approach is based on assumptions about how market data relates to the Company. The weighting of these two approaches is based on their individual correlation to the economics of each reporting unit. The quantitative assessment performed in 2015 resulted in an estimated fair value for each of our reporting units that exceeded their respective net book values; therefore, no impairment charge was necessary for 2015.

***(i) Recoverability of Non-Amortizable Trade Names***

Certain trade names have an estimated indefinite life and are not amortized to earnings, but instead are reviewed for impairment annually, or more often if there are indicators between the annual review dates that signal that impairment is probable. We perform our annual quantitative impairment assessment during the fourth quarter of each year using an income approach (relief from royalty method). The quantitative assessment performed in 2015 resulted in an estimated fair value for the non-amortizable trade names that exceeded their respective net book values; therefore, no impairment charge was necessary for 2015.

***(j) Income Taxes***

Deferred income tax assets and liabilities are recognized for the effects of temporary differences between the financial statement carrying amounts and the income tax basis of assets and liabilities using tax rates expected to be in effect when such differences reverse. Income tax positions must meet a more-likely-than-not threshold to be recognized. The Company recognizes interest and penalties related to uncertain tax positions as a component of the income tax provision.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
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***(k) Earnings Per Share***

Basic EPS is calculated by dividing net income by the weighted-average number of common shares outstanding during the period. Potentially dilutive securities include restricted stock units and stock options. Diluted EPS reflects the assumed exercise or conversion of all dilutive securities using the treasury stock method.

The calculations of the basic and diluted EPS for the year ended December 31, 2015 under the treasury stock method are presented below (in thousands, except per share data):

| | | |
|---|---|---|
| Net income | $ | 45,292 |
| Weighted-average common shares outstanding - basic | | 48,981 |
| Effect of diluted stock options and unvested restricted stock | | 685 |
| Weighted-average common shares outstanding - diluted | | 49,666 |
| Net income (loss) per share: | | |
| Basic | $ | 0.92 |
| Diluted | $ | 0.91 |
| Anti-dilutive securities not included above | | 1,372 |

***(l) Cash and Cash Equivalents and Restricted Cash***

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less when acquired. Cash and cash equivalents, as reported in the accompanying Consolidated Balance Sheets, consist of amounts held by the Company that are available for general purposes and the Company's proportionate share of amounts held by construction joint ventures that are available only for joint venture-related uses, including future distributions to joint venture partners. Restricted cash is primarily held to secure insurance-related contingent obligations, such as insurance claim deductibles, in lieu of letters of credit.

Cash and cash equivalents and restricted cash as of December 31, 2015 consisted of the following (in thousands):

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 18,409 |
| Company's share of joint venture cash and cash equivalents | | 57,043 |
| Total cash and cash equivalents | $ | 75,452 |
| Restricted cash | $ | 45,853 |

***(m) Share-Based Compensation***

The Company's long-term incentive plan allows the Company to grant share-based compensation awards in a variety of forms, including restricted stock units and stock options. Restricted stock units and stock options generally vest subject to service and/or performance requirements, with related compensation expense equal to the fair value of the award on the date of grant and recognized on a straight-line basis over the requisite service period.

***(n) Insurance Liabilities***

The Company typically utilizes third party insurance coverage subject to varying deductible levels with aggregate caps on losses retained. The Company assumes the risk for the amount of the deductible portion of the losses and liabilities primarily associated with workers' compensation and general liability coverage. In addition, on certain projects, the Company assumes the risk for the amount of the deductible portion of losses that arise from any subcontractor defaults. Losses are accrued based upon the Company's estimates of the aggregate liability for claims incurred using historical experience and certain actuarial assumptions followed in the insurance industry. The estimate of insurance liability within the deductible limits includes an estimate of incurred but not reported claims based on data compiled from historical experience.

***(o) Other Comprehensive Income (Loss)***

ASC 220, *Comprehensive Income*, establishes standards for reporting and displaying comprehensive income and its components in the consolidated financial statements. The Company reports the change in pension benefit plans assets/liabilities, cumulative foreign currency translation, change in fair value of investments and change in fair value of interest rate swap as components of accumulated other comprehensive loss ("AOCI").

The tax effects of the components of other comprehensive income (loss) for the year ended December 31, 2015 are as follows (in thousands):

| | Before-Tax Amount | Tax (Expense) Benefit | Net-of-Tax Amount |
|---|---|---|---|
| Other comprehensive income (loss): | | | |
| Defined benefit pension plan adjustments | $ 31 | $ 1,995 | $ 2,026 |
| Foreign currency translation adjustment | (5,897) | 2,683 | (3,214) |
| Unrealized gain (loss) in fair value of investments | 1,123 | (357) | 766 |
| Unrealized gain (loss) in fair value of interest rate swap | (37) | (88) | (125) |
| Total other comprehensive income (loss) | $ (4,780) | $ 4,233 | $ (547) |

The changes in AOCI balances by component (after-tax) for the year ended December 31, 2015 are as follows[(1)] (in thousands):

| | Defined Benefit Pension Plan | Foreign Currency Translation | Unrealized Gain (Loss) in Fair Value of Investments | Unrealized Gain (Loss) in Fair Value of Interest Rate Swap | Accumulated Other Comprehensive Income (Loss), Net |
|---|---|---|---|---|---|
| Balance as of December 31, 2014 | $ (40,268) | $ (1,389) | $ (110) | $ 149 | $ (41,618) |
| Other comprehensive income (loss) | 2,026 | (3,214) | 766 | (125) | (547) |
| Balance as of December 31, 2015 | $ (38,242) | $ (4,603) | $ 656 | $ 24 | $ (42,165) |

[(1)] There were no reclassifications from AOCI during the year ended December 31, 2015.

***(p) New Accounting Pronouncements***

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606),* which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. This ASU addresses when and how an entity should recognize revenue for the transfer of goods and/or services to customers. This ASU is effective for fiscal year and interim periods within those years beginning after December 15, 2017. The Company is currently evaluating the effect that the adoption of this ASU will have on its financial statements.

In February 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810)* , which amends the consolidation standard and updates the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. The amendment modifies the evaluation of whether limited partnerships and similar legal entities are variable interest entities (VIEs) or voting interest entities and affects the consolidation analysis of reporting entities that are involved with VIEs, particularly those that have fee arrangements and related party relationships, among other provisions. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The Company is currently evaluating the effect that the adoption of this ASU will have on its financial statements.

In April 2015, the FASB issued ASU 2015-03, *Interest – Imputation of Interest (Subtopic 835-30).* This ASU requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB also issued ASU 2015-15, *Interest—Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated With Line-of-Credit Arrangements — Amendments to SEC Paragraphs Pursuant to Staff Announcement at June 18, 2015, EITF Meeting*. This update allows an entity to defer and present debt issuance costs related to line-of-credit arrangements as an asset and subsequently amortize the deferred debt issuance costs ratably over the term of the line-of-credit arrangement, regardless of whether there are any outstanding borrowings on the line-of-credit arrangement. These ASUs are effective for fiscal years, and interim periods within those years, beginning after December 15, 2015. The adoption of these ASUs is not expected to have a material impact on the Company's financial statements.

In November 2015, the FASB issued ASU 2015-17, *Balance Sheet Classification of Deferred Taxes (Subtopic 740-10)*. This ASU require entities to present all deferred tax assets and all deferred tax liabilities as noncurrent in a classified balance sheet. This ASU is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016. The Company had $26.3 million of current deferred tax assets and $24.9 million of current deferred tax liabilities as of December 31, 2015, which will be presented as noncurrent upon adoption of this ASU.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic-842)* which amends the existing guidance in ASC 840 *Leases*. This amendment requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases. Other significant provisions of the amendment include (i) defining the "lease term" to include the non-cancellable period together with periods for which there is a significant economic incentive for the lessee to extend or not terminate the lease; (ii) defining the initial lease liability to be recorded on the balance sheet to contemplate only those variable lease payments that depend on an index or that are in substance "fixed"; and (iii) a dual approach for determining whether lease expense is recognized on a straight-line or accelerated basis, depending on whether the lessee is expected to consume more than an insignificant portion of the leased asset's economic benefits. This ASU is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the effect that the adoption of this ASU will have on its financial statements.

## 2. Consolidated Statement of Cash Flows

Below are the changes in other components of working capital, as shown in the Consolidated Statement of Cash Flows, and the supplemental disclosure of cash paid for interest and income taxes for the year ended December 31, 2015 (in thousands):

| | | |
|---|---|---|
| Decrease (Increase) in: | | |
| Accounts receivable | $ | 4,734 |
| Costs and estimated earnings in excess of billings | | (178,774) |
| Other current assets | | (38,616) |
| Increase (Decrease) in: | | |
| Accounts payable | | 139,290 |
| Billings in excess of costs and estimated earnings | | (30,985) |
| Accrued expenses | | (24,426) |
| Changes in other components of working capital | $ | (128,777) |
| | | |
| Cash paid during the year for: | | |
| Interest | $ | 45,055 |
| Income taxes | $ | 35,299 |

## 3. Fair Value Measurements

The fair value hierarchy established by ASC 820, *Fair Value Measurement*, prioritizes the use of inputs used in valuation techniques into the following three levels:

Level 1 — quoted prices in active markets for identical assets and liabilities
Level 2 — inputs other than Level 1 inputs that are observable, either directly or indirectly
Level 3 — unobservable inputs

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The following table presents, for each of the fair value hierarchy levels required under ASC 820, the Company's assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2015 (in thousands):

| | Fair Value Hierarchy | | | |
|---|---|---|---|---|
| | Total | Level 1 | Level 2 | Level 3 |
| **Assets:** | | | | |
| Cash and cash equivalents (a) | $ 75,452 | $ 75,452 | $ — | $ — |
| Restricted cash (a) | 45,853 | 45,853 | — | — |
| Investments in lieu of customer retainage (b) | 41,566 | 35,350 | 6,216 | — |
| Total | $ 162,871 | $ 156,655 | $ 6,216 | $ — |
| **Liabilities:** | | | | |
| Interest rate swap contract (c) | $ 45 | $ — | $ 45 | $ — |
| Contingent consideration (d) | — | — | — | — |
| Total | $ 45 | $ — | $ 45 | $ — |

(a) Cash, cash equivalents and restricted cash consist primarily of money market funds with original maturity dates of three months or less, for which fair value is determined through quoted market prices.
(b) Investments in lieu of customer retainage are classified as accounts receivable and are comprised of money market funds, U.S. Treasury Notes and other municipal bonds, the majority of which are rated Aa3 or better. The fair values of the U.S. Treasury Notes and municipal bonds are obtained from readily-available pricing sources for comparable instruments, and as such, the Company has classified these assets as Level 2.
(c) The Company values the interest rate swap liability utilizing a discounted cash flow model that takes into consideration forward interest rates observable in the market and the counterparty's credit risk.
(d) Represents earn-out payments for businesses acquired in 2011. The earn-out payments were estimated based on the projected operating results of the acquired businesses. The fair value of the earn-out payments was estimated by calculating their present value using discount rates ranging from 14% to 18%.

The following is a summary of changes in Level 3 liabilities during 2015 (in thousands):

| | Contingent Consideration |
|---|---|
| Balance as of December 31, 2014 | $ 24,814 |
| Fair value adjustments included in other income (expense), net | (3,739) |
| Amount no longer subject to contingency | (21,075) |
| Balance as of December 31, 2015 | $ — |

The carrying amount of cash and cash equivalents approximates fair value due to the short-term nature of these items. The carrying values of receivables, payables, other amounts arising out of normal contract activities, including retainage, which may be settled beyond one year, are estimated to approximate fair value. Of the Company's long-term debt, the fair value of the Senior Notes as of December 31, 2015 was $305.6 million, compared to the carrying value of $299.0 million. The fair value of the Senior Notes was calculated using Level 1 inputs based on quoted prices in the active markets for the Senior Notes as of December 31, 2015. For other fixed rate debt, fair value is determined using Level 3 inputs based on discounted cash flows for the debt at the Company's current incremental borrowing rate for similar types of debt. The estimated fair values of other fixed rate debt as of December 31, 2015 was $121.7 million, compared to the carrying amounts of $124.7 million. The fair value of variable rate debt, which includes the Revolving Credit Facility and the Term Loan, approximated its carrying value of $399.7 million as of December 31, 2015.

## 4. Goodwill and Other Intangible Assets

The following table presents the changes in the carrying amount of goodwill allocated to the Company's reporting units for 2015 (in thousands):

| | Civil | Building | Specialty Contractors | Total |
|---|---|---|---|---|
| Balance as of December 31, 2014[(a)] | $ 415,358 | $ 13,455 | $ 156,193 | $ 585,006 |
| 2015 activity | — | — | — | — |
| Balance as of December 31, 2015[(a)] | $ 415,358 | $ 13,455 | $ 156,193 | $ 585,006 |

(a) Balances presented include historical accumulated impairment of $76.7 million for the Civil segment and $411.3 million for the Building segment.

The following table presents the carrying value and accumulated amortization, as appropriate, of intangible assets other than goodwill as of December 31, 2015 (in thousands):

| | Gross Carrying Value | Accumulated Amortization | Net Carrying Value |
|---|---|---|---|
| Trade names (non-amortizable) | $ 50,410 | $ N/A | $ 50,410 |
| Trade names (amortizable) [(a)] | 51,118 | (11,316) | 39,802 |
| Customer relationships [(a)] | 23,155 | (16,827) | 6,328 |
| Total | $ 124,683 | $ (28,143) | $ 96,540 |

(a) The weighted-average amortization period for amortizable trade names and customer relationships is 20 years and 11 years, respectively.

Amortization expense related to amortizable intangible assets for the year ended December 31, 2015 totaled $3.7 million. Future amortization expense related to amortizable intangible assets is as follows (in millions):

| Fiscal Year | |
|---|---|
| 2016 | $ 3.5 |
| 2017 | 3.5 |
| 2018 | 3.5 |
| 2019 | 3.5 |
| 2020 | 3.5 |
| Thereafter | 28.6 |
| Total | $ 46.1 |

## 5. Financial Commitments

### *Long-Term Debt*

Long-term debt as of December 31, 2015 consists of the following (in thousands):

| | |
|---|---|
| Senior Notes ($300,000 face, less unamortized discount of $933) | $ 299,067 |
| Revolving Credit Facility | 158,000 |
| Term Loan | 223,750 |
| Equipment financing, mortgages and acquisition-related notes | 133,288 |
| Other indebtedness | 9,343 |
| Total debt | 823,448 |
| Less – current maturities | (88,917) |
| Long-term debt, net | $ 734,531 |

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*Senior Notes*

In October 2010, the Company issued $300 million of 7.625% senior unsecured notes (the "Senior Notes") due November 1, 2018, in a private offering exempt from the registration requirements of the Securities Act of 1933. The Company received net proceeds of $293.2 million from the issuance, after discounts and issuance costs. The Senior Notes pay interest semi-annually on May 1 and November 1 of each year. The Company may redeem these notes at a redemption price equal to 101.9 percent of their principal amount prior to October 31, 2016 and subsequently without a redemption premium. However, if a change of control triggering event occurs, as defined by the terms of the indenture, the Company is required to offer to redeem the notes at a redemption price equal to 101 percent of their principal amount. At the date of any redemption, any accrued and unpaid interest is also due. The Senior Notes are senior unsecured obligations of the Company and are guaranteed by substantially all of the Company's existing and future subsidiaries that also guarantee obligations under the Company's Credit Agreement as defined below. In addition, the indenture for the Senior Notes provides for customary events of default such as restrictions on the payment of dividends and share repurchases.

*Credit Agreement – Revolving Credit Facility and Term Loan*

In June 2014, the Company entered into a Sixth Amended and Restated Credit Agreement (the "Original Facility"), restructuring its former $300 million Revolving Credit Facility and $200 million Term Loan and providing for a $300 million revolving credit facility (the "Original Revolver") and a $250 million term loan (the "Original Term Loan"), both maturing on June 5, 2019. Principal on the Original Term Loan was originally payable on a quarterly basis beginning on September 30, 2014, with approximate aggregate principal payments for each year ending December 31, as follows: $7 million in 2014, $19 million in 2015, $26 million in 2016, $34 million in 2017, $41 million in 2018 and $123 million in 2019. The Company may repay all borrowings under the Original Facility at any time before maturity without penalty.

Interest on the Original Revolver depended on how the Company utilized the facility to meet its liquidity needs. As a result, the interest rate could equal either Bank of America's prime lending rate, plus an applicable margin, or the London Interbank Offered Rate ("LIBOR"), plus an applicable margin, ranging from either 1.25% to 2.00% or 2.25% to 3.00%, based on a pricing tier utilizing the Company's consolidated leverage ratio. Similarly, the interest rate on the Original Term Loan was equal to LIBOR plus an applicable margin ranging from 1.25% to 2.00%. The Company also has an interest rate swap agreement with a notional amount of $25 million that effectively converted interest on $25 million of the debt from a variable rate to a fixed rate of 0.975%. The swap expires in June 2016, and there is no requirement under the Original Facility to enter into an additional swap agreement at that time.

The Original Facility provides a sublimit for the issuance of letters of credit up to the aggregate amount of $150 million.

The Original Facility also allowed the Company to either increase the Original Facility or establish one or more new term loan commitments (an accordion feature), up to an aggregate amount not to exceed $300 million.

*Amended Credit Agreement*

On February 26, 2016, we entered into Waiver and Amendment No. 1 (the "Amendment") to the Original Facility (collectively, the "Credit Facility") with Bank of America, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer and a syndicate of other lenders. As a result of the Company's financial results for the fiscal year ended December 31, 2015, which included the previously reported $23.9 million non-cash, pre-tax charge from an adverse ruling on the Brightwater litigation matter in the third quarter as well as $45.6 million of pre-tax charges in the third and fourth quarters for Five Star Electric, the Company was not in compliance with the required consolidated leverage ratio and consolidated fixed charge coverage ratio under the Original Facility, which are both calculated on a rolling four quarter basis. In the Amendment, the lenders waived these covenant violations and modified certain provisions of the Original Facility.

The Credit Facility provides for a $300 million revolving credit facility (the "Revolver") and a $250 million term loan (the "Term Loan"). As a result of the Amendment, both the Revolver and the Term Loan will now mature on May 1, 2018. The Term Loan principal payments have been modified to include certain additional principal payments which will be applied against the balloon payment (discussed below). Borrowings under the Revolver bear interest, based either on Bank of America's prime lending rate, plus an applicable margin, or the London Interbank Offered Rate ("LIBOR"), plus an applicable margin. Borrowings under the Term Loan bear interest based on LIBOR plus an applicable margin. Under the terms of the Amendment, for so long as the Company's consolidated leverage ratio is greater than 3.5 to 1.0, it will not be permitted to make LIBOR-based borrowings and will be subject to an increased interest rate on borrowings, with such rate being 100 basis points higher than the highest rate under the Original Facility while the Company's consolidated leverage ratio is greater than 3.5 to 1.0 but not more than 4.0 to 1.0, and an additional 100 basis points higher while the Company's consolidated leverage ratio is greater than 4.0 to 1.0. The Company also will be subject to increased commitment fees at these higher leverage ratio levels. In addition, until the Company's consolidated leverage ratio goes below 3.5 to 1.0, LIBOR-based borrowings will convert to base rate borrowings. The Amendment provides for the exclusion of the impact of the Brightwater litigation matter from the calculation of the Company's consolidated leverage ratio and consolidated fixed charge coverage ratio. Interest payments will be due on a monthly basis, rather than a quarterly basis. If the Company is in compliance with the leverage and fixed charge ratio covenants provided in the Original Facility as of December 31, 2016, interest payments will again be due on a quarterly basis thereafter. The Amendment also removes the accordion feature of the Original Facility, which would have allowed, as noted above, either an increase of $300 million in the Revolver or the establishment of one or more new term loan commitments.

The Amendment also modifies several of the covenants in the Original Facility, including the Company's maximum allowable consolidated leverage ratio to be at 4.25:1.00 in the first quarter of 2016, stepping down to 4.0:1.0 in the second and third quarters of 2016 and then returning to the Original Facility's range of 3.25:1.00 to 3.00:1.00 beginning with the fourth quarter of 2016. The Credit Facility will continue to require the Company to maintain a minimum consolidated fixed charge coverage ratio of 1.25:1.00. Other usual and customary covenants for credit facilities of this type (such as, restrictions on the payment of dividends and share repurchases) were included in the Original Facility (subject to certain modifications made in the Amendment), while the Amendment adds covenants regarding the Company's liquidity, including a cap on the cash balance in the Company's bank account and a weekly minimum liquidity requirement (based on specified available cash balances and availability under the Revolver). The Amendment also requires the Company to achieve certain quarterly cash collection milestones and increases the lenders' collateral package. Beginning in the fourth quarter of 2016, the Company will be required to make quarterly principal payments towards the Term Loan balloon payment, based on a percentage of certain forecasted cash collections for the prior quarter, in addition to the scheduled amortization payments of the Original Facility.

Substantially all of the Company's subsidiaries unconditionally guarantee our obligations under the Credit Facility. The obligations under the Credit Facility are secured by a lien on substantially all real and personal property of the Company and its subsidiaries party thereto. Under the Amendment, the Company agreed to increase the lenders' collateral package, including by pledging to the lenders (i) the equity interests of each direct domestic subsidiary of the Company and (ii) 65% of the stock of each material first-tier foreign restricted subsidiary of the Company.

The Term Loan balance was $223.8 million at December 31, 2015. The next quarterly Term Loan payment under the Credit Facility is due and payable in March of 2016.

We had $158.0 million of outstanding borrowings under our Revolver as of December 31, 2015. We utilized the Revolver for letters of credit in the amount of $0.2 million as of December 31, 2015. Accordingly, as of December 31, 2015, we had $141.8 million available to borrow under the Revolver.

There were no other material changes in our contractual debt obligations as of December 31, 2015. As of the issuance date of these consolidated financial statements and giving effect to the Amendment, we are in compliance with the modified financial covenants under the Credit Facility.

*Equipment Financing, Mortgages and Acquisition-Related Notes*

The Company has certain loans entered into for the purchase of specific property, plant and equipment and secured by the assets purchased. The aggregate balance of equipment financing loans was approximately $70.6 million as of December 31, 2015 with interest rates ranging from 2.12% to 4.85% with schedules calling for equal principal and interest payments over periods up to five years. The aggregate balance of transportation-equipment financing loans was approximately $45.0 million December 31, 2015 with interest rates ranging from a fixed 3.35% to LIBOR plus 3% and equal monthly installment payments over periods up to ten years and balloon payments of $12.4 million in 2021 and $6.15 million in 2022 on the remaining loans outstanding at December 31, 2015. The aggregate balance of mortgage loans was approximately $17.7 million as of December 31, 2015 with interest rates based on LIBOR plus applicable margins up to 3% or prime less 1.0%, depending on the loan, and equal monthly installment payments over periods up to ten years with additional balloon payments of $5.6 million in 2016, $2.6 million in 2018 and $6.7 million in 2023.

During 2011, the Company issued approximately $21.7 million of 5% promissory notes in conjunction with an acquisition. The Company paid all outstanding principal and accrued interest on these notes in 2015.

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The following table presents the future principal payments required under all of the Company's debt obligations, discussed above, including the terms of the Amendment (in thousands).

| **Fiscal Year** | | |
|---|---|---|
| 2016 | $ | 88,917 |
| 2017 | | 124,008 |
| 2018 | | 407,575 |
| 2019 | | 169,790 |
| 2020 | | 4,824 |
| Thereafter | | 28,334 |
| | $ | 823,448 |

***Leases***

The Company leases certain construction equipment, vehicles and office space under non-cancelable operating leases. Future minimum rent payments under non-cancelable operating leases as of December 31, 2015 are as follows (in thousands):

| **Fiscal Year** | | |
|---|---|---|
| 2016 | $ | 26,819 |
| 2017 | | 19,958 |
| 2018 | | 15,478 |
| 2019 | | 10,549 |
| 2020 | | 8,923 |
| Thereafter | | 24,927 |
| Subtotal | | 106,654 |
| Less - Sublease rental agreements | | (3,833) |
| Total | $ | 102,821 |

Rental expense under operating leases of construction equipment, vehicles and office space was $17.4 million in 2015.

## 6. Income Taxes

Income before taxes for the year ended December 31, 2015 is summarized as follows (in thousands):

| | | |
|---|---|---|
| United States Operations | $ | 69,822 |
| Foreign Operations | | 4,017 |
| Total | $ | 73,839 |

The provision for income taxes for the year ended December 31, 2015 is as follows (in thousands):

| | | |
|---|---|---|
| Current expense: | | |
| Federal | $ | 5,465 |
| State | | (362) |
| Foreign | | 1,126 |
| Total current | | 6,229 |
| Deferred (benefit) expense: | | |
| Federal | | 19,583 |
| State | | 2,735 |
| Foreign | | — |
| Total deferred | | 22,318 |
| Total provision | $ | 28,547 |

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The following table is a reconciliation of the Company's provision for income taxes at the statutory rates to the provision for income taxes at the Company's effective rate for 2015 (dollars in thousands).

| | Amount | Rate |
|---|---|---|
| **Federal income expense at statutory tax rate** | $ 25,844 | 35.0 % |
| State income taxes, net of federal tax benefit | 1,250 | 1.7 |
| Officers' compensation | 2,900 | 3.9 |
| Domestic Production Activities Deduction | (1,499) | (2.0) |
| Impact of state tax rate changes on deferred | 2,435 | 3.3 |
| Other | (2,383) | (3.2) |
| **Provision for income taxes** | $ 28,547 | 38.7 % |

The Company's provision for income taxes and effective tax rate for the year ended December 31, 2015 were significantly impacted by a favorable discrete item related to the reversal of FIN 48 reserves due to the resolution of certain state tax matters.

The following is a summary of the significant components of the deferred tax assets and liabilities as of December 31, 2015 (in thousands):

| | |
|---|---|
| **Deferred Tax Assets** | |
| Timing of expense recognition | $ 58,048 |
| Net operating losses | 3,564 |
| Other, net | 114,225 |
| Deferred tax assets | 175,837 |
| Valuation allowance | (460) |
| Net deferred tax assets | 175,377 |
| **Deferred Tax Liabilities** | |
| Intangible assets, due primarily to purchase accounting | (99,549) |
| Fixed assets, due primarily to purchase accounting | (101,022) |
| Construction contract accounting | (7,530) |
| Joint ventures - construction | (27,604) |
| Other | (62,494) |
| Deferred tax liabilities | (298,199) |
| Net deferred tax liability | $ (122,822) |

The net deferred tax liability is classified in the Consolidated Balance Sheet as of December 31, 2015 based on when the future tax benefit or expense is expected to be realized as follows (in thousands):

| | |
|---|---|
| Current deferred tax asset | $ 26,306 |
| Long-term deferred tax asset | 149,071 |
| Current deferred tax liability | (24,889) |
| Long-term deferred tax liability | (273,310) |
| Net deferred tax liability | $ (122,822) |

The Company had a valuation allowance of $0.5 million as of December 31, 2015 for federal and state capital loss carryforwards as the ultimate utilization of this item was not likely.

The Company has not provided for deferred income taxes or foreign withholding tax on basis differences in its non-U.S. subsidiaries that result from undistributed earnings aggregating $12.1 million which the Company has the intent and the ability to reinvest in its foreign operations. Generally, the U.S. income taxes imposed upon repatriation of undistributed earnings would be reduced by foreign tax credits from foreign income taxes paid on the earnings. Determination of the deferred income tax liability on these basis differences is not reasonably estimable because such liability, if any, is dependent on circumstances existing if and when remittance occurs.

The Company's policy is to record interest and penalties on unrecognized tax benefits as an element of income tax expense. The cumulative amounts related to interest and penalties are added to the total unrecognized tax liabilities on the balance sheet. The total amount of gross unrecognized tax benefits as of December 31, 2015 that, if recognized, would affect the effective tax rate is $3.6 million. The Company does not expect any significant release of unrecognized tax benefits within the next twelve months.

The Company accounts for its uncertain tax positions in accordance with GAAP. A reconciliation of the beginning and ending amounts of these tax benefits for the year ended December 31, 2015 is as follows (in thousands):

| | | |
|---|---|---|
| Beginning balance | $ | 7,636 |
| Change in tax positions of prior years | | (3,073) |
| Change in tax positions of current year | | 169 |
| Reduction in tax positions for statute expirations | | (1,120) |
| Ending Balance | $ | 3,612 |

We conduct business internationally and, as a result, one or more of our subsidiaries files income tax returns in U.S. federal, U.S. state and certain foreign jurisdictions. Accordingly, in the normal course of business, we are subject to examination by taxing authorities principally throughout the United States, Guam and Canada. We are no longer under examination by the taxing authority regarding any U.S. federal income tax returns for years before 2011 while the years open for examination under various state and local jurisdictions vary.

## 7. Contingencies and Commitments

The Company and certain of its subsidiaries are involved in litigation and are contingently liable for commitments and performance guarantees arising in the ordinary course of business. The Company and certain of its customers have made claims arising from the performance under their contracts. The Company recognizes certain significant claims for recovery of incurred cost when it is probable that the claim will result in additional contract revenue and when the amount of the claim can be reliably estimated. These assessments require judgments concerning matters such as litigation developments and outcomes, the anticipated outcome of negotiations, the number of future claims and the cost of both pending and future claims. In addition, because most contingencies are resolved over long periods of time, liabilities may change in the future due to various factors.

Several matters are in the litigation and dispute resolution process and represent contingent losses or gains to the Company. The following discussion provides a background and current status of the more significant matters.

### Tutor-Saliba-Perini Joint Venture vs. Los Angeles MTA Matter

During 1995, Tutor-Saliba-Perini ("Joint Venture") filed a complaint in the Superior Court of the State of California for the County of Los Angeles against the Los Angeles County Metropolitan Transportation Authority ("LAMTA"), seeking to recover costs for extra work required by LAMTA in connection with the construction of certain tunnel and station projects, all of which were completed by 1996. In 1999, LAMTA countered with civil claims under the California False Claims Act against the Joint Venture, Tutor-Saliba and Perini Corporation jointly and severally (together, "TSP"), and obtained a judgment that was reversed on appeal and remanded for retrial before a different judge.

Between 2005 and 2010, the court granted certain Joint Venture motions and LAMTA capitulated on others, which reduced the number of false claims LAMTA may seek and limited LAMTA's claims for damages and penalties. In September 2010, LAMTA dismissed its remaining claims and agreed to pay the entire amount of the Joint Venture's remaining claims plus interest. In the remanded proceedings, the Court subsequently entered judgment in favor of TSP and against LAMTA in the amount of $3.0 million after deducting $0.5 million, representing the tunnel handrail verdict plus accrued interest against TSP. The parties filed post-trial motions for costs and fees. The Court ruled that TSP's sureties could recover costs, LAMTA could recover costs for the tunnel handrail trial and no party could recover attorneys' fees. TSP appealed the false claims jury verdict on the tunnel handrail claim and other issues, including the denial of TSP's and its sureties' request for attorneys' fees. LAMTA subsequently filed its cross-appeal. In June 2014, the Court of Appeal issued its decision reversing judgment on the People's Unfair Competition claim and reversing the denial of TSP's Sureties' request for attorney's fees and affirming the remainder of the judgment. In January 2015, payment was made by LAMTA in the amount of $3.8 million in settlement of all outstanding issues except for the attorney's fees for TSP's Sureties.

On May 1, 2015, TSP's Surety's motions for attorney's fees were heard, and the Court issued its written ruling on May 5, 2015 in favor of TSP's Sureties for a total award of $2.1 million. The Court denied adding interest onto these amounts. On June 26, 2015, payment was made by LAMTA for these amounts, which was received by TSP. Based on the Court's decision, the Company wrote off the remaining booked position, which was immaterial to its consolidated financial statements. On June 23, 2015, TSP's Sureties filed a Notice of Appeal challenging the amount awarded to seek an increase. The appeal remains pending while the Court prepares the trial record for the Court of Appeal. However, the Company does not expect the ultimate resolution of this matter to have a material effect on its consolidated financial statements.

**Long Island Expressway/Cross Island Parkway Matter**

The Company reconstructed the Long Island Expressway/Cross Island Parkway Interchange project for the New York State Department of Transportation (the "NYSDOT"). The $130 million project was substantially completed in January 2004 and was accepted by the NYSDOT as finally complete in February 2006. The Company incurred significant added costs in completing its work and suffered extended schedule costs due to numerous design errors, undisclosed utility conflicts, lack of coordination with local agencies and other interferences for which the Company believes the NYSDOT is responsible.

In March 2011, the Company filed its claim and complaint with the New York State Court of Claims and served to the New York State Attorney General's Office, seeking damages in the amount of $53.8 million. In May 2011, the NYSDOT filed a motion to dismiss the Company's claim on the grounds that the Company had not provided required documentation for project closeout and filing of a claim. In September 2011, the Company reached agreement on final payment with the Comptroller's Office on behalf of the NYSDOT which resulted in an amount of $0.5 million payable to the Company and formally closed out the project allowing the Company to re-file its claim. The Company re-filed its claim in the amount of $53.8 million with the NYSDOT in February 2012 and with the Court of Claims in March 2012. In May 2012, the NYSDOT served its answer and counterclaims in the amount of $151 million alleging fraud in the inducement and punitive damages related to disadvantaged business enterprise ("DBE") requirements for the project. The Court subsequently ruled that NYSDOT's counterclaims may only be asserted as a defense and offset to the Company's claims and not as affirmative claims. In November 2014, the Appellate Division First Department affirmed the dismissal of the City's affirmative defenses and counterclaims based on DBE fraud. The Company does not expect the counterclaims to have any material effect on its consolidated financial statements.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the consolidated financial statements at that time.

**Fontainebleau Matter**

Desert Mechanical Inc. ("DMI") and Fisk Electric Company ("Fisk"), wholly owned subsidiaries of the Company, were subcontractors on the Fontainebleau Project in Las Vegas ("Fontainebleau"), a hotel/casino complex with approximately 3,800 rooms. In June 2009, Fontainebleau filed for bankruptcy protection, under Chapter 11 of the U.S. Bankruptcy Code, in the Southern District of Florida. Fontainebleau is headquartered in Miami, Florida.

DMI and Fisk filed liens in Nevada for approximately $44 million, representing unreimbursed costs to date and lost profits, including anticipated profits. Other unaffiliated subcontractors have also filed liens. In June 2009, DMI filed suit against Turnberry West Construction, Inc., the general contractor, in the 8th Judicial District Court, Clark County, Nevada, and in May 2010, the court entered an order in favor of DMI for approximately $45 million.

In January 2010, the Bankruptcy Court approved the sale of the property to Icahn Nevada Gaming Acquisition, LLC, and this transaction closed in February 2010. As a result of a July 2010 ruling relating to certain priming liens, there was approximately $125 million set aside from this sale, which is available for distribution to satisfy the creditor claims based on seniority. At that time, the total estimated sustainable lien amount was approximately $350 million. The project lender filed suit against the mechanic's lien claimants, including DMI and Fisk, alleging that certain mechanic's liens are invalid and that all mechanic's liens are subordinate to the lender's claims against the property. The Nevada Supreme Court ruled in October 2012 in an advisory opinion at the request of the Bankruptcy Court that lien priorities would be determined in favor of the mechanic lien holders under Nevada law.

In October 2013, a settlement was reached by and among the Statutory Lienholders and the other interested parties. The agreed upon settlement has not had an impact on the Company's recorded accounting position as of the year ended December 31, 2015. The execution of that settlement agreement continues under the supervision of a mediator appointed by the Bankruptcy Court.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

**Honeywell Street/Queens Boulevard Bridges Matter**

In 1999, the Company was awarded a contract for reconstruction of the Honeywell Street/Queens Boulevard Bridges project for the City of New York (the "City"). In June 2003, after substantial completion of the project, the Company initiated an action to recover $8.8 million in claims against the City on behalf of itself and its subcontractors. In March 2010, the City filed counterclaims for $74.6

million and other relief, alleging fraud in connection with the DBE requirements for the project. In May 2010, the Company served the City with its response to the City's counterclaims and affirmative defenses. In August 2013, the Court granted the Company's motion to dismiss the City's affirmative defenses and counterclaims relating to fraud. In September 2013, the City filed a Notice of Appeal to the Court's decision; said appeal was dismissed by the Appellate Court in November 2014. Discovery is ongoing and is expected to conclude in early 2016.

The Company does not expect ultimate resolution of this matter to have any material effect on its consolidated financial statements.

**Westgate Planet Hollywood Matter**

Tutor-Saliba Corporation ("TSC"), a wholly owned subsidiary of the Company, contracted to construct a timeshare development project in Las Vegas which was substantially completed in December 2009. The Company's claims against the owner, Westgate Planet Hollywood Las Vegas, LLC ("WPH"), relate to unresolved owner change orders and other claims. The Company filed a lien on the project in the amount of $23.2 million, and filed its complaint with the District Court, Clark County, Nevada. Several subcontractors have also recorded liens, some of which have been released by bonds and some of which have been released as a result of subsequent payment. WPH has posted a mechanic's lien release bond for $22.3 million.

WPH filed a cross-complaint alleging non-conforming and defective work for approximately $51 million, primarily related to alleged defects, misallocated costs, and liquidated damages. WPH revised the amount of their counterclaims to approximately $45 million.

Following multiple post-trial motions, final judgment was entered in this matter on March 20, 2014. TSC was awarded total judgment in the amount of $19.7 million on its breach of contract claim, which includes an award of interest up through the date of judgment, plus attorney's fees and costs. WPH has paid $0.6 million of that judgment. WPH was awarded total judgment in the amount of $3.1 million on its construction defect claims, which includes interest up through the date of judgment. The awards are not offsetting. WPH and its Sureties have filed a notice of appeal. TSC has filed a notice of appeal on the defect award. In July 2014, the Court ordered WPH to post an additional supersedeas bond on appeal, in the amount of $1.7 million, in addition to the lien release bond of $22.3 million, which increases the security up to $24.0 million. The Nevada Supreme Court is anticipated to rule on this matter during the first quarter of 2016.

The Company does not expect ultimate resolution of this matter to have any material effect on its consolidated financial statements. Management has made an estimate of the total anticipated recovery on this project and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

**Brightwater Matter**

In 2006, the Department of Natural Resources and Parks Wastewater Treatment Division of King County ("King County"), as Owner, and Vinci Construction Grands Projects/Parsons RCI/Frontier-Kemper, Joint Venture ("VPFK"), as Contractor, entered into a contract to construct the Brightwater Conveyance System and tunnel sections in Washington State. Frontier-Kemper, a 20% minority partner in the joint venture, is a wholly owned subsidiary of the Company that was acquired in June 2011.

In April 2010, King County filed a lawsuit alleging damages in the amount of $74 million, plus costs, for VPFK's failure to complete specified components of the project in the King County Superior Court, State of Washington. Shortly thereafter, VPFK filed a counterclaim in the amount of approximately $75 million, seeking reimbursement for additional costs incurred as a result of differing site conditions, King County's defective specifications, and for damages sustained on VPFK's tunnel boring machines ("TBM"), and increased costs as a result of hyperbaric interventions. VPFK's claims were presented to a Dispute Resolution Board who generally found that King County was liable to VPFK for VPFK's claims for encountering differing site conditions, including damages to the TBM, but not on claims related to defective design specifications. From June through August 2012, each party filed several motions for summary judgment on certain claims and requests in preparation for trial, which were heard and ruled upon by the Court. The Court granted and denied various requests of each party related to evidence and damages.

In December 2012, a jury verdict was received in favor of King County in the amount of $155.8 million and a verdict in favor of VPFK in the amount of $26.3 million. In late April 2013, the Court ruled on post-trial motions and ordered VPFK's sureties to pay King County's attorneys' fees and costs in the amount of $14.7 million. All other motions were denied. On May 7, 2013, VPFK paid the full verdict amount and the associated fees, thus terminating any interest on the judgment. VPFK's notice of appeal was filed on May 31, 2013. King County has appealed approximately $17.0 million of the verdict award in VPFK's favor and VPFK's sureties have appealed the Court's order granting King County's request for legal fees and costs. Oral argument was held on March 9, 2015.

The Company received notice on November 9, 2015, that the Court of Appeals of the State of Washington filed their decision that day, which affirmed the trial court's judgment and denied the appeals brought forth by both VPFK and King County. Management booked the impact of this judgment during the third quarter of 2015, resulting in a non-cash, pre-tax charge of $23.9 million. The Court granted King County's request for recovery of reasonable attorney fees and appellate costs but did not quantify an amount. The Company does not expect the award of attorney fees, while not specifically determinable, to have a material financial impact on its consolidated financial statements.

**156 Stations Matter**

In December 2003, Five Star Electric Corporation ("FSE"), a wholly owned subsidiary of the Company, entered into an agreement with the Prime Contractor Transit Technologies, L.L.C., a Consortium member of Siemens Transportation Transit Technologies, L.L.C., to assist in the installation of new public address and customer information screens system for each of the 156 stations for the New York City Transit Authority as the owner.

In June 2012, an arbitration panel awarded FSE a total of approximately $11.9 million. Subsequently, the Court affirmed FSE's position; however, it decided that only $8.5 million of the total arbitration award of $11.9 million can be recovered against the payment bond. In December 2014, FSE filed its reply for the motion for re-argument with regard to the reduction in recoverable costs against the payment bond.

This matter was fully settled in April 2015 and payment was received. The settlement amount was consistent with the Company's recorded position and, accordingly, the settlement did not have a material impact on the Company's consolidated financial statements.

**U.S. Department of Commerce, National Oceanic and Atmospheric Administration Matter**

Rudolph and Sletten, Inc. ("R&S"), a wholly owned subsidiary of the Company, entered into a contract with the United States Department of Commerce, National Oceanic and Atmospheric Administration ("NOAA") for the construction of a 287,000 square-foot facility for NOAA's Southwest Fisheries Science Center Replacement Headquarters and Laboratory in La Jolla, California. The contract work began on May 24, 2010, and was substantially completed in September 2012. R&S incurred significant additional costs as a result of a design that contained errors and omissions, NOAA's unwillingness to correct design flaws in a timely fashion and a refusal to negotiate the time and pricing associated with change order work.

R&S has filed three certified claims against NOAA for contract adjustments related to the unresolved Owner change orders, delays, design deficiencies and other claims. The First Certified Claim was submitted on August 20, 2013, in the amount of $26.8 million ("First Certified Claim") and the Second Certified Claim was submitted on October 30, 2013, in the amount of $2.6 million ("Second Certified Claim") and the Third Certified Claim was submitted on October 1, 2014 in the amount of $0.7 million ("Third Certified Claim").

NOAA requested an extension to issue a decision on the First Certified Claim and on the Third Certified Claim, but did not request an extension of time to review the Second Certified Claim. On January 6, 2014, R&S filed suit in the United States Federal Court of Claims on the Second Certified Claim plus interest and attorney's fees and costs. This was followed by a submission of a lawsuit on the First Certified Claim on July 31, 2014. In February 2015, the Court denied NOAA's motion to dismiss the Second Certified Claim. In March 2015, the Contracting Officer issued decisions on all Claims accepting a total of approximately $1.0 million of claims and denying approximately $29.5 million of claims. On April 14, 2015, the Court consolidated the cases and has commenced discovery through mid-2016. No trial date has been set.

Management has made an estimate of the total anticipated recovery on this project, and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

**Five Star Electric Matter**

In the third quarter of 2015, Five Star Electric Corp ("Five Star"), a subsidiary of the Company that was acquired in 2011, entered into a tolling agreement related to an ongoing investigation being conducted by the United States Attorney for the Eastern District of New York ("USAO EDNY"). The tolling agreement extended the statute of limitations to avoid the expiration of any unexpired statute of limitations while the investigation is pending. Five Star has been cooperating with the USAO EDNY since late June 2014, when it was first made aware of the investigation, and has been providing information related to its use of certain minority-owned, women-owned, small and disadvantaged business enterprises and, in addition, most recently information regarding certain of Five Star's employee compensation, benefit and tax practices. The investigation covers the period of 2005-2014.

The Company cannot predict the ultimate outcome of the investigation and cannot accurately estimate any potential liability that Five Star or the Company may incur or the impact of the results of the investigation on Five Star or the Company.

**Alaskan Way Viaduct Matter**

In January 2011, Seattle Tunnel Partners ("STP"), a joint venture between Dragados USA, Inc. and the Company, entered into a design-build contract with the Washington State Department of Transportation ("WSDOT") for the construction of a large diameter bored tunnel in downtown Seattle, King County, Washington to replace the Alaskan Way Viaduct, also known as State Route 99.

The construction of the large diameter bored tunnel requires the use of a tunnel boring machine ("TBM"). In December 2013, the TBM struck a steel pipe, installed by WSDOT as a well casing for an exploratory well. The TBM was damaged and was required to be shut down for repair. STP has asserted that the steel pipe casing was a differing site condition that WSDOT failed to properly disclose. The Disputes Review Board mandated by the contract to hear disputes issued a decision finding the steel casing was a Type I differing site condition. WSDOT has not accepted that finding.

The TBM is insured under a Builder's Risk Insurance Policy ("the Policy") with Great Lakes Reinsurance (UK) PLC and a consortium of other insurers (the "Insurers"). STP submitted the claims to the insurer and requested interim payments under the Policy. The Insurers refused to pay and denied coverage. In June 2015, STP filed a lawsuit in the King County Superior Court, State of Washington seeking declaratory relief concerning contract interpretation as well as damages as a result of the Insurers' breach of its obligations under the terms of the Policy, and added WSDOT as a defendant since WSDOT is an insured under the Policy and had filed its own claim for damages. In August 2015, the Insurers filed a complaint in the Supreme Court, State of New York County seeking declaratory relief concerning contract interpretation. The Court in New York has stayed the Insurers' lawsuit pending a decision from the Washington State Court.

In October 2015, WSDOT filed a complaint against STP in the King County Superior Court, State of Washington for breach of contract and declaratory relief concerning contract interpretation.

As of December 2015, the Company has concluded that the potential for a material adverse financial impact due to the Insurer's and WSDOT's respective legal actions are neither probable nor remote. Management has made an estimate of the total anticipated recovery on this project and such estimate is included in revenue recorded to date. To the extent new facts become known or the final recovery included in the claim settlement varies from the estimate, the impact of the change will be reflected in the financial statements at that time.

**8. Share-Based Compensation**

The Company's executive share-based compensation plan provides for various types of share-based grants, including restricted stock units and stock options. Restricted stock units give the holder the right to exchange their restricted stock units for shares of the Company's common stock on a one-for-one basis. Stock options give the holder the right to purchase shares of the Company's common stock at an exercise price equal to the fair value of the Company's common stock on the date of the stock option's award. Awards are usually subject to certain service and performance conditions and may not be sold or otherwise transferred until those restrictions have been satisfied. The term for stock options is limited to 10 years from the date of grant. As of December 31, 2015, there were 489,022 shares available to be granted under the Company's share-based compensation plan. Many of the awards under the plan allow for the fractional earning of the entire award based on achieving separate vesting criteria for separate performance periods. The Company accounts for each fractional portion of these awards as a separate grant, with the grant date established at the date when the performance target for a given period is set and communicated to the grantee. As of December 31, 2015, there were 754,500 restricted stock units and 722,000 stock options that have been awarded, but are not yet granted.

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The following table summarizes restricted stock unit and stock option activity during the year ended December 31, 2015:

| | Restricted Stock Units | | | Stock Options | | |
|---|---|---|---|---|---|---|
| | Number | | Weighted-Average Grant Date Fair Value Per Share | Number | | Weighted-Average Exercise/(Strike) Price Per Share |
| Outstanding as of December 31, 2014 | 1,056,597 | $ | 26.54 | 1,989,000 | $ | 19.63 |
| Granted | 321,500 | | 23.07 | 259,000 | | 16.07 |
| Expired or forfeited | (281,560) | | 23.89 | (250,000) | | 15.97 |
| Vested/exercised | (370,940) | | 27.07 | - | | - |
| Outstanding as of December 31, 2015 | 725,597 | $ | 25.28 | 1,998,000 | $ | 19.62 |

The fair value of restricted stock units that vested during 2015 was approximately $8.0 million. As of December 31, 2015, the balance of unamortized restricted stock and stock option expense was $7.5 million and $1.9 million, respectively, which will be recognized over weighted-average periods of 1.6 years for restricted stock units and 1.4 years for stock options.

The 1,998,000 outstanding stock options as of December 31, 2015 had an intrinsic value of $3.0 million and a weighted-average remaining contractual life of 4.9 years. Of those outstanding options: 1) 1,485,000 were exercisable with an intrinsic value of $1.6 million, a weighted-average exercise price of $19.57 per share and a weighted-average remaining contractual life of 4.0 years; and 2) 513,000 have been granted but have not vested, of which 483,000 are expected to vest and have an intrinsic value of $1.3 million, a weighted-average exercise price of $19.27 and a weighted-average remaining contractual life of 7.3 years.

The fair value on the grant date and the significant assumptions used in the Black-Scholes option-pricing model for stock option awards granted during 2015 are as follows:

| | | |
|---|---|---|
| Total stock options granted | | 259,000 |
| Weighted-average grant date fair value | $ | 12.48 |
| Weighted-average assumptions: | | |
| Risk-Free Rate | | 1.3 % |
| Expected life of options[(a)] | | 4.7 |
| Expected volatility[(b)] | | 45.5 % |
| Expected quarterly dividends | $ | — |

(a) Calculated using the simplified method due to the terms of the stock options and the limited pool of grantees.
(b) Calculated using historical volatility of the Company's common stock over periods commensurate with the expected life of the option.

The Company recognized, as part of general and administrative expense, cost for stock-based payment arrangements of $9.5 million for the year ended December 31, 2015 with related tax benefits of $4.0 million.

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## 9. Business Segments

The Company offers general contracting, pre-construction planning and comprehensive project management services, including planning and scheduling of the manpower, equipment, materials and subcontractors required for the timely completion of a project in accordance with the terms and specifications contained in a construction contract. The Company also offers self-performed construction services, including site work, concrete forming and placement, steel erection, electrical, mechanical, plumbing and HVAC. Our business is conducted through three segments: Civil, Building and Specialty Contractors, as described further below. These segments are determined based on how the Company's Chairman and Chief Executive Officer (chief operating decision maker) aggregates business units when evaluating performance and allocating resources.

The Civil segment specializes in public works construction and the repair, replacement and reconstruction of infrastructure. The civil contracting services include construction and rehabilitation of highways, bridges, mass-transit systems, and water management and wastewater treatment facilities.

The Building segment has significant experience providing services to a number of specialized building markets for private and public works customers, including the high-rise residential, hospitality and gaming, transportation, health care, commercial and government offices, sports and entertainment, education, correctional facilities, biotech, pharmaceutical, industrial and high-tech markets.

The Specialty Contractors segment specializes in electrical, mechanical, plumbing, HVAC, fire protection systems and pneumatically placed concrete for a full range of civil and building construction projects in the industrial, commercial, hospitality and gaming, and mass-transit end markets. This segment provides unique strengthens and capabilities which position the Company as a full-service contractor with greater control over scheduled work, project delivery and risk management.

The following tables set forth certain reportable segment information relating to the Company's operations for the years ended December 31, 2015 (in thousands):

| | Reportable Segments | | | | | |
|---|---|---|---|---|---|---|
| | Civil | Building | Specialty Contractors | Segment Total | Corporate | Consolidated Total |
| Total Revenue | $ 2,005,193 | $ 1,900,492 | $ 1,228,030 | $ 5,133,715 | $ — | $ 5,133,715 |
| Elimination of intersegment revenue | (115,286) | (97,957) | — | (213,243) | — | (213,243) |
| Revenue from external customers | $ 1,889,907 | $ 1,802,535 | $ 1,228,030 | $ 4,920,472 | $ — | $ 4,920,472 |
| Income from construction operations: | | | | | | |
| Before litigation-related charge | $ 169,073 | $ (1,240) | $ 15,682 | $ 183,515 | $ (54,242)(a) | $ 129,273 |
| Litigation-related charge (b) | (23,860) | — | — | (23,860) | — | (23,860) |
| Total | $ 145,213 | $ (1,240) | $ 15,682 | $ 159,655 | $ (54,242) | $ 105,413 |
| Capital Expenditures | $ 8,383 | $ 2,877 | $ 1,193 | $ 12,453 | $ 23,459 | $ 35,912 |

(a) Consists primarily of corporate general and administrative expenses.
(b) The Company recorded a non-cash, pre-tax charge of $23.9 million for an adverse appellate court decision related to a long-standing litigation matter for which the Company, as part of a 2011 acquisition, assumed liability as a minority partner in a joint venture for a project that had already been completed. (For further information, refer to the Brightwater Matter discussion in Note 7.)

During the year ended December 31, 2015, the Company recorded unfavorable adjustments totaling $45.6 million in income from construction operations ($0.53 in diluted EPS) related to various Five Star Electric projects in New York, none of which were individually material. Most of these projects are complete or nearing completion. In addition, there were unfavorable adjustments to the estimated cost to complete a Building segment project, which has been completed and resulted in a decrease of $24.3 million in income from construction operations ($0.28 in diluted EPS). Furthermore, the Company recorded a non-cash litigation-related charge for the Brightwater Matter, which resulted in a $23.9 million in income from construction operations ($0.28 in diluted EPS), as discussed in Note 7. Finally, the Company recorded favorable adjustments for a Civil segment runway reconstruction project, which resulted in an increase of $13.7 million in income from construction operations ($0.16 in diluted EPS).

The above were the only changes in estimates considered individually material to the Company's results of operations during the year ended December 31, 2015.

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The following table sets forth the total assets for the reportable segments as of December 31, 2015 (in thousands):

| | | |
|---|---|---|
| Building | $ | 798,022 |
| Civil | | 1,964,674 |
| Specialty Contractors | | 863,242 |
| Corporate and other (a) | | 416,503 |
| Total Assets | $ | 4,042,441 |

(a) Consists principally of cash and cash equivalents and corporate transportation equipment.

**Geographic Information**

Information concerning principal geographic areas as of and for the year-ended December 31, 2015 is as follows (in thousands):

| | | |
|---|---|---|
| **Revenue** | | |
| United States | $ | 4,694,165 |
| Foreign and U.S. territories | | 226,307 |
| Total | $ | 4,920,472 |
| | | |
| **Income (loss) from construction operations** | | |
| United States | $ | 128,869 |
| Foreign and U.S. territories | | 30,786 |
| Corporate | | (54,242) |
| Total | $ | 105,413 |

Income from construction operations has been allocated geographically based on the location of the job site.

| | | |
|---|---|---|
| **Assets** | | |
| United States | $ | 3,868,449 |
| Foreign and U.S. territories | | 173,992 |
| **Total Assets** | $ | 4,042,441 |

**Reconciliation of Segment Information to Consolidated Amounts**

The following table reconciles segment results to the consolidated income before income taxes for the year ended December 31, 2015 (in thousands).

| | | |
|---|---|---|
| **Income from construction operations** | $ | 105,413 |
| Other income (expense), net | | 12,453 |
| Interest expense | | (44,027) |
| **Income before income taxes** | $ | 73,839 |

**10. Employee Benefit Plans**

*Defined Benefit Pension Plan*

The Company has a defined benefit pension plan that covers certain of its executive, professional, administrative and clerical employees, subject to certain specified service requirements. The plan is noncontributory and benefits are based on an employee's years of service and "final average earnings," as defined by the plan. The plan provides reduced benefits for early retirement and takes into account offsets for social security benefits. The Company also has an unfunded supplemental retirement plan ("Benefit Equalization Plan") for certain employees whose benefits under the defined benefit pension plan were reduced because of compensation limitations under federal tax laws. Effective June 1, 2004, all benefit accruals under the Company's pension plan and Benefit Equalization Plan were frozen; however, the current vested benefit was preserved. Pension disclosure as presented below includes aggregated amounts for both of the Company's plans, except where otherwise indicated.

The Company historically has used the date of its fiscal year-end as its measurement date to determine the funded status of the plan.

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The long-term investment goals of our plan are to manage the assets in accordance with the legal requirements of all applicable laws; produce investment returns which maximize return within reasonable and prudent levels of risks; and achieve a fully funded status with regard to current pension liabilities. Some risk must be assumed in order to achieve the investment goals. Investments with the ability to withstand short and intermediate term variability are considered and some interim fluctuations in market value and rates of return are tolerated in order to achieve the plan's longer-term objectives.

The plan's assets are managed by a third-party investment manager. The investment manager is limited to pursuing the investment strategies regarding asset mix and purchases and sales of securities within the parameters defined in the Investment Objectives & Policy Statement and investment management agreement. Investment performance and risk is measured and monitored on an ongoing basis through quarterly investment meetings.

A summary of net periodic benefit cost for the year ended December 31, 2015 is as follows (in thousands):

| | | |
|---|---|---|
| Interest cost | $ | 4,055 |
| Expected return on plan assets | | (5,021) |
| Recognized net actuarial losses | | 1,869 |
| Net periodic benefit cost | $ | 903 |
| Actuarial assumptions used to determine net cost: | | |
| Discount rate | | 3.75% |
| Expected return on assets | | 6.50% |
| Rate of increase in compensation | | n.a. |

The target asset allocation for the Company's pension plan by asset category for 2016 and the actual asset allocation as of December 31, 2015 by asset category are as follows:

| | Percentage of Plan Assets | |
|---|---|---|
| **Asset Category** | **Target Allocation 2016** | **Actual Allocation 2015** |
| Cash | 5 % | 4 % |
| Equity securities: | | |
| Domestic | 65 | 61 |
| International | 25 | 30 |
| Fixed income securities | 5 | 5 |
| Total | 100 % | 100 % |

As of December 31, 2015, plan assets included approximately $44.1 million of investments in hedge funds which do not have readily determinable fair values. The underlying holdings of the funds are comprised of a combination of assets for which the estimate of fair value is determined using information provided by fund managers.

The Company expects to contribute approximately $1.8 million to its defined benefit pension plan in 2016. Future benefit payments under the plans are estimated as follows (in thousands):

| | | |
|---|---|---|
| 2016 | $ | 6,399 |
| 2017 | | 6,439 |
| 2018 | | 6,601 |
| 2019 | | 6,687 |
| 2020 | | 6,720 |
| Thereafter | | 33,510 |
| | $ | 66,356 |

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
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The following tables provide a reconciliation of the changes in the fair value of plan assets and plan benefit obligations during 2015, and a summary of the funded status as of December 31, 2015 (in thousands).

| | | |
|---|---|---|
| **Change in Fair Value of Plan Assets** | | |
| Balance at beginning of year | $ | 75,956 |
| Actual return on plan assets | | (984) |
| Company contribution | | 2,900 |
| Benefit payments | | (5,576) |
| Balance at end of year | $ | 72,296 |
| | | |
| **Change in Benefit Obligations** | | |
| Balance at beginning of year | $ | 110,923 |
| Interest cost | | 4,055 |
| Assumption change (gain) loss | | (3,838) |
| Actuarial loss | | 378 |
| Benefit payments | | (5,576) |
| Balance at end of year | $ | 105,942 |
| | | |
| Funded status | $ | (33,646) |
| Amounts recognized in Consolidated Balance Sheets consist of: | | |
| Current liabilities | $ | (218) |
| Long-term liabilities | | (33,428) |
| Net amount recognized in Consolidated Balance Sheets | $ | (33,646) |
| | | |
| Amounts not yet reflected in net periodic benefit cost and included in accumulated other comprehensive loss: | | |
| Net actuarial loss | $ | (56,824) |
| Accumulated other comprehensive loss | | (56,824) |
| Cumulative Company contributions in excess of net periodic benefit cost | | 23,178 |
| Net amount recognized in Consolidated Balance Sheets | $ | (33,646) |

The net actuarial gain arising during the period, netted against the amortization of the previously existing actuarial loss resulted in a net other comprehensive loss of $0.7 million in 2015.

The estimated amount of the net accumulated loss that will be amortized from accumulated other comprehensive loss into net period benefit cost in 2016 is $1.7 million.

| | |
|---|---|
| **Actuarial assumptions used to determine benefit obligation:** | |
| Discount rate | 4.10 % |
| Rate of increase in compensation | n.a. |
| Measurement date | December 31 |

The expected long-term rate of return on assets assumption was 6.5% for 2015. The expected long-term rate of return on assets assumption was developed considering forward looking capital market assumptions and historical return expectations for each asset class assuming the Company's target asset allocation and full availability of invested assets.

Plan assets are measured at fair value. The following provides a description of the valuation techniques employed for each major asset class: Corporate equities are valued at the closing price reported on the active market on which the individual securities are purchased. Registered investment companies are public investment vehicles valued using the Net Asset Value (NAV) of shares held by the plan at year-end. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy. Closely held funds held by the plan, which are only available through private offerings, do not have readily determinable fair values. Estimates of fair value of these funds are determined using the information provided by the fund managers and it is generally based on the net asset value per share or its equivalent. Corporate bonds are valued based on market values quoted by dealers who are market makers in these securities, and by independent pricing services which use multiple valuation techniques that incorporate available market information and proprietary valuation models using market characteristics, such as benchmark yield curve, coupon rates, credit spreads, estimated default rates and other features.

The following table sets forth the plan assets as of December 31, 2015 at fair value in accordance with the fair value hierarchy described in Note 3 (in thousands):

| | Fair Value Hierarchy | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total Value |
| Cash and cash equivalents | $ 2,654 | $ — | $ — | $ 2,654 |
| Fixed Income | 4,029 | — | — | 4,029 |
| Equities | 6,566 | — | — | 6,566 |
| Mutual Funds | 6,994 | — | — | 6,994 |
| Equity Partnerships | — | 7,920 | — | 7,920 |
| Hedge Fund Investments: | | | | |
| Cash | 324 | — | — | 324 |
| Long-Short Equity Fund | — | 12,640 | 16,370 | 29,010 |
| Event-Driven Fund | — | 3,618 | 6,984 | 10,602 |
| Distressed Credit | — | — | 935 | 935 |
| Multi-Strategy Fund | — | — | 1,262 | 1,262 |
| Private Credit | — | — | 2,000 | 2,000 |
| Total | $ 20,567 | $ 24,178 | $ 27,551 | $ 72,296 |

Fund strategies seek to capitalize on inefficiencies identified across different asset classes or markets. Hedge fund strategy types include long-short, event-driven, multi-strategy and distressed credit. Generally, the redemption of the Company's hedge fund investments is subject to certain notice-period requirements and, as such, the Company has classified these assets as Level 3 assets.

The table below sets forth a summary of changes in the fair value of the Level 3 assets (in thousands):

| | Changes in Fair Value of Level 3 Assets | | | | | |
|---|---|---|---|---|---|---|
| | Long-Short Equity Fund | Event-Driven Fund | Distressed Credit | Multi-Strategy Fund | Private Credit | Total |
| Balance, December 31, 2014 | $ 12,755 | $ 9,562 | $ 1,320 | $ 1,494 | $ — | $ 25,131 |
| Realized gains | (50) | (16) | (7) | (9) | — | (82) |
| Unrealized gains | 581 | (585) | (28) | (38) | — | (70) |
| Purchases | 5,631 | — | — | 225 | 2,642 | 8,498 |
| Sales | (2,547) | (1,977) | (350) | (410) | (642) | (5,926) |
| Balance, December 31, 2015 | $ 16,370 | $ 6,984 | $ 935 | $ 1,262 | $ 2,000 | $ 27,551 |

The Company's plans have benefit obligations in excess of the fair value of the plans' assets. The following table provides information relating to each of the plans' benefit obligations compared to the fair value of its assets as of December 31, 2015 (in thousands):

| (in thousands) | Pension Plan | Benefit Equalization Plan | Total |
|---|---|---|---|
| Projected benefit obligation | $ 102,495 | $ 3,447 | $ 105,942 |
| Accumulated benefit obligation | 102,495 | 3,447 | 105,942 |
| Fair value of plan assets | 72,296 | — | 72,296 |
| Projected benefit obligation greater than fair value of plan assets | $ 30,199 | $ 3,447 | $ 33,646 |
| Accumulated benefit obligation greater than fair value of plan assets | $ 30,199 | $ 3,447 | $ 33,646 |

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
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*Section 401(k) Plans*

The Company has several contributory Section 401(k) plans which cover its executive, professional, administrative and clerical employees, subject to certain specified service requirements. The 401(k) expense provision was $4.0 million in 2015. The Company's contribution is based on a non-discretionary match of employees' contributions, as defined by each plan.

*Cash-Based Compensation Plans*

The Company has multiple cash-based compensation plans and a share-based incentive compensation plan for key employees, which are generally based on the Company's achievement of a certain level of profit. For information on the Company's share-based incentive compensation plan, see Note 8.

*Multiemployer Plans*

In addition to the Company's defined benefit pension and contribution plans discussed above, the Company participates in multiemployer pension plans for its union construction employees. Contributions are based on the hours worked by employees covered under various collective bargaining agreements. Under the Employee Retirement Income Security Act, a contributor to a multiemployer plan is only liable for its proportionate share of a plan's unfunded vested liability upon termination, or withdrawal from, a plan. The Company currently has no intention of withdrawing from any of the multiemployer pension plans in which it participates and, therefore, has not recognized a liability for its proportionate share of any unfunded vested liabilities associated with these plans.

The following tables summarize key information for the plans that the Company had significant involvement with during the year ended December 31, 2015.

| Pension Fund | EIN/Pension Plan Number | Pension Protections Act Zone Status | FIP/RP Status Pending Or Implemented | Company Contributions (in millions) | Surcharge Imposed | Expiration Date of Collective Bargaining Agreement |
|---|---|---|---|---|---|---|
| Pension, Hospitalization and Benefit Plan of the Electrical Industry - Pension Trust Account | 13-6123601/001 | Green | No | 13.6 (a) | No | 5/31/2016 |
| Steamfitters Industry Pension Fund | 13-6149680/001 | Green | No | 6.2 (a) | No | 6/30/2017 |
| Excavators Union Local 731 Pension Fund | 13-1809825/002 | Green | No | 7.1 | No | 6/30/2016 |
| Local 147 Construction Workers Retirement Fund | 13-6528181 | Green | No | 5.6 (a) | No | 6/30/2018 |
| Iron Workers Locals 40,361 & 417 Pension Fund | 51-6102576/001 | Yellow | Implemented | 5.2 (a) | No | 6/30/2020 |
| New York City District Council of Carpenters Pension Plan | 51-0174276/001 | Green (b) | No | 3.1 | No | 6/30/2016 |

(a) These amounts exceeded 5% of the respective total plan contributions.
(b) Pension Protection Act zone status is as of July 1, 2015.

In addition to the individually significant plans described above, the Company also contributed approximately $40.6 million in 2015.

## 11. Related Party Transactions

The Company leases certain facilities from an entity owned by Ronald N. Tutor, the Company's Chairman and Chief Executive Officer, at market lease rates. Under these leases the Company paid $2.7 million and recognized expense of $3.2 million for the year ended December 31, 2015.

Raymond R. Oneglia, Vice Chairman of O&G Industries, Inc. ("O&G"), is a director of the Company, and O&G owns 500,000 shares of the Company's common stock. The Company and O&G formed a joint venture to provide contracting services for a highway construction project. O&G provides equipment and services to the joint venture on customary trade terms. The joint venture paid O&G $10.7 million for the year ended December 31, 2015. The Company has a 30% percent interest in the joint venture, which it accounts for using the proportionate consolidation method.

Peter Arkley, Senior Managing Director, Construction Services Group, of Alliant Insurance Services, Inc. ("Alliant"), is a director of the Company. The Company uses Alliant for various insurance related services and has paid Alliant $9.8 million for the year ended December 31, 2015. The Company owed Alliant $7.5 million for services rendered as of December 31, 2015.

## SUPPLEMENTAL CONSOLIDATING INFORMATION

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING BALANCE SHEET**
**AS OF DECEMBER 31, 2015**
**(In thousands, except share data)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | | | | | | | | | |
| **CURRENT ASSETS:** | | | | | | | | | | | | | | | | | |
| Cash | $ 47,198 | $ 839 | $ — | $ 14,518 | $ 2,144 | $ 98 | $ — | $ 1,531 | $ — | $ — | $ 1,934 | $ — | $ 10,883 | $ 2,036 | $ 1,361 | $ (7,090) | $ 75,452 |
| Restricted cash | 3,370 | — | — | — | 400 | — | — | — | — | — | 330 | — | — | 2,552 | 39,201 | — | 45,853 |
| Accounts receivable, including retainage | 339,488 | 30,993 | 16,854 | 59,347 | 54,002 | 6,975 | 99,671 | 29,083 | 245,622 | 70,891 | 35,501 | 11,658 | 19,042 | 517,575 | 83,658 | (146,745) | 1,473,615 |
| Costs and estimated earnings in excess of billings | 97,576 | 71,457 | 46,584 | 86,644 | 17,702 | 2,997 | 35,886 | 10,231 | 23,601 | 37,400 | 21,737 | 37,182 | 8,325 | 485,285 | 151 | (77,583) | 905,175 |
| Deferred income taxes | 16,566 | — | — | 5,239 | — | — | — | — | — | — | — | — | 314 | 4,185 | 2 | — | 26,306 |
| Intercompany notes and receivables | — | — | — | — | 28,889 | — | — | — | 45,504 | — | — | 3,738 | — | — | — | (78,131) | — |
| Other current assets | 59,792 | 974 | 2,161 | 5,331 | 7,690 | 4,525 | 2,077 | 56 | 3,483 | 2,134 | 1,497 | 285 | 6,818 | 11,305 | 12,319 | (11,603) | 108,844 |
| **Total current assets** | 563,990 | 104,263 | 65,599 | 171,079 | 110,827 | 14,595 | 137,634 | 40,901 | 318,210 | 110,425 | 60,999 | 52,863 | 45,382 | 1,022,938 | 136,692 | (321,152) | 2,635,245 |
| **PROPERTY AND EQUIPMENT, at cost** | | | | | | | | | | | | | | | | | |
| Land | 4,090 | — | 2,407 | 492 | 1,771 | — | 15,396 | — | 4,456 | — | 123 | — | 8,874 | 3,284 | 489 | — | 41,382 |
| Building and improvements | 22,132 | — | 4,409 | 1,798 | 2,663 | — | 23,547 | 852 | 12,908 | 1,887 | 3,986 | — | 12,367 | 23,727 | 13,324 | — | 123,600 |
| Construction equipment | 52,894 | 8,294 | 14,384 | 58,065 | 49,209 | 16,422 | 1,415 | 297 | 4,910 | — | 310 | — | 22,703 | 6,875 | 195,302 | — | 431,080 |
| Other equipment | 61,924 | 70,326 | 2,834 | — | 9,866 | 32 | 3,745 | 1,044 | 9,625 | 1,794 | 2,923 | 139 | 5,038 | 9,241 | 3,409 | — | 181,940 |
| | 141,040 | 78,620 | 24,034 | 60,355 | 63,509 | 16,454 | 44,103 | 2,193 | 31,899 | 3,681 | 7,342 | 139 | 48,982 | 43,127 | 212,524 | — | 778,002 |
| Less - Accumulated depreciation | (35,735) | (18,624) | (10,478) | (18,114) | (24,941) | (3,004) | (7,234) | (1,506) | (18,986) | (2,283) | (3,597) | (61) | (19,916) | (15,870) | (74,128) | — | (254,477) |
| Total property and equipment, net | 105,305 | 59,996 | 13,556 | 42,241 | 38,568 | 13,450 | 36,869 | 687 | 12,913 | 1,398 | 3,745 | 78 | 29,066 | 27,257 | 138,396 | — | 523,525 |
| **INTERCOMPANY NOTES AND RECEIVABLES** | — | — | — | — | 160,096 | — | 343,783 | 14,030 | 121,655 | — | — | 179,538 | 14,357 | 31,367 | 872 | (865,698) | — |
| **GOODWILL** | 571,520 | — | — | — | — | — | — | — | — | — | — | — | — | 13,486 | — | — | 585,006 |
| **INTANGIBLE ASSETS, NET** | 96,540 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 96,540 |
| **OTHER ASSETS** | 741,322 | 24,052 | 5,789 | — | 7,607 | 1,118 | 1,369 | 5,753 | 2,803 | 431 | 22,237 | 641 | 351 | 13,576 | 26,856 | (651,780) | 202,125 |
| **TOTAL ASSETS** | $ 2,078,677 | $ 188,311 | $ 84,944 | $ 213,320 | $ 317,098 | $ 29,163 | $ 519,655 | $ 61,371 | $ 455,581 | $ 112,254 | $ 86,981 | $ 233,120 | $ 89,156 | $ 1,108,624 | $ 302,816 | $ (1,838,630) | $ 4,042,441 |
| **LIABILITIES AND STOCKHOLDERS' EQUITY** | | | | | | | | | | | | | | | | | |
| **CURRENT LIABILITIES:** | | | | | | | | | | | | | | | | | |
| Current maturities of long-term debt | $ 107,282 | $ 2,426 | $ 79 | $ 11,200 | $ 6,830 | $ 2,945 | $ — | $ — | $ — | $ — | $ — | $ — | $ 5,886 | $ 574 | $ 11,695 | $ (60,000) | $ 88,917 |
| Accounts payable, including retainage | 199,238 | 5,459 | 12,300 | 27,667 | 70,344 | 1,354 | 78,082 | 32,848 | 285,390 | 55,187 | 46,453 | 46,750 | 15,551 | 224,518 | 4,028 | (167,705) | 937,464 |
| Billings in excess of costs and estimated earnings | 89,304 | 115 | 4,064 | 14,665 | 24,083 | 179 | 1,088 | 1,014 | 19,313 | 1,836 | 7,109 | 4,052 | 6,808 | 118,675 | 1,717 | (5,711) | 288,311 |
| Intercompany notes and advances payable—short term | 27,331 | — | 362 | — | — | — | 1,482 | — | 2,714 | 1,193 | — | 879 | — | 459 | 50,801 | (85,221) | — |
| Accrued expenses and other current liabilities | 24,045 | 4,122 | 2,507 | 15,760 | 9,569 | 388 | 4,897 | 1,187 | 10,792 | 2,720 | 6,932 | 1,183 | 6,822 | 30,134 | 40,289 | (2,331) | 159,016 |
| **Total current liabilities** | 447,200 | 12,122 | 19,312 | 69,292 | 110,826 | 4,866 | 85,549 | 35,049 | 318,209 | 60,936 | 60,494 | 52,864 | 35,067 | 374,360 | 108,530 | (320,968) | 1,473,708 |
| **LONG TERM DEBT, less current maturities** | 659,432 | 23,103 | — | 428 | 6,946 | 11,791 | — | — | — | — | — | — | 613 | 9,634 | 28,307 | (5,723) | 734,531 |
| **DEFERRED INCOME TAXES** | 39,143 | 95,695 | 10,880 | 14,955 | 18,851 | 4,454 | 6,181 | 4,755 | 2,735 | 5,292 | 7,537 | 514 | 364 | 22,008 | 39,946 | — | 273,310 |
| **OTHER LONG-TERM LIABILITIES** | 106,590 | 1,725 | — | 2 | — | — | — | 602 | 945 | — | — | 1 | — | — | 30,800 | — | 140,665 |
| **INTERCOMPANY NOTES & ADVANCES PAYABLE** | 460,704 | 4,326 | 4,994 | 56,869 | — | 6,239 | — | — | — | 34,820 | 2,996 | — | — | 270,206 | — | (841,154) | — |
| **STOCKHOLDERS' EQUITY:** | | | | | | | | | | | | | | | | | |
| Treasury Stock—Perini | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (658) | 658 | — |
| Common stock | 49,073 | — | 7 | 1 | 2,233 | 10 | 95 | 4 | 11 | — | — | 1 | 1,500 | 6 | 712 | (4,580) | 49,073 |
| Additional paid-in-capital | 1,035,514 | 27,406 | 1 | 56,297 | 37,168 | 1 | — | 279 | 6,303 | 9,999 | 22,437 | 1 | 16,250 | 226,112 | 188,321 | (590,573) | 1,035,516 |
| Retained earnings (deficit) | (684,174) | 23,934 | 49,750 | 22,664 | 141,074 | 1,802 | 427,830 | 20,682 | 127,378 | 1,207 | (6,483) | 179,739 | 36,158 | 205,674 | (93,142) | (76,290) | 377,803 |
| Accumulated and other comprehensive loss | (34,805) | — | — | (7,188) | — | — | — | — | — | — | — | — | (796) | 624 | — | — | (42,165) |
| **TOTAL STOCKHOLDERS' EQUITY** | 365,608 | 51,340 | 49,758 | 71,774 | 180,475 | 1,813 | 427,925 | 20,965 | 133,692 | 11,206 | 15,954 | 179,741 | 53,112 | 432,416 | 95,233 | (670,785) | 1,420,227 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY** | $ 2,078,677 | $ 188,311 | $ 84,944 | $ 213,320 | $ 317,098 | $ 29,163 | $ 519,655 | $ 61,371 | $ 455,581 | $ 112,254 | $ 86,981 | $ 233,120 | $ 89,156 | $ 1,108,624 | $ 302,816 | $ (1,838,630) | $ 4,042,441 |

NOTE: Consolidating Balance Sheet is presented using the cost method of accounting.
NOTE: Proportional share of joint venture assets and liabilities are included in the respective amounts shown above.
NOTE: Consolidating Balance Sheet does not reflect adjustments for push-down accounting relative to goodwill and intangible assets.
NOTE: Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.
NOTE: Management has determined the allocation of intercompany notes and receivable (or advance payable) balances between current assets (liabilities) and noncurrent assets (liabilities) based upon management's intent as to when such amounts will be settled.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF OPERATIONS**
**FOR THE YEAR ENDED DECEMBER 31, 2015**
**(In thousands, except per share data)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **REVENUE** | $ 1,030,133 | $ 30,021 | $ 43,903 | $ 266,693 | $ 547,447 | $ 9,419 | $ 352,442 | $ 124,902 | $ 940,372 | $ 146,125 | $ 267,674 | $ 74,220 | $ 108,213 | $ 1,228,030 | $ — | $ (249,122) | $ 4,920,472 |
| **COST OF OPERATIONS** | (886,604) | (37,356) | (42,498) | (263,282) | (483,331) | (10,485) | (364,397) | (120,941) | (909,765) | (145,942) | (255,276) | (65,748) | (98,093) | (1,147,786) | 18,163 | 249,122 | (4,564,219) |
| **GROSS PROFIT** | 143,529 | (7,335) | 1,405 | 3,411 | 64,116 | (1,066) | (11,955) | 3,961 | 30,607 | 183 | 12,398 | 8,472 | 10,120 | 80,244 | 18,163 | — | 356,253 |
| General and administrative expenses | (77,806) | (67) | (4,453) | (12,838) | (13,939) | (2,079) | (14,815) | (1,649) | (18,720) | (6,024) | (9,601) | (6,993) | (7,063) | (72,821) | (1,972) | — | (250,840) |
| **INCOME (LOSS) FROM CONSTRUCTION OPERATIONS** | 65,723 | (7,402) | (3,048) | (9,427) | 50,177 | (3,145) | (26,770) | 2,312 | 11,887 | (5,841) | 2,797 | 1,479 | 3,057 | 7,423 | 16,191 | — | 105,413 |
| Other income (expense), net | 8,155 | (36) | 1 | (780) | 1,126 | 1,663 | 5 | — | 47 | 4 | 38 | 8 | 313 | 1,095 | 814 | — | 12,453 |
| Interest expense | (41,006) | — | (6) | (279) | (427) | (521) | (6) | — | — | — | — | — | (162) | (341) | (1,279) | — | (44,027) |
| **INCOME (LOSS) BEFORE INCOME TAXES** | 32,872 | (7,438) | (3,053) | (10,486) | 50,876 | (2,003) | (26,771) | 2,312 | 11,934 | (5,837) | 2,835 | 1,487 | 3,208 | 8,177 | 15,726 | — | 73,839 |
| (Provision) Benefit for income taxes | (8,325) | 1,996 | 1,288 | 5,022 | (21,061) | 768 | 10,731 | (993) | (4,905) | (63) | (1,497) | (592) | (136) | (4,877) | (5,903) | — | (28,547) |
| **NET INCOME (LOSS)** | $ 24,547 | $ (5,442) | $ (1,765) | $ (5,464) | $ 29,815 | $ (1,235) | $ (16,040) | $ 1,319 | $ 7,029 | $ (5,900) | $ 1,338 | $ 895 | $ 3,072 | $ 3,300 | $ 9,823 | $ — | $ 45,292 |

NOTE: Consolidating Statement of Operations is presented using the cost method of accounting.
NOTE: Proportional share of joint venture net income (loss) is included in the respective amounts shown above.
NOTE: Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF RETAINED EARNINGS**
**FOR THE YEAR ENDED DECEMBER 31, 2015**
**(In thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| BALANCE - December 31, 2014 | $ (708,721) | $ 29,376 | $ 51,515 | $ 28,128 | $ 111,259 | $ 3,037 | $ 443,870 | $ 19,363 | $ 120,349 | $ 7,107 | $ (7,821) | $ 178,844 | $ 33,086 | $ 202,374 | $ (102,965) | $ (76,290) | $ 332,511 |
| Net Income (Loss) | 24,547 | (5,442) | (1,765) | (5,464) | 29,815 | (1,235) | (16,040) | 1,319 | 7,029 | (5,900) | 1,338 | 895 | 3,072 | 3,300 | 9,823 | — | 45,292 |
| BALANCE - December 31, 2015 | $ (684,174) | $ 23,934 | $ 49,750 | $ 22,664 | $ 141,074 | $ 1,802 | $ 427,830 | $ 20,682 | $ 127,378 | $ 1,207 | $ (6,483) | $ 179,739 | $ 36,158 | $ 205,674 | $ (93,142) | $ (76,290) | $ 377,803 |

NOTE: Consolidating Statement of Retained Earnings is presented using the cost method of accounting.
NOTE: Proportional share of joint venture net income (loss) is included in the respective amounts shown above.
NOTE: Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.

**TUTOR PERINI CORPORATION AND SUBSIDIARIES**
**CONSOLIDATING STATEMENT OF CASH FLOWS**
**FOR THE YEAR ENDED DECEMBER 31, 2015**
**(In thousands)**

| | Tutor Perini Corp. | Tutor-Saliba Corp. | Cherry Hill Construction Inc. | Frontier-Kemper Constructors | Lunda Construction Co. | Becho, Inc. | Tutor Perini Bldg. Co. Inc. | James A. Cummings, Inc. | Rudolph & Sletten, Inc. | Keating Building Co. | Anderson Companies, Inc. | Perini Management Services Inc. | Black Construction Investments, Inc. | Specialty Contractors Group | Other Subs. | Eliminations | Consolidated |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Net Income | $ 24,547 | $ (5,442) | $ (1,765) | $ (5,464) | $ 29,815 | $ (1,235) | $ (16,040) | $ 1,319 | $ 7,029 | $ (5,900) | $ 1,338 | $ 895 | $ 3,072 | $ 3,300 | $ 9,823 | $ — | $ 45,292 |
| Adjustments to reconcile net income to net cash from operating activities: | | | | | | | | | | | | | | | | | |
| Depreciation | 6,517 | 5,624 | 565 | 4,068 | 2,492 | 1,026 | 884 | 88 | 962 | 170 | 390 | 19 | 1,714 | 3,704 | 9,696 | — | 37,919 |
| Amortization of intangible assets and debt issuance costs | 5,810 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 5,810 |
| Share-based compensation expense | 9,477 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 9,477 |
| Adjustment of investments to fair value | (9) | — | — | — | — | — | — | — | — | — | — | — | — | 9 | — | — | — |
| Excess income tax benefit from stock-based compensation | (186) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (186) |
| Deferred income taxes | (114,507) | 75,264 | 5,091 | 13,690 | 11,244 | 2,220 | 4,812 | (930) | (68) | 4,861 | (12,604) | (126) | (617) | 20,740 | 13,144 | — | 22,214 |
| Loss (Gain) on sale of property and equipment | (2,260) | — | (20) | 3 | (410) | (233) | — | — | (14) | (14) | (38) | — | 212 | (148) | 13 | — | (2,909) |
| Other long-term liabilities | (4,813) | (157) | 273 | — | — | (39) | 1,261 | 436 | 945 | — | — | 265 | — | (58) | 30,799 | — | 28,912 |
| Other non-cash items | 2,327 | — | — | (4,763) | — | — | — | — | 129 | — | (1,077) | — | (591) | (105) | — | 400 | (3,680) |
| Changes in other components of working capital | (155,597) | 17,247 | (9,858) | (32,683) | (9,479) | 7,800 | 131,255 | (13,462) | 4,834 | (25,748) | 5,358 | 298 | 1,109 | (18,789) | (52,427) | 21,365 | (128,777) |
| NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES | (228,694) | 92,536 | (5,714) | (25,149) | 33,662 | 9,539 | 122,172 | (12,549) | 13,817 | (26,631) | (6,633) | 1,351 | 4,899 | 8,653 | 11,048 | 21,765 | 14,072 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Acquisition of property and equipment | (21,498) | — | (49) | (3,316) | (4,043) | (181) | (168) | (482) | (570) | (1,415) | (233) | (11) | (772) | (1,192) | (1,982) | — | (35,912) |
| Proceeds from sale of property and equipment | 2,259 | — | 217 | 1 | 1,128 | 487 | — | — | 17 | 14 | 93 | — | 162 | 197 | 405 | — | 4,980 |
| Change in restricted cash | 1 | — | — | — | 428 | — | — | — | — | — | 240 | — | — | 1,322 | (3,474) | — | (1,483) |
| (Increase) Decrease in intercompany advances | — | — | 270 | — | (41,356) | — | (122,320) | 12,965 | (13,264) | — | 4,449 | (1,340) | (1,288) | (15,370) | — | 177,254 | — |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | (19,238) | — | 438 | (3,315) | (43,843) | 306 | (122,488) | 12,483 | (13,817) | (1,401) | 4,549 | (1,351) | (1,898) | (15,043) | (5,051) | 177,254 | (32,415) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | | | | | | | | | | | | | | |
| Proceeds from debt | 978,731 | — | — | (776) | — | 270 | — | — | — | — | — | — | 1 | (5) | 254 | 34,730 | 1,013,205 |
| Repayment of debt | (959,577) | (2,426) | (81) | (5,993) | (7,969) | (2,562) | — | — | — | — | — | — | (955) | (613) | (14,195) | (60,000) | (1,054,371) |
| Excess income tax benefit from share-based compensation | 186 | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | 186 |
| Issuance of common stock and effect of cashless exercise | (808) | — | — | — | — | — | — | — | — | — | — | — | — | — | — | — | (808) |
| (Decrease) Increase in intercompany advances | 201,511 | (89,686) | 5,357 | 36,138 | — | (8,249) | — | — | — | 27,185 | 2,996 | — | — | 9,044 | (14,390) | (169,906) | — |
| NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES | 220,043 | (92,112) | 5,276 | 29,369 | (7,969) | (10,541) | — | — | — | 27,185 | 2,996 | — | (954) | 8,426 | (28,331) | (195,176) | (41,788) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | (27,889) | 424 | — | 905 | (18,150) | (696) | (316) | (66) | — | (847) | 912 | — | 2,047 | 2,036 | (22,334) | 3,843 | (60,131) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 75,087 | 415 | — | 13,613 | 20,294 | 794 | 316 | 1,597 | — | 847 | 1,022 | — | 8,836 | — | 23,695 | (10,933) | 135,583 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | $ 47,198 | $ 839 | $ — | $ 14,518 | $ 2,144 | $ 98 | $ — | $ 1,531 | $ — | $ — | $ 1,934 | $ — | $ 10,883 | $ 2,036 | $ 1,361 | $ (7,090) | $ 75,452 |
| SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR: | | | | | | | | | | | | | | | | | |
| Interest | $ 41,962 | $ 16 | $ 5 | $ 285 | $ 427 | $ 521 | $ 6 | $ — | $ — | $ — | $ — | $ — | $ 163 | $ 341 | $ 1,329 | $ — | $ 45,055 |
| Income taxes | $ 32,651 | $ — | $ — | $ 319 | $ — | $ — | $ — | $ — | $ — | $ — | $ — | $ 111 | $ 2,190 | $ 28 | $ — | $ — | $ 35,299 |

NOTE: Specialty Contractors Group consists of the following subsidiaries: Five Star Electric Corporation, Airtech Systems Inc., WDF, Inc., Nagelbush Mechanical Inc., Federated Fire Protection, Greenstar companies, Desert Mechanical, Inc., Superior Gunite and Fisk Electric Company.

PROOF OF STATUS AS VETERAN

## PROOF OF STATUS AS VETERAN

A Tutor Perini Company

Black Construction Corporation is not a Veteran-Owned Company

FORMS OR DOCUMENTS REQUIRED BY BID

**APPENDIX K**
**AFFIDAVIT RE GRATUITIES OR KICKBACKS**

(Prime Bidder)

TERRITORY OF GUAM )
) s.s.
HAGATNA, GUAM )

Leonard K. Kaae *(state name of affiant signing below)*, being first duly sworn, deposes, and says that:

1. The name of the offering company or individual is Black Construction Corporation.
*(state name of company)*
Affiant is an officer of the offeror *(state one of the following: the offeror, a partner of the offeror, an officer of the offeror)* making the foregoing identified bid or proposal.

2. To the best of affiant's knowledge, neither affiant, nor any of the offeror's officers, representative, agents, subcontractors, or employees have violated, are violating the prohibition against gratuities and kickbacks set forth in 2 GAR Division 4 §11107(e). Further, affiant promises, on behalf of offeror, not to violate the prohibition against gratuities and kickbacks as set forth in 2 GAR Division 4 §11107(e).

3. To the best of affiant's knowledge, neither affiant, nor any of the offeror's officers, representatives, agents, subcontractors, or employees have been offered, given or agreed to give, any government of Guam employee or former government employee, any payment, gift, kickback, gratuity or offer of employment in connection with the offeror's proposal.

4. I make these statements on behalf of myself as a representative of the offeror, and on behalf of the offeror's officers, representatives, agents, subcontractors, and employees.

Signature of one of the following:

Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me this 29th day of May, 2019.

NOTARY PUBLIC

My commission expires DEC. 14, 2019.

JULIE WENDA T. GALILA
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: **DEC. 14, 2019**
P.O. Box 24667 Barrigada, Guam 96921

**APPENDIX L**
**AFFIDAVIT RE ETHICAL STANDARDS**

(Prime Bidder)

TERRITORY OF GUAM )
) s.s.
HAGATNA, GUAM )

Leonard K. Kaae *(state name of affiant signing below)*, being first duly sworn, deposes, and says that:

The affiant is an officer of the offeror *(state one of the following: the offeror, a partner of the offeror, an officer of the offeror)* making the foregoing identified bid or proposal. To the best of affiant's knowledge, neither affiant nor any officers, representatives, agents, subcontractors, or employees of offeror have knowingly influenced any government of Guam employee to breach any of the ethical standards set forth in 5 GCA Chapter 5, Article 11. Further, affiant promises that neither he or she, nor any officer, representative, agent, subcontractor, or employee of offeror will knowingly influence any government of Guam employee to breach any ethical standards set for in 5 GCA Chapter 5, Article 11. These statements are made pursuant to 2 GAR Division 4 §11103(b).

Signature of one of the following:

Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me this 29th day of May, 20 19.

NOTARY PUBLIC

My commission expires DEC. 14, 20 19.

JULIE WENDA T. GALILA
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: **DEC. 14, 2019**
P.O. Box 24667 Barrigada, Guam 96921

## APPENDIX M

## AFFIDAVIT RE CONTINGENT FEES

(Prime Bidder)

TERRITORY OF GUAM )
) s.s.
HAGATNA, GUAM )

Leonard K. Kaae
_______________ *(state name of affiant signing below),* being first duly sworn, deposes, and says that:

1. The name of the offering company or individual is Black Construction Corporation
*(state name of company)*

2. As a part of the offering company's bid or proposal, to the best of my knowledge, the offering company has not retained any person or agency on a percentage, commission, or other contingent arrangement to secure this contract. This statement is made pursuant to 2 GAR Division 4 11108(f).

3. As a part of the offering company's bid or proposal, to the best of my knowledge, the offering company has not retained a person to solicit or secure a contract with the government of Guam upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, except for retention of bona fide employees or bon fide established commercial selling agencies for the purpose of securing business. This statement is made pursuant to 2 GAR division 4 11108(h).

4. I make these statements on behalf of myself as a representative of the offeror, and on behalf of the offeror's officers, representatives, agents, subcontractors, and employees.

_______________
Signature of one of the following:

Offeror, if the offeror is an individual;
Partner, if the offeror is a partnership;
Officer, if the offeror is a corporation.

Subscribed and sworn to before me this 29th day of May, 2019.

_______________
NOTARY PUBLIC

JULIE WENDA T. GALILA
NOTARY PUBLIC
In and for Guam, U.S.A.
My Commission Expires: **DEC. 14, 2019**
P.O. Box 24667 Barrigada, Guam 96921

My commission expires DEC. 14, 2019.

# SECRETARY'S CERTIFICATE

I, John D. Barrett, certify that I am the Assistant Secretary and an officer of Black Construction Corporation, a corporation duly organized and existing under the laws of Guam (the "Corporation"), and that as such I have access to and custody of the corporate records and minute books of the Corporation; and

I further certify:

That the following represents a complete and current list of officers of the Corporation:

| | |
|---|---|
| Ronald N. Tutor | President |
| Leonard K. Kaae | Senior Vice President and General Manager |
| Mark J. Mamczarz | Vice President, Treasurer and Secretary |
| John McSweeney | Vice President |
| John D. Barrett | Vice President, Assistant Treasurer & Assistant Secretary |

IN WITNESS WHEREOF, I have hereunto set my hand by order of the Board of Directors thereof this 12th day of February, 2019.

John D. Barrett, Assistant Secrctary

I, Mark J. Mamczarz, certify that I am the Secretary and officer of Black Construction Corporation, a corporation duly organized and existing under the laws of Guam (the "Corporation") , and hereby certify this is a true and correct copy.

Mark J. Mamczarz, Secretary

Corporate Seal

GUAM WATERWORKS AUTHORITY
"Better Water, Better Lives."
Gloria B. Nelson Public Service Building| 688 Route 15 | Mangilao, Guam 96913
Tel: (671) 300-6846

## Issues for Decision

**Resolution No. 36-FY2019**
Relative to Approving the Five-Year Financial Plan and Capital Improvement Program

**What is the project's objective and is it necessary and urgent?**
The objective of the 5-year Financial Plan and Capital Improvement Program is to present the first five-years of capital improvement projects adopted under the 2018 Water Resource Master Plan update, as well as projects necessary to complete the 2011 Court Order and other regulatory compliance objectives. The projects outlined in the Capital Improvement Program will also provide for the continued modernization, operation, maintenance and repair of GWA's water and sewer systems while the ancillary Financial Plan provides the revenues to support debt service on approximately $260 million in bond borrowing to pay for these much-needed capital improvements which will benefit all residents and visitors of Guam.

The Financial Plan addresses the 5-year period FY2020-FY2024 and includes: (1) estimated annual budgets for operations, maintenance and repair of GWA's water and sewer system, including capital improvement projects; and (2) a detailed descriptive plan for raising sufficient revenue to meet the projected costs set forth in the budget.

Approval of the Five-Year Financial Plan and Capital Improvement Program is urgent and necessary to allow for the filing of a Guam Public Utilities Commission Rate Petition following approval by the CCU in an effort to get the matter on the agenda for decision by the PUC at its August 2019 meeting, if possible.

**Where is the location?** The Five-Year Financial Plan and Capital Improvement Program includes projects that will be conducted island-wide.

**How much will it cost?** The total funding required for the Five-Year Financial Plan and Capital Improvement Program is $291,000,000, of which $260,000,000 will be required in new bond issuances.

**When will it be completed?** The period covered by the plan is from FY2020 to FY2024.

**What is the funding source?** N/A

**The RFP/BID responses (if applicable):** N/A

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

# GWA RESOLUTION NO. 36-FY2019

## RELATIVE TO APPROVING THE FIVE-YEAR FINANCIAL PLAN AND CAPITAL IMPROVEMENT PROGRAM

**WHEREAS**, the Consolidated Commission on Utilities ("CCU") is the governing body of the utilities and as such it possesses fiscal, contract and policy oversight over the Guam Waterworks Authority ("GWA"); and

**WHEREAS**, GWA is a Guam Public Corporation established and existing under the laws of Guam; and

**WHEREAS**, GWA prepared its third consecutive five-year financial plan FY2020-2024 which will provide for the continued modernization, operation, maintenance, and repair of GWA's water and sewer systems and provide for appropriate debt service on approximately $260 million in bonds to pay for the planned capital improvements to the benefit all of the people of Guam; and

**WHEREAS**, the Five-Year Financial Plan ("Financial Plan") addresses the 5 year period FY2020-FY2024: (1) estimated annual budgets for operations, maintenance and repair of GWA's water and sewer system, including capital improvement projects; and (2) a detailed descriptive plan for raising sufficient revenue to meet the projected costs set forth in the budget; and

**WHEREAS**, GWA's proposed Financial Plan contains annual rate increases that are driven primarily by obligatory investment for system reliability, federal regulatory compliance, the 2011 Federal Court order and a forthcoming U.S.E.P.A. Consent Decree while concurrently meeting the bond rate covenants and PUC debt coverage requirements along with credit rating considerations; and

**WHEREAS**, GWA management has presented its comprehensive Financial Plan to the CCU for its approval for release as described in the CFO Summary and accompanying documents attached hereto as Exhibit A; and

**WHEREAS**, GWA's proposed Financial Plan provides the structure to support the 5-year Capital Improvement Program attached hereto as Exhibit B, the FY2020 Budget and will become the foundation for subsequent 5-year plans to enable the implementation of the 20-year 2018 Water Resources Master Plan; and

**WHEREAS**, highlights of the Financial Plan include:

1) Rate increase utilizing a "cash basis" analysis of 10% in FY2020, 8.5% in FY2021, 8% in FY2022, 6.5% in FY2023 and 5% in FY2024 to fund increases in operating expenses and other costs subject to inflationary pressures, to pay for current debt service and future debt service of approximately Two Hundred Sixty Million Dollars ($260,000,000) of bond financing in FY2020, FY2022 for much needed capital improvement projects for service improvements which includes, but is not limited to, the following projects:
    a. continued development of water wells needed to support growth;
    b. water distribution upgrades that will reduce GWA's water losses which translates into lower power rates and lower costs for GWA's customers;
    c. water booster station upgrades;
    d. upgrades to GWA's sewer collection system and a comprehensive sewer line replacement and rehabilitation program;
    e. upgrades to over 20 wastewater pumping stations;
    f. numerous upgrade projects for the electrical systems on sewer collection and treatment facilities;
    g. installing additional SCADA system so that GWA can monitor and operate its water and wastewater system more efficiently;
    h. continue the Court Order replacement of some of GWA's remaining steel water storage tanks and add new concrete tanks that have a better life cycle cost;

i. continue the Court Order refurbishment of some of GWA's steel water storage tanks that will give the tanks an additional ten to fifteen years of life to allow GWA the ability to replace the tanks as necessary; and

2) Ensure that the cash reserves required under the Bond Indenture and Stipulated Order will be fully funded by the end of Fiscal Year 2024;
3) Ensures that the proper debt service coverage ratio that is required under the 2005, 2010, 2013 and 2016 Series Bond Indentures and future bond financing are maintained.
4) Continuation of on-going efforts to reduce water losses by 10% over the next five years through an aggressive leak detection and repair program, and prioritizing line replacement projects;
5) Internally funded capital improvement projects of approximately Ninety-Six Million Dollars ($96,000,000) to reduce GWA's need to finance all capital projects and thereby reduce costs to the consumers by eliminating the interest and costs associated with financing.
6) Augments the existing Working Capital Reserve funds for Operations & Maintenance and Debt Service by Fifteen Million Five Hundred Thousand Dollars ($15,500,000) to improve liquidity for dealing with unexpected events and to bring GWA closer to conforming with industry standards for working capital and cash reserves of four (4) months and sixty (60) days, respectively, as well as to create opportunities to enhance investment grade status for GWA bonds, attain better access to financial market and lower future debt costs; and

**WHEREAS**, the CCU has directed and Management has conducted a comprehensive public information campaign, including public work sessions with the CCU, television and radio interviews by the General Manager,  several detailed presentations to the public in villages in the north, central and south of Guam, the Mayor's Council of Guam, the Speaker and GWA's oversight Chair at the Guam Legislature, and other community stakeholder groups such as the Rotary Club of Guam and the Guam Chamber of Commerce, as well as distribution of information on the plan to every GWA customer via billing inserts in the mail and publication of the full text of the proposed plan on GWA's website, so that the plan can be thoroughly evaluated and commented on by the public; and

**WHEREAS**, having thoroughly reviewed and analyzed the plan, the CCU now finds that the Financial Plan is ready for approval and the CCU will authorize GWA management to file the Financial Plan with the Guam Public Utilities Commission after the expiration of thirty days from the date the notice is published in a newspaper of general circulation and on the GWA webpage as required by the Ratepayers Bill of Rights as contained in Guam Code Annotated.

**NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities does hereby approve and authorize the following:

The five-year Financial Plan required under GWA's master plan is hereby approved for filing with the Guam Public Utilities Commission which includes, but is not limited to the highlights set forth herein and below:

a. Rate increases of 10% in FY2020, 8.5% in FY2021, 8% in FY2022, 6.5% in FY2023, and 5% in FY2024 to account for current debt service and future debt service for approximately $260 million in financing for capital projects and increases in costs such as power costs; Navy water purchases and other normal and recurring operating expenses due to inflation;
b. A reduction in water losses by 10% by the end of the five-year period;
c. Ninety-Six Million Dollars ($96,000,000) set aside for internally funded capital improvement projects to offset amounts GWA is required to borrow;
d. Fifteen Million Five Hundred Thousand Dollars ($15,500,000) to augment the existing Working Capital Reserve funds for Operations & Maintenance and Debt Service of four (4) months and sixty (60) days respectively and beginning FY2020 and thereafter, deposit into the Fund from monthly revenues collected an amount equal to 1/12th of the budgeted amount detailed in the Plan or GWA's annual budget, of which no expenditure or withdrawal shall be made without prior written approval by the CCU.

**RESOLVED**, that the Chairman certifies and the Secretary attests to the adoption of this Resolution.

**DULY ADOPTED AND APPROVED** this 5th day of June 2019.

| Certified by: | Attested by: |
|---|---|
| ______________________________ | ______________________________ |
| **JOSEPH T. DUENAS** | **MICHAEL T. LIMTIACO** |
| Chairperson | Secretary |

**SECRETARY'S CERTIFICATE**

I, Michael T. Limtiaco, Secretary for the Consolidated Commission on Utilities do hereby certify as follows:

The foregoing is a full, true and accurate copy of the resolution duly adopted at a regular meeting by the members of the Guam Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

AYES: ________________________

NAYS: ________________________

ABSTENTIONS: ________________________

ABSENT: ________________________

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GUAM WATERWORKS AUTHORITY

# 5-YR FINANCIAL PLAN & CAPITAL IMPROVEMENT PROGRAM (PROPOSED)

# FY 2020 - 2024

The Consolidated Commission on Utitlies and Guam Waterworks Authority Management looks forward to continuing improvements in water and wastewater system performance and reliability that have been achieved over the past several years, and which are still needed to achieve full regulatory compliance, improve levels of service to our ratepayers, and set the groundwork for gains in efficiency which will prevent unnecessary cost increases. This five (5) year financial plan demonstrates the Authority's commitment to thoughtful planning, intelligent investment of resources, and innovative initiatives to achieve needed capital improvements, improve operational performance, and better manage regulatory compliance, with the overall objective of providing better service to our ratepayers.

**Court Order Compliance**

The CCU and Authority remain focused on meeting the requirements of the 2011 Federal Court Order and have made considerable progress in the execution of mandatory rehabilitation, repair, replacement and construction projects. GWA has also instituted an asset management and maintenance program to ensure capital investments are protected, and system performance does not back-slide to previously experienced conditions resulting in Clean Water Act (CWA) and or Safe Drinking Water Act (SDWA) violations.

The 2011 Court Order establishes deadlines for completing outstanding projects that were identified in a previous Stipulated Order originally issued in 2003 and subsequently amended in 2004 and 2006. GWA continues to work collaboratively with U.S. EPA and is maintaining a strong compliance record. Of 93 Court Ordered projects/requirements, 91 (97.8%) are completed or on-schedule for completion by the relevant deadlines, with only 2 projects either remaining or behind schedule for completion. It has been over seven years since the utility has been fined by U.S. EPA for not meeting mandated deadlines.

**Secondary Treatment**

Through the work funded by the previous 5-yr financial plan and capital improvement program, GWA has followed through with planning efforts and recently completed replacement of two of its non-compliant wastewateter treatment plants (WWTPs) – the Agat WWTP and Baza Gardens WWTP. GWA now has a fully-compliant secondary treatment plant functioning in Agat-Santa Rita, and has eliminated discharge from the Baza Gardens plant, achieving improvements to effluent quality and compliance with EPA regulations.

EPA issued revised National Pollutant Discharge and Elimination Standards (NPDES) permits for the Northern District and Hagatna WWTPs that became effective on June 1, 2013. The NPDES permits include secondary treatment standards, some of which the existing WWTPs are unable to meet until a secondary treatment process is implemented. These two WWTPs are currently meeting the requirements of the Court Order with chemically enhanced primary treatment, but are not in compliance with the secondary treatment standards and will require significant upgrades to comply with the permit. GWA continues discussions with EPA regarding the timing of upgrades required for the Hagatna WWTP.

GWA is on schedule to complete secondary treatment upgrades at the NDWWTP by December 2021. In the fall of 2016, the Department of Defense (DOD), through the Office of Economic Adjustment (OEA), awarded the Authority grants totaling $55.3 million to initiate projects associated with the design and construction of several water and wastewater system improvements, including upgrading the Northern District WWTP to full secondary treatment capability. In late 2017, the Authority received an additional grant award totaling $117.9 million to augment funding for construction of the NDWWTP improvements. The NDWWTP secondary treatment upgrades have been designed (100% complete), and a contract for preliminary site-work construction has been awarded. The complete upgrade construction package is currently under procurement and slated for award by mid-year 2019.

**Non-Revenue Water**

One of the Authority's most challenging issues is non-revenue water. According to the latest figures, approximately 58% of water produced annually is not consumed or contributing to GWA's revenue, due to either water losses (leaks, breaks), theft, metering inaccuracies, unauthorized or unbilled consumption. Leaks for the most part account for the largest source of non-revenue water and GWA has expanded its on-going water loss control program, adding a pressure zone re-alignment program, district metering, and advanced leak detection techniques, in addition to traditional leak detection methods to help reduce non-revenue water. Real losses, or those attributable to leaks within the system, have been reduced to 49% of total water supplied.

A substantial amount of work and resources have been allotted to the distribution system to improve and optimize the Authority's loss prevention program. This includes such efforts as the prioritization and acceleration of leak repairs (backlog reduced by more than 90% in the last 2 years), the rehabilitation and upgrades of main lines; the installation of monitoring and measuring devices (i.e. master flow meters, production meters) to accurately measure water production and demand in water service areas, and pressure management, which aims to monitor and correctly align water pressure within each service area of the system to avoid over-pressurization that can lead to main breaks, increased line leakage, and more frequent pipe repairs/replacement. Most recently, GWA is currently pilot-testing satellite-based leak detection which uses advanced satellite imaging to detect potable water leaks within the GWA service area. The Authority will continue to make improvements in operations and proactively manage water loss, enhance leak detection efforts, and improve its leak repair performance.

**Metering Challenges**
GWA has seen short-term effects of a defective meter issue for a limited number of GWA's residential meter inventory. The Authority has stepped up meter testing and replacement efforts, and is phasing out the problematic meter model from its distribution system. The effect of the meter issue has been a reduction in projected revenues, requiring corresponding adjustments to expenditures. A related effect has been to negatively offset gains made in water loss control, by showing an artificial decrease in consumption figures in GWA's annual water audit calculations. The challenge moving forward will be to quickly replace the remaining defective meter model in our inventory, to which GWA has assigned additional personnel and resources to complete this by September 2019.

**Water Resource Master Plan**
In 2018, the Consolidated Commission on Utilities approved the adoption of the 2018 Water Resource Master Plan (WRMP) update, which outlines the Authority's 20-year planning projections, enterprise considerations, updated goals and objectives, and the Capital Improvement Program (CIP) needed to upgrade, maintain and sustain the GWA Water and Wastewater Systems. The Master Plan also contains the financial plan and model necessary to support the CIP, as well as programmatic maintenance and improvement initiatives over the 20-year planning period. The 2018 WRMP integrates the in-progress and remaining planned capital projects from the previous 2006 master plan (approximately 40% completed, and 45% in-progress/pending), and sets new capital improvement projects needed to keep GWA a well-run utility well into the future. This 20-year plan is intended to be implemented in 5-year increments, with the development of GWA's 5-year Capital Improvement Program and Financial Plan. Each 5-year CIP & Financial Plan is an opportunity for the Authority to make step-wise improvements in reliability, performance and compliance, continuing the upward trend in these areas that GWA has demonstrated in years past.

Using the information from the WRMP with updated planning projections for needed short-term compliance projects, this 5-year strategy outlines GWA's financial, operational and CIP plan covering Fiscal Years 2020-2024.

**Revenue Requirements**
To determine revenue requirements for Fiscal Years 2020 thru 2024, critical considerations focused on GWA's financial capacity to meet debt service obligations and preserve mandatory rate-coverage ratios without compromising the improvements gained thus far in operational performance. Inasmuch as this plan attempts to balance GWA's system-required investments with adaptable rate schedules for its customers, the primary driver is GWA's need to issue as many as three separate bonds, raising an estimated $260 million in the next 5 years; the proceeds of which will supplement other fund sources for capital projects already in progress and execute new projects estimated to cost nearly $500 million during this fiscal year and the proposed 5-year plan period.

The first bond issuance of $134 million is planned in FY2020. The additional bond offers, slated to occur in FY 2022 at $60 million and again in FY2023 for $66 million, require legislative authorization for additional borrowing. The rate plan, as proposed, will support GWA's financial stability to meet these obligations, fund all cash reserve requirements, provide for internally funded capital outlays and pay for onging operations and maintenance (O&M) programs. Combined, these efforts will keep GWA in compliance with the Safe Drinking Water Act, Clean Water Act and other mandates.

The plan proposes an aggregate 38% rate increase across all rate structures and customer classes (with some exception to lifeline rates), phased in at the start of each fiscal year beginning with a 10% increase in FY2020, 8.5% in FY2021; 8% in FY2022; 6.5% in FY2023; and 5% in FY2024. Adjustments to GWA's lifeline rates is projected for FY2022. These increases are subject to yearly reviews for prudence and reasonableness. Additionally, this proposal is lower than previous adjustments implemented in the past decade with cumulative rate increases of 47% from FY2009 thru FY2013 and 53.5% between FY2014 and FY2018. There were no rate increases in FY2019.

Assuming this Rate Plan is approved, Table I below lays out the incremental adjustments from FY2020 thru FY2024 and projected revenue derived therein.

Table I

| | Projection | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Basic Charge -Water | **10.00%** | **8.50%** | **8.00%** | **6.50%** | **5.00%** |
| Lifeline Increase | 0.00% | 0.00% | **8.00%** | 0.00% | 0.00% |
| Non-Lifeline Increase | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Legislative Surcharge | 3.60% | 3.60% | 3.50% | 3.40% | 3.45% |
| Customer Growth | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Demand Growth | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **OPERATING REVENUES** | | | | | |
| Water Revenues | $77,204,920 | $83,410,356 | $90,162,843 | $95,753,251 | $100,357,472 |
| Wastewater Revenues | 43,990,559 | 47,006,664 | 50,816,250 | 53,527,730 | 55,758,216 |
| Legislative Surcharge | 3,855,370 | 4,185,719 | 4,397,793 | 4,552,730 | 4,853,770 |
| Other Revenues | 431,932 | 430,737 | 433,741 | 432,137 | 432,205 |
| System Development Char | 914,964 | 929,304 | 832,509 | 892,259 | 884,691 |
| **Total Operating Revenues** | **126,397,745** | **135,962,780** | **146,643,136** | **155,158,107** | **162,286,353** |

**Debt Service**
GWA currently has an estimated $500 million in outstanding debt comprised mostly of revenue bonds and a subordinate loan. Payment of these debts make up the largest line item of GWA's annual budgets. With the additional borrowing, payments will increase from the current $31 million to an estimed $47 million a year by FY 2024. With the rates as proposed, GWA will continue to meet two standards of debt service coverage ratios of 1.75 and 1.25 respectively required by the Public Utilities Commisson and GWA Bond Convenants.

**Operations & Maintenance**
In conjunction with capital programs to build the island's water and wastewater systems, O&M costs require corresponding growth in the coming years. This budget plan allows GWA to augment efforts that stabilize and standardize day-to-day routines of line replacements, leak repairs, asset management, and improved customer services and operations. O&M costs excluding depreciation are projected to increase an average 6% each year during this period. The increases are attributable largely to projected costs in contractual services, labor and water purchases.

Table II summarizes the O&M costs excluding depreciation from year to year by major cost category.

Table II

| O&M Expenses | Projected FY2020 | Projected FY2021 | Projected FY2022 | Projected FY2023 | Projected FY2024 |
|---|---|---|---|---|---|
| Water Purchases | $ 9,902,414 | $ 10,694,607 | $ 11,550,175 | $ 12,474,189 | $ 13,472,124 |
| Power Purchases | $ 14,935,381 | $ 15,234,089 | $ 15,538,771 | $ 15,849,546 | $ 16,166,537 |
| Salaries & Benefits | 27,199,775 | 28,677,206 | 29,340,741 | 30,018,089 | 30,709,538 |
| Administrative and General Expenses | 12,066,903 | 12,410,865 | 12,459,954 | 12,697,966 | 13,139,631 |
| Contractual Expense | 6,054,073 | 7,397,524 | 8,675,011 | 10,009,518 | 11,832,223 |
| Retiree Supplemental Annuities and healt | 3,763,479 | 3,933,179.8 | 4,112,018 | 4,300,483 | 4,499,094 |
| **Total Operating Expenses (Less Depreciation)** | **73,922,025** | **78,347,471** | **81,676,670** | **85,349,791** | **89,819,147** |
| Increase/(Decrease) | 9% | 6% | 4% | 4% | 5% |

**Utilities**
Utility costs (water and power) are a major cost component of GWA's annual expenses making up about 33% of operating costs (excluding depreciation). Energy costs are driven by water production and pumping activities; GWA uses the kilowatt hours (KWH) required for both activities to estimate power purchases that meet demand. While KWH remains relatively unchanged for the next 5 years, the plan provides for adjustments in the cost of fuel. Future fuel increases that exceed budget estimates can be offset by decreases in demand that result from reducing non-revenue water.

Water purchases from the US Navy to supplement GWA sources for customers in certain areas are based primarily on historical rate increases per kilo-gallon of water charged by the Navy to GWA. In the previous 5 years, rates increased an average of 14% each year. While the rates were recently reduced in FY2019, GWA assumes an 8% increase moving forward. GWA does not plan to increase the volume of water purchased.

**Personnel**
In the first two years of this plan salaries and benefits will increase an average of 8% due to updating GWA's compensation plan and recruiting for unfilled positions and additional staff. A market review of GWA positions and pay scales was updated in 2017 by consultant Alan Searle and Associates that determined salaries were below the 5th market percentile of the 2017 data. Salary projections assume migration of GWA's compensation plan to the 20th market percentile by the end of FY2020. Thereafter, base salaries adjust an average of 2% per employee per year as determined by annual performance reviews. This plan provides for 400 full time employees (FTEs) in the first year and 412 FTEs from FY2021 moving forward.

Premium pay, such as Night Differential and Holiday Work are estimated at 1.4 and 1% respectively of total base pay, which aligns with historical levels. Overtime is capped at $1 million each year assuming GWA maintains authorized staff levels. Costs for medical, dental and life insurance benefits are based on the current average rate GWA contributes for each benefit-type, then adjusts upward by 2% each year. Medicare is budgeted at 1.45% of base salaries; and retirement benefits are projected at 28% of base salaries increasing less than half a percent each year thereafter.

In the first six months of the Fiscal Year 2019, GWA averaged 365 FTEs each pay period. GWA anticipates filling all 400 positions by the end of the fiscal period with ongoing recruitment to fill positions as they become vacant through normal attrition from retirement, resignation and other means of separation. Staffing levels have steadily increased over the previous 5 years, mostly by under-filling senior positions with entry level recruits as veteran employees retire. Recruitment efforts have extended beyond local media to industry organizations abroad for those critical positions deemed "hard to fill" as a result of professional certification or other requirements.

Table III

| Salaries & Benefits | Projected FY 2020 | Projected FY 2021 | Projected FY 2022 | Projected FY 2023 | Projected FY 2024 |
|---|---|---|---|---|---|
| Salaries & Wages | 19,254,479 | 20,211,432 | 20,679,621 | 21,157,173 | 21,644,277 |
| Benefits & Retirement | 7,945,297 | 8,465,774 | 8,661,120 | 8,860,916 | 9,065,261 |
| **Total** | **27,199,775** | **28,677,206** | **29,340,741** | **30,018,089** | **30,709,538** |
| **Full-Time Employee Count** | | | | | |
| *Filled | 363 | 363 | 363 | 363 | 363 |
| *Vacant | 37 | 37 | 37 | 37 | 37 |
| New | | 12 | 12 | 12 | 12 |
| **TOTAL** | **400** | **412** | **412** | **412** | **412** |

**Administrative & General Expenses**
General overhead costs that comprise these categories of expenses altogether remain relatively stable over the next 5 years with 2% and 3% adjustments for inflation and other budgetary considerations. This is applicable across the individual line items that comprise this expense group with the exception of chemicals and sludge.

Chemical costs escalate 14% in FY2020 over the current year as a result of contractual price increases for liquid chlorine and other treatment chemicals. Future projections are adjusted assuming a reduction in wastewater chemcials upon completion of the secondary treatment upgrade at the Northern District Wastewater Treatment Plant in December 2021 and minor changes to price and timing of chemical purchases for water treatment.

In FY2020 sludge costs reflect a slight reduction from the FY2019 budget based on actual cost per ton for disposal. The volume of sludge is generally based on wastewater flow. For planning purposes, projections applied a 1% increase in flow each year and 2% increase on the cost per ton for disposal.

Table IV

| Administrative and General | Projected FY2020 | Projected FY2021 | Projected FY2022 | Projected FY2023 | Projected FY2024 |
|---|---|---|---|---|---|
| Sludge | 1,689,381 | 1,740,401 | 1,792,961 | 1,847,108 | 1,902,891 |
| Chemicals | **2,539,046** | 2,572,745 | 2,372,530 | 2,293,729 | 2,337,531 |
| Materials & Supplies | 2,369,442 | 2,440,525 | 2,467,552 | 2,555,410 | 2,632,073 |
| Transportation Expense | 477,684 | 492,014 | 506,775 | 521,978 | 537,637 |
| Telephone & Communication | 186,069 | 191,012 | 196,742 | 202,645 | 208,724 |
| Claims | 66,351 | 68,342 | 70,392 | 72,504 | 74,679 |
| Insurance | 982,136 | 1,011,600 | 1,041,948 | 1,073,206 | 1,105,403 |
| Training & Travel | 375,523 | 411,517 | 423,863 | 436,579 | 535,043 |
| Advertising | 145,312 | 149,672 | 154,162 | 158,787 | 163,550 |
| Regulatory | 309,358 | 318,639 | 328,198 | 338,044 | 348,186 |
| Bad Debts Provision | 1,781,672 | 1,835,123 | 1,890,176 | 1,946,882 | 2,005,288 |
| Miscellaneous | 1,144,928 | 1,179,276 | 1,214,654 | 1,251,094 | 1,288,627 |
| | **12,066,903** | **12,410,865** | **12,459,954** | **12,697,966** | **13,139,631** |

**Contractual Expenses**

As GWA shifts from manual labor-intensive processes to automated technologies that will capture real-time data, protect system information and manage assets, significant increases in the Information Technology (IT) contractual services are expected over the next 5 years to support day-to-day business operations. GWA will be upgrading its 20-year-old JD Edwards World Enterprise system to the new E-1 environment. While the initial upgrade is included in the CIP plan, GWA must fund annual services and support that follow. These include provisions for user licenses, software maintenance and service support, hardware upgrades and systems connectivity. Initial estimates for annual costs following implementation to support E-1 alone is earmarked at $340,000 upwards to $500,000 per year depending on optional features GWA requires. As GWA expands its technology systems with features such as cloud-based back-up, content management, asset management, and other system securities, IT contractual costs are projected to escalate over the rate plan period.

Other contractual services that are not considered as IT, Rental or Lab services encompass a large of array of support for daily operations. These include subordinate activites like grounds maintenance, pump and motor rewinding, machining work, fabrication, security, printing and the like. While some of these services are funded annually, more recent services have been included for on-demand engineering and land surveying services to provide interim needs below the capitalization threshold, particularly in light of the deliberate phasing-out of Program Management Office (Brown & Caldwell) contract. Services for technical diagnostics and repairs are likewise funded for operating equipments at the various plants and stations that are associated with exclusive agreements with manufacturers.

Table V

| Contractual Services | Projected FY 2020 | Projected FY 2021 | Projected FY 2022 | Projected FY 2023 | Projected FY 2024 |
|---|---|---|---|---|---|
| Other | 3,073,788 | 3,509,524 | 4,234,041 | 5,057,747 | 5,994,430 |
| Rental (Building) | 474,142 | 488,366 | 503,017 | 518,107 | 533,651 |
| Rental (Equipment) | 1,003,554 | 1,053,733 | 1,243,405 | 1,417,482 | 1,601,754 |
| Finance & Information Technology | 1,065,238 | 1,855,138 | 2,189,063 | 2,495,532 | 3,166,119 |
| Lab Testing | 430,899 | 480,763 | 495,186 | 510,041 | 525,343 |
| Legal | 6,452 | 10,000 | 10,300 | 10,609 | 10,927 |
| **Total** | **$6,054,073** | **$7,397,524** | **$8,675,011** | **$10,009,518** | **$11,832,223** |

**Internally Funded CIP**
Internally funded capital outlays will also be funded through the proposed rate adjustments. Service rates that support capital outlays reduce the amount of financing required by GWA, hence, saving rate-payers the cost of interest and other associated expenses. These also allow GWA to fund smaller capital projects (less than $1 million) that may not qualify for bond funds under the terms defined by GWA's bond indenture.

This 5-Year Rate Plan positions GWA to continue investing in long-term, lasting improvements for GWA customers, the environment and our community.

The following pages outlines GWA's financial plan for the next 5 years.

| GUAM WATERWORKS 5-YEAR RATE PLAN | Projection | | | | |
|---|---|---|---|---|---|
| | 2020 | 2021 | 2022 | 2023 | 2024 |
| Basic Charge -Water | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Lifeline Increase | 0.00% | 0.00% | 8.00% | 0.00% | 0.00% |
| Non-Lifeline Increase | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Legislative Surcharge | 3.60% | 3.60% | 3.50% | 3.40% | 3.45% |
| Customer Growth | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Demand Growth | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **OPERATING REVENUES** | | | | | |
| Water Revenues | $ 77,204,920 | $83,410,356 | $90,162,843 | $95,753,251 | $100,357,472 |
| Wastewater Revenues | 43,990,559 | 47,006,664 | 50,816,250 | 53,527,730 | 55,758,216 |
| Legislative Surcharge | 3,855,370 | 4,185,719 | 4,397,793 | 4,552,730 | 4,853,770 |
| Other Revenues | 431,932 | 430,737 | 433,741 | 432,137 | 432,205 |
| System Development Charge | 914,964 | 929,304 | 832,509 | 892,259 | 884,691 |
| **Total Operating Revenues** | **126,397,745** | **135,962,780** | **146,643,136** | **155,158,107** | **162,286,353** |
| **O & M EXPENSES** | | | | | |
| Power Purchases | 14,935,381 | 15,234,089 | 15,538,771 | 15,849,546 | 16,166,537 |
| Water Purchases | 9,902,414 | 10,694,607 | 11,550,175 | 12,474,189 | 13,472,124 |
| | 24,837,795 | 25,928,696 | 27,088,946 | 28,323,736 | 29,638,662 |
| Salaries and Benefits | 27,199,775 | 28,677,206 | 29,340,741 | 30,018,089 | 30,709,538 |
| Administrative and General Expenses | 12,066,903 | 12,410,865 | 12,459,954 | 12,697,966 | 13,139,631 |
| Depreciation Expense | 21,962,670 | 22,271,032 | 22,300,621 | 22,648,171 | 24,038,420 |
| Contractual Expense | 6,054,073 | 7,397,524 | 8,675,011 | 10,009,518 | 11,832,223 |
| Retiree Supplemental Annuities/Health care costs | 3,763,479 | 3,933,180 | 4,112,018 | 4,300,483 | 4,499,094 |
| **Total Operating Expenses** | **95,884,695** | **100,618,503** | **103,977,291** | **107,997,963** | **113,857,568** |
| **Earnings (Loss) from Operations** | **30,513,050** | **35,344,278** | **42,665,845** | **47,160,144** | **48,428,785** |
| Interest Income-Bond 2013,2014 Refunding,2016,2017 Re | 1,350,758 | 1,539,593 | 1,303,222 | 1,397,858 | 1,413,558 |
| Interest Income-Other Funds | 216,573 | 248,637 | 210,495 | 225,235 | 228,122 |
| Interest Income-SDC | 25,567 | 29,850 | 26,760 | 27,392 | 28,001 |
| Interest Expense-Bond 2013,2014 Refunding,2016,2017 F | (32,105,188) | (31,659,950) | (34,164,716) | (36,851,565) | (36,200,087) |
| Interest Expense-BOG | (67,345) | - | - | - | - |
| AFUDC | - | - | - | - | - |
| Amortization of Discount, Premium and Issuance Costs | (403,640) | (276,930) | (298,049) | (326,206) | (300,395) |
| Grants & other contributions (net of federal expenditures) | 39,732,857 | 39,732,857 | 33,430,130 | 8,000,000 | 8,000,000 |
| Deferred outflows from Pension | (344,114) | (269,263) | (306,689) | (287,976) | (297,332) |
| Recoveries of bad debts/ Miscellaneous Revenue | - | - | - | - | - |
| Loss on Defeasance Bond- Refunding | - | - | - | - | - |
| Loss on Asset Disposal | - | - | - | - | - |
| Loss on Inventory write-down | - | - | - | - | - |
| Prior Year Adjustment | - | - | - | - | - |
| **Net Income (Loss)** | **38,918,519** | **44,689,072** | **42,866,999** | **19,344,881** | **21,300,653** |

| GUAM WATERWORKS 5-YEAR RATE PLAN Continued | Projection 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| **INCREASE (DECREASE) in Capital** | **38,918,519** | **44,689,072** | **42,866,999** | **19,344,881** | **21,300,653** |
| | | | | | |
| **BOND DEBT SERVICE** | **34,175,188** | **34,229,950** | **43,204,135** | **43,195,705** | **47,217,036** |
| | | | | | |
| **DEBT SERVICE COVERAGE CALCULATION - Section 6.12** | | | | | |
| **Earnings (Loss) from Operations** | **30,513,050** | **35,344,278** | **42,665,845** | **47,160,144** | **48,428,785** |
| Investment Income-Other funds | 216,573 | 248,637 | 210,495 | 225,235 | 228,122 |
| COLA | 644,877 | 688,520 | 735,117 | 784,867 | 837,984 |
| System Development Charge | (914,964) | (929,304) | (832,509) | (892,259) | (884,691) |
| Depreciation | 21,962,670 | 22,271,032 | 22,300,621 | 22,648,171 | 24,038,420 |
| **Balance Available for Debt Service - Section 6.12** | **52,422,206** | **57,623,163** | **65,079,569** | **69,926,159** | **72,648,621** |
| **Debt Service Coverage (1.25X) - Section 6.12** | **1.53** | **1.68** | **1.51** | **1.62** | **1.54** |
| | | | | | |
| **DEBT SERVICE COVERAGE CALCULATION - PUC Debt Ratio** | | | | | |
| **Balance Available for Debt Service** | **52,422,206** | **57,623,163** | **65,079,569** | **69,926,159** | **72,648,621** |
| Transfer - Reserve for O & M | | | | | |
| Transfer - Reserve for Debt Service | | | 8,000,000 | | 5,000,000 |
| 2017 Refunding bond savings | | | | | |
| **Available for Debt Service -Reserve for Debt Service** | 11,244,664 | 11,244,664 | 11,244,664 | 19,244,664 | 19,244,664 |
| | | | | | |
| **Balance Available for Debt Service - PUC** | **63,666,870** | **68,867,828** | **84,324,235** | **89,170,823** | **96,893,286** |
| **Debt Service Coverage (1.75X) - PUC** | **1.86** | **2.01** | **1.95** | **2.06** | **2.05** |
| | | | | | |
| **CASH FLOW STATEMENT** | | | | | |
| **Net Income (Loss)** | **38,918,519** | **44,689,072** | **42,866,999** | **19,344,881** | **21,300,653** |
| Depreciation & Amortization | 22,366,310 | 22,547,962 | 22,598,670 | 22,974,378 | 24,338,815 |
| AFUDC | - | - | - | - | - |
| Principal Payments - Bonds | (8,770,000) | (9,270,000) | (12,039,419) | (12,644,140) | (14,316,949) |
| Working Capital Change (Increase)Decrease | (878,321) | (542,131) | (932,331) | (625,421) | (319,479) |
| Principal Payments-BOG | (2,780,552) | - | - | - | - |
| Transfer to Trust | - | - | - | - | - |
| Deferred outflows from pension | 344,114 | 269,263 | 306,689 | 287,976 | 297,332 |
| Gross Bond Proceeds | 134,000,000 | - | 60,000,000 | 66,000,000 | - |
| Deposit to Bond Construction Fund | (108,925,581) | - | (48,772,648) | (53,649,913) | - |
| Deposit to CAP Interest Fund | (13,400,000) | - | (4,027,352) | (6,600,000) | - |
| Deposit to Debt Service Reserve Fund | (8,994,419) | - | (6,000,000) | (4,430,087) | - |
| Cost of Issuance/Underwriter Discount | (2,680,000) | - | (1,200,000) | (1,320,000) | - |
| Loss on Defeasance Bond/Amortization of Disct, Premium8 | 403,640 | 276,930 | 298,049 | 326,206 | 300,395 |
| Revenue Funded CAPEX | - | - | - | - | - |
| Bond Reserve Requirement | - | - | - | - | (449,399) |
| System Development Charge | (914,964) | (929,304) | (832,509) | (892,259) | (884,691) |
| Working Capital Reserve for CAPEX/PAYGO | (15,000,000) | (15,000,000) | (20,500,000) | (21,000,000) | (24,500,000) |
| Working Capital Reserve for O & M | (500,000) | (500,000) | (500,000) | (500,000) | (500,000) |
| Working Capital Reserve for Debt Service | - | (8,000,000) | - | (5,000,000) | - |
| Grants and Contributions | (39,732,857) | (39,732,857) | (33,430,130) | (8,000,000) | (8,000,000) |
| Transfer from Capitalized Interest Fund | 6,700,000 | 6,700,000 | 3,000,000 | 6,300,000 | 3,300,000 |
| Prior Year Adjustment & Loss on Asset Disposal/Invty write | - | - | - | - | - |
| Transfer to 2017 refunding savings | | | | | |
| | | | | | |
| **Cash Surplus (Deficit)** | 155,888 | 508,935 | 836,019 | 571,621 | 566,678 |
| Beginning Balance | 3,094,384 | 3,250,272 | 3,759,207 | 4,595,226 | 5,166,846 |
| **Ending Balance** | $ 3,250,272 | $ 3,759,207 | $ 4,595,226 | $ 5,166,846 | 5,733,524 |

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GUAM WATERWORKS AUTHORITY

# EXHIBIT A

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**RATE PLAN (PROPOSED)2020 - 2024**

| SCHEDULE A | Audited | APPROVED BUDGET | Projection | | | | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Basic Charge -Water | 4.00% | 0.00% | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Lifeline Increase | 0.00% | 0.00% | 0.00% | 0.00% | 8.00% | 0.00% | 0.00% |
| Non-Lifeline Increase | 4.00% | 0.00% | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Legislative Surcharge | 3.75% | 3.75% | 3.60% | 3.60% | 3.50% | 3.40% | 3.45% |
| Customer Growth | 0.00% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Demand Growth | | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **OPERATING REVENUES** | | | | | | | |
| Water Revenues | 66,375,564 | 69,758,957 | $ 77,204,920 | $ 83,410,356 | $ 90,162,843 | $ 95,753,251 | $ 100,357,472 |
| Wastewater Revenues | 38,301,405 | 38,967,180 | 43,990,559 | 47,006,664 | 50,816,250 | 53,527,730 | 55,758,216 |
| Legislative Surcharge | 3,470,508 | 3,536,002 | 3,855,370 | 4,185,719 | 4,397,793 | 4,552,730 | 4,853,770 |
| Other Revenues | 519,529 | 459,046 | 431,932 | 430,737 | 433,741 | 432,137 | 432,205 |
| System Development Charge | 1,070,985 | 1,173,270 | 914,964 | 929,304 | 832,509 | 892,259 | 884,691 |
| **Total Operating Revenues** | **109,737,991** | **113,894,455** | **126,397,745** | **135,962,780** | **146,643,136** | **155,158,107** | **162,286,353** |
| **O & M EXPENSES** | | | | | | | |
| **Power Purchases** | 14,686,486 | 14,775,781 | 14,935,381 | 15,234,089 | 15,538,771 | 15,849,546 | 16,166,537 |
| **Water Purchases** | 8,684,974 | 9,167,696 | 9,902,414 | 10,694,607 | 11,550,175 | 12,474,189 | 13,472,124 |
| | 23,371,460 | 23,943,477 | 24,837,795 | 25,928,696 | 27,088,946 | 28,323,736 | 29,638,662 |
| **Salaries and Benefits** | 18,534,508 | 24,435,234 | 27,199,775 | 28,677,206 | 29,340,741 | 30,018,089 | 30,709,538 |
| ***Intentionally Left Blank*** | | | | | | | |
| **Administrative and General Expenses** | 11,743,583 | 10,777,027 | 12,066,903 | 12,410,865 | 12,459,954 | 12,697,966 | 13,139,631 |
| ***Intentionally Left Blank*** | | | | | | | |
| **Depreciation Expense** | 19,280,249 | 21,108,780 | 21,962,670 | 22,271,032 | 22,300,621 | 22,648,171 | 24,038,420 |
| ***Intentionally Left Blank*** | | | | | | | |
| **Contractual Expense** | 5,036,651 | 5,111,471 | 6,054,073 | 7,397,524 | 8,675,010 | 10,009,518 | 11,832,223 |
| ***Intentionally Left Blank*** | | | | | | | |
| **Retiree Supplemental Annuities/Health care costs** | 8,548,967 | 3,622,150 | 3,763,479 | 3,933,180 | 4,112,018 | 4,300,483 | 4,499,094 |
| **Total Operating Expenses** | **86,515,418** | **88,998,139** | **95,884,695** | **100,618,503** | **103,977,291** | **107,997,963** | **113,857,568** |
| **Earnings (Loss) from Operations** | **23,222,572** | **24,896,316** | **30,513,050** | **35,344,278** | **42,665,846** | **47,160,144** | **48,428,785** |
| Interest Income-Bond 2013,2014 Refunding,2016,2017 Refunding | 3,064,490 | 1,019,316 | 1,350,758 | 1,539,593 | 1,303,222 | 1,397,858 | 1,413,558 |
| Interest Income-Other Funds | 547,738 | 166,274 | 216,573 | 248,637 | 210,495 | 225,235 | 228,122 |
| Interest Income-SDC | 166,221 | 24,862 | 25,567 | 29,850 | 26,760 | 27,392 | 28,001 |
| Interest Expense-Bond 2013,2014 Refunding,2016,2017 Refunding | (26,129,613) | (28,653,415) | (32,105,188) | (31,659,950) | (34,164,716) | (36,851,565) | (36,200,087) |
| Interest Expense-BOG | (368,427) | (237,144) | (67,345) | - | - | - | - |
| AFUDC | 12,501,196 | 13,887,666 | - | - | - | - | - |
| Amortization of Discount, Premium and Issuance Costs | (512,295) | (213,575) | (403,640) | (276,930) | (298,049) | (326,206) | (300,395) |
| Grants & other contributions (net of federal expenditures) | 14,462,063 | 66,398,461 | 39,732,857 | 39,732,857 | 33,430,130 | 8,000,000 | 8,000,000 |
| Deferred outflows from Pension | 391,104 | (194,412) | (344,114) | (269,263) | (306,689) | (287,976) | (297,332) |
| Recoveries of bad debts/ Miscellaneous Revenue | - | - | - | - | - | - | - |
| Loss on Defeasance Bond- Refunding | (744,522) | - | - | - | - | - | - |
| Loss on Asset Disposal | (1,945,630) | - | - | - | - | - | - |
| Loss on Inventory write-down | - | - | - | - | | - | - |
| Prior Year Adjustment | 158,629 | - | - | - | - | - | - |
| **Net Income (Loss)** | **24,813,527** | **77,094,350** | **38,918,519** | **44,689,072** | **42,867,000** | **19,344,881** | **21,300,653** |
| **INCREASE (DECREASE) in Capital** | **24,813,527** | **77,094,350** | **38,918,519** | **44,689,072** | **42,867,000** | **19,344,881** | **21,300,653** |
| **BOND DEBT SERVICE** | **26,738,920** | **31,368,415** | **34,175,188** | **34,229,950** | **43,204,135** | **43,195,705** | **47,217,036** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**RATE PLAN (PROPOSED)2020 - 2024**

| SCHEDULE A | Audited | APPROVED BUDGET | Projection | | | | |
|---|---|---|---|---|---|---|---|
| | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Basic Charge -Water | 4.00% | 0.00% | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Lifeline Increase | 0.00% | 0.00% | 0.00% | 0.00% | 8.00% | 0.00% | 0.00% |
| Non-Lifeline Increase | 4.00% | 0.00% | 10.00% | 8.50% | 8.00% | 6.50% | 5.00% |
| Legislative Surcharge | 3.75% | 3.75% | 3.60% | 3.60% | 3.50% | 3.40% | 3.45% |
| Customer Growth | 0.00% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| Demand Growth | | | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **DEBT SERVICE COVERAGE CALCULATION - Section 6.12** | | | | | | | |
| **Earnings (Loss) from Operations** | 23,222,572 | 24,896,316 | 30,513,050 | 35,344,278 | 42,665,846 | 47,160,144 | 48,428,785 |
| Investment Income-Other funds | 547,738 | 166,274 | 216,573 | 248,637 | 210,495 | 225,235 | 228,122 |
| COLA | 594,000 | 623,700 | 644,877 | 688,520 | 735,117 | 784,867 | 837,984 |
| System Development Charge | (1,070,985) | (1,173,270) | (914,964) | (929,304) | (832,509) | (892,259) | (884,691) |
| Depreciation | 19,280,249 | 21,108,780 | 21,962,670 | 22,271,032 | 22,300,621 | 22,648,171 | 24,038,420 |
| **Balance Available for Debt Service - Section 6.12** | 42,573,574 | 45,621,800 | 52,422,206 | 57,623,163 | 65,079,570 | 69,926,159 | 72,648,621 |
| **Debt Service Coverage (1.25X) - Section 6.12** | 1.59 | 1.45 | 1.53 | 1.68 | 1.51 | 1.62 | 1.54 |
| **DEBT SERVICE COVERAGE CALCULATION - PUC Debt Ratio** | | | | | | | |
| **Balance Available for Debt Service** | 42,573,574 | 45,621,800 | 52,422,206 | 57,623,163 | 65,079,570 | 69,926,159 | 72,648,621 |
| Transfer - Reserve for O & M | 1,000,000 | | | | | | |
| Transfer - Reserve for Debt Service | - | | | | 8,000,000 | | 5,000,000 |
| 2017 Refunding bond savings | | | | | | | |
| **Available for Debt Service -Reserve for Debt Service** | 11,217,733 | 11,217,733 | 11,244,664 | 11,244,664 | 11,244,664 | 19,244,664 | 19,244,664 |
| **Balance Available for Debt Service - PUC** | 54,791,308 | 56,839,534 | 63,666,870 | 68,867,828 | 84,324,235 | 89,170,823 | 96,893,286 |
| **Debt Service Coverage (1.75X) - PUC** | 2.05 | 1.81 | 1.86 | 2.01 | 1.95 | 2.06 | 2.05 |
| **CASH FLOW STATEMENT** | | | | | | | |
| **Net Income (Loss)** | 24,813,527 | 77,094,350 | 38,918,519 | 44,689,072 | 42,867,000 | 19,344,881 | 21,300,653 |
| Depreciation & Amortization | 19,792,544 | 20,895,205 | 22,366,310 | 22,547,962 | 22,598,670 | 22,974,378 | 24,338,815 |
| AFUDC | (12,501,196) | (13,887,666) | - | - | - | - | - |
| Principal Payments - Bonds | (5,200,000) | (5,715,000) | (8,770,000) | (9,270,000) | (12,039,419) | (12,644,140) | (14,316,949) |
| Working Capital Change (Increase)Decrease | (2,403,918) | - | (878,321) | (542,131) | (932,330) | (625,422) | (319,479) |
| Principal Payments-BOG | (3,018,019) | (3,180,334) | (2,780,552) | - | - | - | - |
| Transfer to Trust | - | - | - | - | - | - | - |
| Deferred outflows from pension | (391,104) | - | 344,114 | 269,263 | 306,689 | 287,976 | 297,332 |
| Gross Bond Proceeds | 124,047,361 | - | 134,000,000 | - | 60,000,000 | 66,000,000 | - |
| Deposit to Bond Construction Fund | (122,155,328) | - | (108,925,581) | - | (48,772,648) | (53,649,913) | - |
| Deposit to CAP Interest Fund | - | - | (13,400,000) | - | (4,027,352) | (6,600,000) | - |
| Deposit to Debt Service Reserve Fund | - | - | (8,994,419) | - | (6,000,000) | (4,430,087) | - |
| Cost of Issuance/Underwriter Discount | (1,892,033) | - | (2,680,000) | - | (1,200,000) | (1,320,000) | - |
| Loss on Defeasance Bond/Amortization of Disct, Premium&IssuanceCost | 1,256,817 | 407,987 | 403,640 | 276,930 | 298,049 | 326,206 | 300,395 |
| Revenue Funded CAPEX | (6,961,172) | - | - | - | - | - | - |
| Bond Reserve Requirement | - | - | - | - | - | - | (449,399) |
| System Development Charge | (1,070,985) | (1,173,270) | (914,964) | (929,304) | (832,509) | (892,259) | (884,691) |
| Working Capital Reserve for CAPEX/PAYGO | (4,191,798) | (13,152,585) | (15,000,000) | (15,000,000) | (20,500,000) | (21,000,000) | (24,500,000) |
| Working Capital Reserve for O & M | (1,000,000) | (3,347,412) | (500,000) | (500,000) | (500,000) | (500,000) | (500,000) |
| Working Capital Reserve for Debt Service | - | | - | (8,000,000) | - | (5,000,000) | - |
| Grants and Contributions | (14,462,063) | (66,398,461) | (39,732,857) | (39,732,857) | (33,430,130) | (8,000,000) | (8,000,000) |
| Transfer from Capitalized Interest Fund | 1,771,471 | - | 6,700,000 | 6,700,000 | 3,000,000 | 6,300,000 | 3,300,000 |
| Prior Year Adjustment & Loss on Asset Disposal/Invty writedown | 1,787,001 | - | - | - | - | - | - |
| Transfer to 2017 refunding savings | | | | | | | |
| **Cash Surplus (Deficit)** | (1,778,894) | (8,457,186) | 155,888 | 508,934 | 836,019 | 571,620 | 566,678 |
| **Beginning Balance** | 4,873,279 | 9,419,782 | 3,094,384 | 3,250,272 | 3,759,207 | 4,595,226 | 5,166,846 |
| **Ending Balance** | $ 3,094,384 | $ 962,596 | $ 3,250,272 | $ 3,759,207 | $ 4,595,226 | $ 5,166,846 | 5,733,524 |

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GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule B - Summary of Revenues**

**FY2018**

| **Water Revenues** | **Customers** | **Consumption (kGal)** | **Customer Chgr** | **Consumption ($$$)** | **Surcharge** | **Total Revenues** |
|---|---|---|---|---|---|---|
| Agriculture/Irrigation | 366 | 79,644 | $ 109,675 | $ 381,511 | $ 18,349 | $ 509,534 |
| Golf Course | 16 | 2,741 | 10,448 | 36,292 | 1,828 | 48,567 |
| Hotels | 56 | 988,969 | 116,983 | 13,205,003 | 480,995 | 13,802,981 |
| Commercial | 2,702 | 907,752 | 1,096,844 | 12,050,906 | 519,735 | 13,667,485 |
| Government/Federal | 408 | 459,491 | 274,761 | 6,051,740 | 277,048 | 6,603,549 |
| Residential | 38,927 | 1,923,824 | 10,643,966 | 18,192,313 | 1,059,048 | 29,895,327 |
| Residential Lifeline | | 1,396,170 | | 4,205,123 | | 4,205,123 |
| | | | | | | - |
| **Total Water** | **42,474** | **5,758,590** | **$ 12,252,677** | **$ 54,122,887** | **$ 2,357,002** | **$ 68,732,566** |
| **Wastewater Revenues** | | | | | | |
| Commercial I | 1,773 | 427,727 | | $ 3,214,793 | $ 122,761 | $ 3,337,554 |
| Commercial II & Hotel | 61 | 725,910 | | 13,059,683 | 491,162 | 13,550,845 |
| Commercial III | 261 | 148,458 | | 3,643,108 | 141,489 | 3,784,597 |
| Government/Federal | 250 | 937,868 | | 9,764,431 | 358,095 | 10,122,526 |
| Residential | 27,029 | 1,836,672 | | 8,619,390 | | 8,619,390 |
| **Total Wastewater** | **29,374** | **4,076,635** | **-** | **$ 38,301,403** | **$ 1,113,508** | **$ 39,414,911** |
| **Grand Total** | | **9,835,226** | **$ 12,252,677** | **$ 92,424,291** | **$ 3,470,509** | **$ 108,147,477** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule B - Summary of Revenue**

FY2019

| Water Revenues | Customers | Consumption (kGal) | Customer Chge | Consumption ($$$) | Surcharge | Total Revenues |
|---|---|---|---|---|---|---|
| Agriculture/Irrigation | 370 | 85,951 | $ 110,932 | $ 369,840 | $ 18,029 | $ 498,801 |
| Golf Course | 15 | 2,617 | 10,444 | 34,953 | 1,702 | 47,100 |
| Hotels | 55 | 1,005,313 | 116,550 | 13,426,114 | 507,850 | 14,050,513 |
| Commercial | 2,664 | 907,887 | 1,095,541 | 12,124,976 | 495,769 | 13,716,286 |
| Government/Federal | 411 | 466,672 | 276,872 | 6,232,482 | 244,101 | 6,753,454 |
| Residential | 38,870 | 1,857,465 | 10,630,534 | 20,266,511 | 1,146,297 | 32,043,342 |
| Residential Lifeline | | 1,681,096 | | 5,063,209 | | 5,063,209 |
| **Total Water** | **42,385** | **6,007,000** | **$ 12,240,872** | **$ 57,518,084** | **$ 2,413,749** | **$ 72,172,705** |
| **Wastewater Revenues** | | | | | | |
| Commercial I | 1,779 | 447,163 | | $ 3,292,551 | $ 123,471 | $ 3,416,022 |
| Commercial II & Hotel | 61 | 742,306 | | 13,309,258 | 499,097 | 13,808,355 |
| Commercial III | 259 | 140,004 | | 3,481,390 | 130,552 | 3,611,942 |
| Government/Federal | 254 | 935,161 | | 9,842,378 | 369,089 | 10,211,468 |
| Residential | 27,359 | 2,169,836 | | 9,041,602 | | 9,041,602 |
| **Total Wastewater** | **29,713** | **4,434,470** | **-** | **$ 38,967,180** | **$ 1,122,209** | **$ 40,089,389** |
| **Grand Total** | | **10,441,470** | **$ 12,240,872** | **$ 96,485,264** | **$ 3,535,958** | **$ 112,262,094** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule B - Summary of Revenue**

**FY2020**

| **Water Revenues** | **Customers** | **Consumption (kGal)** | **Customer Chrg** | **Consumption ($$$)** | **Surcharge** | **Total Revenues** |
|---|---|---|---|---|---|---|
| Agriculture/Irrigation | 356 | 82,979 | $ 117,159 | $ 392,730 | $ 18,356 | $ 528,246 |
| Golf Course | 14 | 2,317 | 8,592 | 34,036 | 1,535 | 44,162 |
| Hotels | 53 | 1,071,638 | 127,596 | 15,743,088 | 571,345 | 16,442,029 |
| Commercial | 2,666 | 958,854 | 1,202,476 | 14,086,217 | 550,393 | 15,839,086 |
| Government/Federal | 400 | 531,832 | 296,281 | 7,812,977 | 291,933 | 8,401,192 |
| Residential | 39,155 | 1,739,911 | 11,776,179 | 20,544,380 | 1,163,540 | 33,484,099 |
| Residential Lifeline | | 1,681,096 | | 5,063,209 | | 5,063,209 |
| **Total Water** | **42,644** | **6,068,626** | **$ 13,528,283** | **$ 63,676,637** | **$ 2,597,102** | **$ 79,802,022** |
| **Wastewater Revenues** | | | | | | |
| Commercial I | 1,763 | 479,676 | | $ 3,885,148 | $ 139,865 | $ 4,025,014 |
| Commercial II & Hotel | 61 | 777,696 | | 15,338,148 | 552,173 | 15,890,321 |
| Commercial III | 265 | 165,294 | | 4,521,288 | 162,766 | 4,684,055 |
| Government/Federal | 248 | 968,045 | | 11,207,323 | 403,464 | 11,610,787 |
| Residential | 27,350 | 2,195,980 | | 9,038,651 | | 9,038,651 |
| **Total Wastewater** | **29,687** | **4,586,691** | **-** | **$ 43,990,559** | **$ 1,258,269** | **$ 45,248,828** |
| **Grand Total** | | **10,655,317** | **$ 13,528,283** | **$ 107,667,196** | **$ 3,855,370** | **$ 125,050,849** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule B - Summary of Revenue**

**FY2021**

| Water Revenues | Customers | Consumption (kGal) | Customer Chrg | Consumption ($$$) | Surcharge | Total Revenues |
|---|---|---|---|---|---|---|
| Agriculture/Irrigation | 358 | 82,979 | $ 127,753 | $ 426,112 | $ 19,939 | $ 573,805 |
| Golf Course | 14 | 2,317 | 9,368 | 36,929 | 1,667 | 47,964 |
| Hotels | 54 | 1,071,638 | 139,134 | 17,081,251 | 619,934 | 17,840,318 |
| Commercial | 2,679 | 958,854 | 1,311,210 | 15,283,546 | 597,411 | 17,192,167 |
| Government/Federal | 402 | 531,832 | 323,072 | 8,477,080 | 316,805 | 9,116,958 |
| Residential | 39,351 | 1,739,911 | 12,841,040 | 22,290,652 | 1,264,741 | 36,396,433 |
| Residential Lifeline | | 1,681,096 | | 5,063,209 | | 5,063,209 |
| **Total Water** | **42,857** | **6,068,626** | **$ 14,751,578** | **$ 68,658,778** | **$ 2,820,497** | **$ 86,230,854** |
| **Wastewater Revenues** | | | | | | |
| Commercial I | 1,772 | 479,676 | | $ 4,215,386 | $ 151,754 | $ 4,367,140 |
| Commercial II & Hotel | 61 | 777,696 | | 16,641,891 | 599,108 | 17,240,999 |
| Commercial III | 266 | 165,294 | | 4,905,598 | 176,602 | 5,082,199 |
| Government/Federal | 249 | 968,045 | | 12,159,946 | 437,758 | 12,597,704 |
| Residential | 27,487 | 2,195,980 | | 9,083,844 | | 9,083,844 |
| **Total Wastewater** | **29,835** | **4,586,691** | **-** | **$ 47,006,664** | **$ 1,365,222** | **$ 48,371,886** |
| **Grand Total** | | **10,655,317** | **$ 14,751,578** | **$ 115,665,443** | **$ 4,185,719** | **$ 134,602,739** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule B - Summary of Revenue**

**FY2022**

| Water Revenues | Customers | Consumption (kGal) | Customer Chge | Consumption ($$$) | Surcharge | Total Revenues |
|---|---|---|---|---|---|---|
| Agriculture/Irrigation | 360 | 82,979 | $ 138,664 | $ 460,201 | $ 20,960 | $ 619,825 |
| Golf Course | 15 | 2,317 | 10,169 | 39,883 | 1,752 | 51,803 |
| Hotels | 54 | 1,071,638 | 151,016 | 18,447,751 | 650,957 | 19,249,723 |
| Commercial | 2,692 | 958,854 | 1,423,187 | 16,506,229 | 627,530 | 18,556,946 |
| Government/Federal | 404 | 531,832 | 350,663 | 9,155,246 | 332,707 | 9,838,616 |
| Residential | 39,547 | 1,739,911 | 13,937,665 | 24,073,904 | 1,330,405 | 39,341,974 |
| Residential Lifeline | | 1,681,096 | | 5,468,265 | | 5,468,265 |
| **Total Water** | **43,072** | **6,068,626** | **$ 16,011,363** | **$ 74,151,481** | **$ 2,964,310** | **$ 93,127,154** |
| **Wastewater Revenues** | | | | | | |
| Commercial I | 1,781 | 479,676 | | $ 4,552,617 | $ 159,342 | $ 4,711,958 |
| Commercial II & Hotel | 62 | 777,696 | | 17,973,242 | 629,063 | 18,602,305 |
| Commercial III | 267 | 165,294 | | 5,298,045 | 185,432 | 5,483,477 |
| Government/Federal | 250 | 968,045 | | 13,132,741 | 459,646 | 13,592,387 |
| Residential | 27,624 | 2,195,980 | | 9,859,605 | | 9,859,605 |
| **Total Wastewater** | **29,984** | **4,586,691** | **-** | **$ 50,816,250** | **$ 1,433,483** | **$ 52,249,733** |
| **Grand Total** | | **10,655,317** | **$ 16,011,363** | **$ 124,967,731** | **$ 4,397,793** | **$ 145,376,886** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule B - Summary of Revenue**

**FY2023**

| **Water Revenues** | **Customers** | **Consumption (kGal)** | **Customer Chge** | **Consumption ($$$)** | **Surcharge** | **Total Revenues** |
|---|---|---|---|---|---|---|
| Agriculture/Irrigation | 361 | 82,979 | $ 148,415 | $ 490,115 | $ 21,710 | $ 660,240 |
| Golf Course | 15 | 2,317 | 10,884 | 42,475 | 1,814 | 55,173 |
| Hotels | 54 | 1,071,638 | 161,636 | 19,646,855 | 673,489 | 20,481,979 |
| Commercial | 2,706 | 958,854 | 1,523,273 | 17,579,134 | 649,482 | 19,751,889 |
| Government/Federal | 406 | 531,832 | 375,323 | 9,750,337 | 344,272 | 10,469,933 |
| Residential | 39,745 | 1,739,911 | 14,917,831 | 25,638,708 | 1,378,922 | 41,935,461 |
| Residential Lifeline | | 1,681,096 | | 5,468,265 | | 5,468,265 |
| **Total Water** | **43,287** | **6,068,626** | **$ 17,137,362** | **$ 78,615,890** | **$ 3,069,690** | **$ 98,822,941** |
| **Wastewater Revenues** | | | | | | |
| Commercial I | 1,790 | 479,676 | | $ 4,848,537 | $ 164,850 | $ 5,013,387 |
| Commercial II & Hotel | 62 | 777,696 | | 19,141,503 | 650,811 | 19,792,314 |
| Commercial III | 269 | 165,294 | | 5,642,418 | 191,842 | 5,834,261 |
| Government/Federal | 251 | 968,045 | | 13,986,370 | 475,537 | 14,461,906 |
| Residential | 27,762 | 2,195,980 | | 9,908,903 | | 9,908,903 |
| **Total Wastewater** | **30,134** | **4,586,691** | **-** | **$ 53,527,730** | **$ 1,483,040** | **$ 55,010,770** |
| **Grand Total** | | **10,655,317** | **$ 17,137,362** | **$ 132,143,620** | **$ 4,552,730** | **$ 153,833,711** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule B - Summary of Revenue**

**FY2024**

| **Water Revenues** | **Customers** | **Consumption (kGal)** | **Customer Chrg** | **Consumption ($$$)** | **Surcharge** | **Total Revenues** |
|---|---|---|---|---|---|---|
| Agriculture/Irrigation | 363 | 82,979 | $ 156,615 | $ 514,620 | $ 23,158 | $ 694,393 |
| Golf Course | 15 | 2,317 | 11,485 | 44,599 | 1,935 | 58,019 |
| Hotels | 54 | 1,071,638 | 170,566 | 20,629,197 | 717,592 | 21,517,356 |
| Commercial | 2,719 | 958,854 | 1,607,434 | 18,458,091 | 692,261 | 20,757,785 |
| Government/Federal | 408 | 531,832 | 396,060 | 10,237,854 | 366,870 | 11,000,784 |
| Residential | 39,944 | 1,739,911 | 15,742,041 | 26,920,643 | 1,471,863 | 44,134,547 |
| Residential Lifeline | | 1,681,096 | | 5,468,265 | | 5,468,265 |
| **Total Water** | **43,503** | **6,068,626** | **$ 18,084,201** | **$ 82,273,271** | **$ 3,273,678** | **$ 103,631,150** |
| **Wastewater Revenues** | | | | | | |
| Commercial I | 1,799 | 479,676 | | $ 5,090,964 | $ 175,638 | $ 5,266,602 |
| Commercial II & Hotel | 62 | 777,696 | | 20,098,578 | 693,401 | 20,791,979 |
| Commercial III | 270 | 165,294 | | 5,924,539 | 204,397 | 6,128,936 |
| Government/Federal | 253 | 968,045 | | 14,685,688 | 506,656 | 15,192,344 |
| Residential | 27,901 | 2,195,980 | | 9,958,447 | | 9,958,447 |
| **Total Wastewater** | **30,285** | **4,586,691** | **-** | **$ 55,758,216** | **$ 1,580,092** | **$ 57,338,308** |
| **Grand Total** | | **10,655,317** | **$ 18,084,201** | **$ 138,031,487** | **$ 4,853,770** | **$ 160,969,458** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule C - Operating Expenses (Combined C1+C2+C3)**

| | PROJECTION | | | | |
|---|---|---|---|---|---|
| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
| **Water Purchases- Navy** | 9,902,414 | 10,694,607 | 11,550,175 | 12,474,189 | 13,472,124 |
| **Power Purchases** | 14,935,381 | 15,234,089 | 15,538,771 | 15,849,546 | 16,166,537 |
| **Salaries and Wages** | | | | | |
| Salaries and Wages & Benefits | 27,199,775 | 28,677,206 | 29,340,741 | 30,018,089 | 30,709,538 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 27,199,775 | 28,677,206 | 29,340,741 | 30,018,089 | 30,709,538 |
| **Administrative & General** | | | | | |
| Administrative & General Expenses | 12,066,903 | 12,410,865 | 12,459,954 | 12,697,966 | 13,139,631 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 12,066,903 | 12,410,865 | 12,459,954 | 12,697,966 | 13,139,631 |
| **Contractual** | | | | | |
| Contractual charges | 6,054,073 | 7,397,524 | 8,675,010 | 10,009,518 | 11,832,223 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 6,054,073 | 7,397,524 | 8,675,010 | 10,009,518 | 11,832,223 |
| **Depreciation** | 21,962,670 | 22,271,032 | 22,300,621 | 22,648,171 | 24,038,420 |
| **Retiree Benefits** | 3,763,479 | 3,933,180 | 4,112,018 | 4,300,483 | 4,499,094 |
| **Total Operating & Maint. Expense** | **95,884,695** | **100,618,503** | **103,977,291** | **107,997,963** | **113,857,568** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule C1 - Operating Expenses (Water)**

| | | | Projection | | |
|---|---|---|---|---|---|
| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
| **Water Purchases** | 9,902,414 | 10,694,607 | 11,550,175 | 12,474,189 | 13,472,124 |
| **Power Purchases** | 12,607,905 | 12,860,063 | 13,117,264 | 13,379,610 | 13,647,202 |
| **Salaries and Wages** | | | | | |
| Salaries and Wages & Benefits | 5,915,951 | 6,237,292 | 6,381,611 | 6,528,934 | 6,679,325 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 5,915,951 | 6,237,292 | 6,381,611 | 6,528,934 | 6,679,325 |
| **Administrative & General** | | | | | |
| Administrative & General Expenses | 2,172,043 | 2,233,956 | 2,242,792 | 2,285,634 | 2,365,134 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 2,172,043 | 2,233,956 | 2,242,792 | 2,285,634 | 2,365,134 |
| **Contractual** | | | | | |
| Contractual charges | 1,029,192 | 1,257,579 | 1,474,752 | 1,701,618 | 2,011,478 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 1,029,192 | 1,257,579 | 1,474,752 | 1,701,618 | 2,011,478 |
| **Depreciation** | - | - | - | - | - |
| **Supplemental Annuities Benefits** | - | - | - | - | - |
| **Total O & M. Expense** | **$ 31,627,505** | **$ 33,283,497** | **$ 34,766,594** | **$ 36,369,985** | **$ 38,175,262** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule C2 - Operating Expenses (WasteWater)**

| | Projection | | | | |
|---|---|---|---|---|---|
| | **FY2020** | **FY2021** | **FY2022** | **FY2023** | **FY2024** |
| **Power Purchases** | 2,174,118 | 2,217,600 | 2,261,952 | 2,307,191 | 2,353,335 |
| **Salaries and Wages** | | | | | |
| Salaries and Wages & Benefits | 5,643,953 | 5,950,520 | 6,088,204 | 6,228,753 | 6,372,229 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 5,643,953 | 5,950,520 | 6,088,204 | 6,228,753 | 6,372,229 |
| **Administrative & General** | | | | | |
| Administrative & General Expenses | 2,534,050 | 2,606,282 | 2,616,590 | 2,666,573 | 2,759,322 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 2,534,050 | 2,606,282 | 2,616,590 | 2,666,573 | 2,759,322 |
| **Contractual** | | | | | |
| Contractual charges | 2,058,385 | 2,515,158 | 2,949,504 | 3,403,236 | 4,022,956 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 2,058,385 | 2,515,158 | 2,949,504 | 3,403,236 | 4,022,956 |
| **Depreciation** | - | - | - | - | - |
| **Supplemental Annuities Benefits** | - | - | - | - | - |
| **Total O & M Expense** | **$ 12,410,505** | **$ 13,289,560** | **$ 13,916,250** | **$ 14,605,753** | **$ 15,507,843** |

GUAM WATERWORKS AUTHORITY

**GUAM WATERWORKS AUTHORITY**
**Schedule C3 - Operating Expenses (OPERATIONS SUPPORT)**

| | Projection | | | | |
|---|---|---|---|---|---|
| | **FY2020** | **FY2021** | **FY2022** | **FY2023** | **FY2024** |
| **Power Purchases - GPA** | 153,359 | 156,426 | 159,554 | 162,745 | 166,000 |
| **Salaries and Wages** | | | | | |
| Salaries and Wages & Benefits | 15,639,871 | 16,489,394 | 16,870,926 | 17,260,401 | 17,657,984 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 15,639,871 | 16,489,394 | 16,870,926 | 17,260,401 | 17,657,984 |
| **Administrative & General** | | | | | |
| Administrative & General Expenses | 7,360,811 | 7,570,628 | 7,600,572 | 7,745,759 | 8,015,175 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 7,360,811 | 7,570,628 | 7,600,572 | 7,745,759 | 8,015,175 |
| **Contractual** | | | | | |
| Contractual charges | 2,966,496 | 3,624,787 | 4,250,755 | 4,904,664 | 5,797,789 |
| *Intentionally Left Blank* | | | | | |
| **Subtotal** | 2,966,496 | 3,624,787 | 4,250,755 | 4,904,664 | 5,797,789 |
| **Depreciation** | 21,962,670 | 22,271,032 | 22,300,621 | 22,648,171 | 24,038,420 |
| **Supplemental Annuities Benefits** | 3,763,479 | 3,933,180 | 4,112,018 | 4,300,483 | 4,499,094 |
| **Total O & M Expense** | **$ 51,846,684** | **$ 54,045,445** | **$ 55,294,447** | **$ 57,022,224** | **$ 60,174,463** |

GUAM WATERWORKS AUTHORITY

**NAVY WATER PURCHASES**
**SCHEDULE D**

| Description | | Projection | | | | |
|---|---|---|---|---|---|---|
| | FY 2020 | | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
| **Water Purchases** | | | | | | |
| **Navy Contract (FENA)** | | | | | | |
| Purchased kGal | 753,303 | | 753,303 | 753,303 | 753,303 | 753,303 |
| Rate Per Kgal | $ 13.15 | | $ 14.20 | $ 15.33 | $ 16.56 | $ 17.88 |
| % Increase | 8% | | 8% | 8% | 8% | 8% |
| Total Purchase Costs | 9,902,414 | | 10,694,607 | 11,550,175 | 12,474,189 | 13,472,124 |
| **Total Costs** | **$ 9,902,414** | | **$ 10,694,607** | **$ 11,550,175** | **$ 12,474,189** | **$ 13,472,124** |

GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Schedule F - Debt Service**

| | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2024 |
|---|---|---|---|---|---|---|---|
| **Senior Lien Debt Service** | | | | | | | |
| Series 2010 Revenue Bonds - Principal | 1,725,000 | 1,800,000 | 1,895,000 | - | - | - | - |
| Series 2010 Revenue Bonds - Interest | 262,375 | 184,750 | 94,750 | - | | | - |
| Total | 1,987,375 | 1,984,750 | 1,989,750 | - | - | - | - |
| Series 2013 Revenue Bonds - Principal | - | - | 2,695,000 | 2,840,000 | 2,990,000 | 3,145,000 | 3,315,000 |
| Series 2013 Revenue Bonds - Interest | 9,331,688 | 9,331,688 | 9,331,688 | 9,190,200 | 9,041,100 | 8,884,125 | 8,719,013 |
| Total | 9,331,688 | 9,331,688 | 12,026,688 | 12,030,200 | 12,031,100 | 12,029,125 | 12,034,013 |
| Series 2014 Refunding Revenue Bonds - Principal | 3,475,000 | 3,620,000 | 3,760,000 | 530,000 | 555,000 | 4,005,000 | 4,205,000 |
| Series 2014 Refunding Revenue Bonds - Interest | 3,694,847 | 3,588,477 | 3,445,000 | 3,257,000 | 3,230,500 | 3,202,750 | 3,002,500 |
| Total | 7,169,847 | 7,208,477 | 7,205,000 | 3,787,000 | 3,785,500 | 7,207,750 | 7,207,500 |
| Series 2016 Revenue Bonds - Principal | - | - | 420,000 | 3,860,000 | 4,055,000 | 835,000 | 875,000 |
| Series 2016 Revenue Bonds - Interest | 7,165,500 | 7,165,500 | 7,165,500 | 7,144,500 | 6,951,500 | 6,748,750 | 6,707,000 |
| Total | 7,165,500 | 7,165,500 | 7,585,500 | 11,004,500 | 11,006,500 | 7,583,750 | 7,582,000 |
| Series 2017 Refunding Bonds - Principal | - | 295,000 | - | 2,040,000 | 2,145,000 | 2,250,000 | 2,365,000 |
| Series 2017 Refunding Bonds - Interest | 2,855,981 | 5,383,000 | 5,368,250 | 5,368,250 | 5,266,250 | 5,159,000 | 5,046,500 |
| Total | 2,855,981 | 5,678,000 | 5,368,250 | 7,408,250 | 7,411,250 | 7,409,000 | 7,411,500 |
| Series 2020 Revenue Bonds - Principal | - | - | - | - | 2,294,419 | 2,409,140 | 2,529,597 |
| Series 2020 Revenue Bonds - Interest | - | - | 6,700,000 | 6,700,000 | 6,675,366 | 6,556,940 | 6,436,104 |
| Total | - | - | 6,700,000 | 6,700,000 | 8,969,785 | 8,966,080 | 8,965,701 |
| Series 2022 Revenue Bonds - Principal | - | - | - | - | - | - | 1,027,352 |
| Series 2022 Revenue Bonds - Interest | - | - | - | - | 3,000,000 | 3,000,000 | 2,988,970 |
| Total | - | - | - | - | 3,000,000 | 3,000,000 | 4,016,322 |
| Series 2023 Revenue Bonds - Principal | - | - | - | - | - | - | - |
| Series 2023 Revenue Bonds - Interest | - | - | - | - | - | 3,300,000 | 3,300,000 |
| Total | - | - | - | - | - | 3,300,000 | 3,300,000 |
| **Bond Debt Service** | **28,510,390** | **31,368,415** | **40,875,188** | **40,929,950** | **46,204,135** | **49,495,705** | **50,517,036** |
| Senior Lien - Bond Debt Service | | | | | | | |
| Principal | 5,200,000 | 5,715,000 | 8,770,000 | 9,270,000 | 12,039,419 | 12,644,140 | 14,316,949 |
| Interest | 23,310,390 | 25,653,415 | 32,105,188 | 31,659,950 | 34,164,716 | 36,851,565 | 36,200,087 |
| Less: Capitalized Interest | (1,771,471) | - | (6,700,000) | (6,700,000) | (3,000,000) | (6,300,000) | (3,300,000) |
| Interest Net of Cap I | 21,538,920 | 25,653,415 | 25,405,188 | 24,959,950 | 31,164,716 | 30,551,565 | 32,900,087 |
| **Debt Service- Bonds Net of Cap I** | **26,738,920** | **31,368,415** | **34,175,188** | **34,229,950** | **43,204,135** | **43,195,705** | **47,217,036** |
| **Subordinate Loan- Bank of Guam** | | | | | | | |
| Principal | 3,018,019 | 3,180,334 | 2,780,552 | - | - | - | - |
| Interest | 399,458 | 237,144 | 67,345 | - | - | - | - |
| **Bank of Guam Debt Service** | 3,417,477 | 3,417,477 | 2,847,898 | - | - | - | - |
| Total Principal -Bonds and BOG | 8,218,019 | 8,895,334 | 11,550,552 | 9,270,000 | 12,039,419 | 12,644,140 | 14,316,949 |
| Total Interest -Bonds and BOG | 23,709,849 | 25,890,558 | 32,172,533 | 31,659,950 | 34,164,716 | 36,851,565 | 36,200,087 |
| **Total Debt Service-Bonds and Bank of Guam** | **31,927,868** | **34,785,892** | **43,723,085** | **40,929,950** | **46,204,135** | **49,495,705** | **50,517,036** |

GUAM WATERWORKS AUTHORITY

**REVENUE FUNDED PROJECTS**
**SCHEDULE G**

| | ACTUAL | PROJECTION | |
|---|---|---|---|
| | **2018** | **2019** | **2020** |
| **WATER** | | | |
| PRV | 198,043 | 47,600 | |
| Main Lines & Valves | 140,286 | 449,641 | |
| Hydrants | 183,669 | 258,969 | |
| Pumps & Motors | 601,202 | 736,866 | 300,000 |
| Pipes | | | |
| Pumping Equipments | | 65,460 | |
| Submersible Cables | | 165,000 | |
| Leak Detection & Equipment | | 88,330 | |
| Facility Improvements | | 250,000 | |
| | **1,123,200** | **2,061,866** | **300,000** |
| **WASTEWATER** | | | |
| Pumps & Motors | 250,000 | 220,673 | 400,000 |
| Spare Parts & Equipment | - | 42,819 | |
| Pipes | | | |
| Collection System Replacements | - | 30,000 | |
| Emergency Replacements | 500,000 | | |
| Treatment Plant Improvement | 250,000 | 171,015 | |
| | **1,000,000** | **464,507** | **400,000** |
| **UTILITY SERVICES** | | | |
| Meter Replacements - Small Meter | 1,546,688 | 448,930 | 1,000,000 |
| Large Meters > 2" | | | |
| | **1,546,688** | **448,930** | **1,000,000** |
| **Transportation** | | | |
| 1. Light Fleet | 521,910 | 928,090 | 550,000 |
| 2. Heavy Equipment | | 776,090 | |
| | **521,910** | **1,704,180** | **550,000** |
| **Information Technology** | | | |
| 1. Applications Software - Implementation | | 294,373 | 2,000,000 |
| 2. New Hardware | | 426,145 | 250,000 |
| | **-** | **720,518** | **2,250,000** |
| **Other Projects** | | | |
| 1. Facility Renovations | | 100,000 | 500,000 |
| | **-** | **100,000** | **500,000** |
| **TOTAL** | **4,191,798** | **5,500,000** | **5,000,000** |

GUAM WATERWORKS AUTHORITY

**WORKING CAPITAL**
**SCHEDULE H**

| | PROJECTION | | | | |
|---|---|---|---|---|---|
| | **FY2020** | **FY2021** | **FY2022** | **FY2023** | **FY2024** |
| **Accounts Receivable, Net** | | | | | |
| Accounts Receivable | (1,923,129) | (1,177,630) | (1,328,319) | (1,042,622) | (879,750) |
| *Intentionally Left Blank* | | | | | |
| **Accounts Payable** | | | | | |
| Accounts Payable | 1,436,060 | 545,603 | 410,449 | 452,851 | 551,017 |
| *Intentionally Left Blank* | | | | | |
| *Intentionally Left Blank* | | | | | |
| **Other Cash Flow Items** | | | | | |
| Materials & Supplies Inventory | (419,087) | 62,273 | (23,778) | (7,891) | - |
| Prepaid Expenses | 22,621 | 29,590 | 11,769 | (29,277) | 8,676 |
| Customer Deposits | 5,214 | (1,966) | (2,451) | 1,518 | 579 |
| Intentionally Left Blank | | | | | |
| Intentionally Left Blank | | | | | |
| **Increase/(Decrease) in Working Capital** | **(878,321)** | **(542,131)** | **(932,330)** | **(625,422)** | **(319,479)** |

GUAM WATERWORKS AUTHORITY

**FY 2020 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R Residential | | | | | | | | | | | | | | |
| | 3/4" | 24.82 | 3.01 | 11.81 | 38,646 | 3,148,003 | 1,657,216 | 1,490,788 | $ 11,508,130 | $ 4,991,285 | $ 17,602,802 | $ 34,102,218 | $ 1,047,994 | $ 35,150,211 |
| | 1" | 28.95 | 3.01 | 11.81 | 343 | 37,599 | 15,096 | 22,502 | 119,304 | 45,468 | 265,700 | 430,472 | 13,860 | 444,332 |
| | 1 1/2" | 45.44 | 3.01 | 11.81 | 103 | 44,745 | 5,425 | 39,320 | 56,076 | 16,339 | 464,281 | 536,696 | 18,733 | 555,429 |
| | 2" | 57.88 | 3.01 | 11.81 | 28 | 38;323 | 1,352 | 36,971 | 19,545 | 4,071 | 436,546 | 460,162 | 16,419 | 476,582 |
| | 3" | 103.37 | 3.01 | 11.81 | 10 | 23,469 | 480 | 22,989 | 12,051 | 1,446 | 271,443 | 284,940 | 10,206 | 295,146 |
| | 4" | 144.69 | 3.01 | 11.81 | 14 | 71,945 | 899 | 71,046 | 25,010 | 2,708 | 838,886 | 866,604 | 31,100 | 897,704 |
| | 6" | 268.71 | 3.01 | 11.81 | 10 | 54,398 | 568 | 53,830 | 31,326 | 1,710 | 635,609 | 668,645 | 24,010 | 692,655 |
| | 8" | 392.70 | 3.01 | 11.81 | 1 | 2,526 | 60 | 2,466 | 4,736 | 181 | 29;113 | 34,030 | 1,219 | 35,248 |
| | 10" | 537.40 | 3.01 | 11.81 | - | - | - | - | - | - | - | - | - | - |
| | 12" | 640.71 | 3.01 | 11.81 | - | - | - | - | - | - | - | - | - | - |
| | | | | | 39,155 | 3,421,007 | 1,681,096 | 1,739,911 | $ 11,776,179 | $ 5,063,209 | $ 20,544,380 | $ 37,383,767 | $ 1,163,540 | $ 38,547,307 |
| C Commercial | | | | | | | | | | | | | | |
| | 3/4" | 24.82 | - | 14.69 | 1,720 | 272,666 | - | 272,666 | 512,259 | - | 4,005,653 | 4,517,913 | 162,645 | 4,680,558 |
| | 1" | 28.95 | - | 14.69 | 322 | 71,990 | - | 71,990 | 111,738 | - | 1,057,586 | 1,169,324 | 42,096 | 1,211,420 |
| | 1 1/2" | 45.44 | - | 14.69 | 333 | 144,810 | - | 144,810 | 181,746 | - | 2,127,352 | 2,309,098 | 83,128 | 2,392,226 |
| | 2" | 57.88 | - | 14.69 | 162 | 132,473 | - | 132,473 | 112,383 | - | 1,946,121 | 2,058,504 | 74,106 | 2,132,610 |
| | 3" | 103.37 | - | 14.69 | 33 | 73,374 | - | 73,374 | 40,725 | - | 1,077,920 | 1,118,645 | 40,271 | 1,158,916 |
| | 4" | 144.69 | - | 14.69 | 53 | 109,234 | - | 109,234 | 92,480 | - | 1,604,715 | 1,697,195 | 61,099 | 1,758,294 |
| | 6" | 268.71 | - | 14.69 | 36 | 73,838 | - | 73,838 | 114,502 | - | 1,084,738 | 1,199,240 | 43,173 | 1,242,412 |
| | 8" | 392.70 | - | 14.69 | 5 | 72,320 | - | 72,320 | 23,680 | - | 1,062,427 | 1,086,107 | 39,100 | 1,125,206 |
| | 10" | 537.40 | - | 14.69 | 2 | 8,148 | - | 8,148 | 12,962 | - | 119,706 | 132,668 | 4,776 | 137,444 |
| | 12" | 640.71 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | | | | 2,666 | 958,854 | - | 958,854 | 1,202,476 | - | 14,086,217 | 15,288,693 | 550,393 | 15,839,086 |
| F Federal | | | | | | | | | | | | | | |
| | 3/4" | 24.82 | - | 14.69 | 6 | 1,088 | - | 1,088 | $ 1,796 | $ - | $ 15,979 | $ 17,775 | $ 640 | $ 18,415 |
| | 1" | 28.95 | - | 14.69 | 3 | 341 | - | 341 | 1,048 | - | 5,016 | 6,063 | 218 | 6;282 |
| | 1 1/2" | 45.44 | - | 14.69 | 1 | 33 | - | 33 | 548 | - | 482 | 1,030 | 37 | 1,067 |
| | 2" | 57.88 | - | 14.69 | 3 | 432 | - | 432 | 2,094 | - | 6,339 | 8,433 | 304 | 8,737 |
| | 3" | 103.37 | - | 14.69 | 1 | 222 | - | 222 | 1,247 | - | 3,255 | 4,502 | 162 | 4,664 |
| | 4" | 144.69 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | 6" | 268.71 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | 8" | 392.70 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | 10" | 537.40 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | 12" | 640.71 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | | | | 14 | 2,115 | - | 2,115 | 6,732 | - | 31,072 | 37,804 | 1,361 | 39,164 |
| SUBTOTAL FY2020: | | | | | 41,834 | 4,381,976 | 1,681,096 | 2,700,880 | 12,985,387 | 5,063,209 | 34,661,668 | 52,710,264 | 1,715,294 | 54,425,558 |

GUAM WATERWORKS AUTHORITY

**FY 2020 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G | Government | | | | | | | | | | | | | | |
| | | 3/4" | 24.82 | - | 14.69 | 149 | 13,476 | - | 13,476 | $ 44,492 | $ - | $ 197,978 | $ 242,470 | $ 8,729 | $ 251,199 |
| | | 1" | 28.95 | - | 14.69 | 42 | 8,536 | - | 8,536 | 14,433 | - | 125,393 | 139,826 | 5,034 | 144,860 |
| | | 1 1/2" | 45.44 | - | 14.69 | 75 | 32,352 | - | 32,352 | 40,733 | - | 475,272 | 516,005 | 18,576 | 534,581 |
| | | 2" | 57.88 | - | 14.69 | 45 | 52,554 | - | 52,554 | 31,179 | - | 772,053 | 803,232 | 28,916 | 832,148 |
| | | 3" | 103.37 | - | 14.69 | 27 | 61,093 | - | 61,093 | 33,245 | - | 897,491 | 930,736 | 33,506 | 964,242 |
| | | 4" | 144.69 | - | 14.69 | 30 | 210,757 | - | 210,757 | 52,929 | - | 3,096,169 | 3,149,098 | 113,368 | 3,262,465 |
| | | 6" | 268.71 | - | 14.69 | 12 | 101,877 | - | 101,877 | 38,887 | - | 1,496,636 | 1,535,524 | 55,279 | 1,590,803 |
| | | 8" | 392.70 | - | 14.69 | 3 | 19,127 | - | 19,127 | 14,208 | - | 280,992 | 295,200 | 10,627 | 305,827 |
| | | 10" | 537.40 | - | 14.69 | 3 | 29,946 | - | 29,946 | 19,443 | - | 439,921 | 459,364 | 16,537 | 475,902 |
| | | 12" | 640.71 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 386 | 529,717 | - | 529,717 | 289,549 | - | 7,781,905 | 8,071,455 | 290,572 | 8,362,027 |
| H | Hotel | | | | | | | | | | | | | | |
| | | 3/4" | 24.82 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | 1" | 28.95 | - | 14.69 | 2 | 6 | - | 6 | 698 | - | 89 | 787 | 28 | 815 |
| | | 1 1/2" | 45.44 | - | 14.69 | 2 | 2,067 | - | 2,067 | 913 | - | 30,372 | 31,285 | 1,126 | 32,412 |
| | | 2" | 57.88 | - | 14.69 | 5 | 121,195 | - | 121,195 | 3,257 | - | 1,780,434 | 1,783,692 | 64,213 | 1,847,905 |
| | | 3" | 103.37 | - | 14.69 | 4 | 4,924 | - | 4,924 | 4,571 | - | 72,337 | 76,909 | 2,769 | 79,677 |
| | | 4" | 144.69 | - | 14.69 | 18 | 123,182 | - | 123,182 | 31,408 | - | 1,809,633 | 1,841,041 | 66,277 | 1,907,319 |
| | | 6" | 268.71 | - | 14.69 | 16 | 553,013 | - | 553,013 | 51,850 | - | 8,124,136 | 8,175,985 | 294,335 | 8,470,321 |
| | | 8" | 392.70 | - | 14.69 | 6 | 166,793 | - | 166,793 | 28,416 | - | 2,450,303 | 2,478,719 | 89,234 | 2,567,953 |
| | | 10" | 537.40 | - | 14.69 | 1 | 100,457 | - | 100,457 | 6,481 | - | 1,475,785 | 1,482,266 | 53,362 | 1,535,627 |
| | | 12" | 640.71 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 53 | 1,071,638 | - | 1,071,638 | 127,596 | - | 15,743,088 | 15,870,684 | 571,345 | 16,442,029 |
| G | Golf | | | | | | | | | | | | | | |
| | | 3/4" | 24.82 | - | 14.69 | 8 | 65 | - | 65 | 2,294 | - | 962 | 3,257 | 117 | 3,374 |
| | | 1" | 28.95 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | 1 1/2" | 45.44 | - | 14.69 | 3 | 210 | - | 210 | 1,644 | - | 3,078 | 4,722 | 170 | 4,892 |
| | | 2" | 57.88 | - | 14.69 | 2 | 1,802 | - | 1,802 | 1,163 | - | 26,466 | 27,629 | 995 | 28,624 |
| | | 3" | 103.37 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 144.69 | - | 14.69 | 2 | 240 | - | 240 | 3,490 | - | 3,530 | 7,020 | 253 | 7,272 |
| | | 6" | 268.71 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 392.70 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 537.40 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 640.71 | - | 14.69 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 14 | 2,317 | - | 2,317 | 8,592 | - | 34,036 | 42,627 | 1,535 | 44,162 |
| | SUBTOTAL FY2020: | | | | | 454 | 1,603,672 | - | 1,603,672 | 425,737 | - | 23,559,029 | 23,984,766 | 863,452 | 24,848,218 |

GUAM WATERWORKS AUTHORITY

**FY 2020 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Agriculture | | | | | | | | | | | | | | |
| | | 3/4" | 23.98 | - | 4.72 | 258 | 35,218 | - | 35,218 | 74,216 | - | 166,159 | 240,376 | 8,654 | 249,029 |
| | | 1" | 27.97 | - | 4.72 | 39 | 11,378 | - | 11,378 | 12,933 | - | 53,681 | 66,613 | 2,398 | 69,011 |
| | | 1 1/2" | 43.90 | - | 4.72 | 22 | 25,803 | - | 25,803 | 11,471 | - | 121,737 | 133,208 | 4,795 | 138,003 |
| | | 2" | 55.92 | - | 4.72 | 11 | 3,076 | - | 3,076 | 7,419 | - | 14,515 | 21,933 | 790 | 22,723 |
| | | 3" | 99.88 | - | 4.72 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 139.79 | - | 4.72 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 259.62 | - | 4.72 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 379.42 | - | 4.72 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 519.23 | - | 4.72 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 619.04 | - | 4.72 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 329 | 75,475 | - | 75,475 | 106,039 | - | 356,091 | 462,130 | 16,637 | 478,767 |
| I | Irrigation | | | | | | | | | | | | | | |
| | | 3/4" | 24.82 | - | 4.88 | 14 | 2,890 | - | 2,890 | 4,090 | - | 14,111 | 18,201 | 655 | 18,856 |
| | | 1" | 28.95 | - | 4.88 | 5 | 702 | - | 702 | 1,746 | - | 3,426 | 5,172 | 186 | 5,359 |
| | | 1 1/2" | 45.44 | - | 4.88 | 2 | 1,656 | - | 1,656 | 1,096 | - | 8,085 | 9,181 | 330 | 9,511 |
| | | 2" | 57.88 | - | 4.88 | 6 | 2,256 | - | 2,256 | 4,188 | - | 11,017 | 15,205 | 547 | 15,753 |
| | | 3" | 103.37 | - | 4.88 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 144.69 | - | 4.88 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 268.71 | - | 4.88 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 392.70 | - | 4.88 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 537.40 | - | 4.88 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 640.71 | - | 4.88 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 27 | 7,503 | - | 7,503 | 11,120 | - | 36,639 | 47,759 | 1,719 | 49,479 |
| | SUBTOTAL FY2020: | | | | | 356 | 82,979 | - | 82,979 | 117,159 | - | 392,730 | 509,890 | 18,356 | 528,246 |
| | GRAND TOTAL FY2020 | | | | | 42,644 | 6,068,626 | 1,681,096 | 4,387,530 | $ 13,528,283 | $ 5,063,209 | $ 58,613,428 | $ 77,204,920 | $ 2,597,102 | $ 79,802,022 |

GUAM WATERWORKS AUTHORITY

**FY2020 WASTEWATER REVENUE**
**Schedule J2- Proof of Revenues (WasteWater)**

| | BASIC RATE/ LIFELINE | NON-LIFELINE RATE | NO. OF CUSTOMERS | NON-LIFELINE CONSUMPTION (kGal) | BASIC | NON-LIFFELINE | WASTEWATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Residential | $ 27.54 | | 27,350 | 2,195,980 | $ 9,038,651 | | $ 9,038,651 | | $ 9,038,651 |
| Commercial 1 | | $ 8.10 | 1,763 | 479,676 | | 3,885,148 | 3,885,148 | 139,865 | 4,025,014 |
| Commercial 2 | | $ 19.72 | 61 | 777,696 | | 15,338,148 | 15,338,148 | 552,173 | 15,890,321 |
| Commercial 3 | | $ 27.35 | 265 | 165,294 | | 4,521,288 | 4,521,288 | 162,766 | 4,684,055 |
| Navy/Airforce | | $ 11.58 | 11 | 659,338 | | 7,633,346 | 7,633,346 | 274,800 | 7,908,147 |
| Government | | $ 11.58 | 237 | 308,706 | | 3,573,977 | 3,573,977 | 128,663 | 3,702,640 |
| Totals at Current Rates | | | 29,687 | 4,586,691 | $ 9,038,651 | $ 34,951,908 | $ 43,990,559 | $ 1,258,269 | $ 45,248,828 |

GUAM WATERWORKS AUTHORITY

**FY 2021 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | Residential | | | | | | | | | | | | | | |
| | | 3/4" | 26.92 | 3.01 | 12.81 | 38,839 | 3,148,003 | 1,657,216 | 1,490,788 | $ 12,548,753 | $ 4,991,285 | $ 19,099,040 | $ 36,639,078 | $ 1,139,321 | $ 37,778,399 |
| | | 1" | 31.41 | 3.01 | 12.81 | 345 | 37,599 | 15,096 | 22,502 | 130,092 | 45,468 | 288,285 | 463,845 | 15,062 | 478,906 |
| | | 1 1/2" | 49.30 | 3.01 | 12.81 | 103 | 44,745 | 5,425 | 39,320 | 61,147 | 16,339 | 503,744 | 581,231 | 20,336 | 601,567 |
| | | 2" | 62.80 | 3.01 | 12.81 | 28 | 38,323 | 1,352 | 36,971 | 21,312 | 4,071 | 473,652 | 499,036 | 17,819 | 516,855 |
| | | 3" | 112.16 | 3.01 | 12.81 | 10 | 23,469 | 480 | 22,989 | 13,141 | 1,446 | 294,516 | 309,102 | 11,076 | 320,178 |
| | | 4" | 156.98 | 3.01 | 12.81 | 14 | 71,945 | 899 | 71,046 | 27,272 | 2,708 | 910,191 | 940,171 | 33,749 | 973,919 |
| | | 6" | 291.55 | 3.01 | 12.81 | 10 | 54,398 | 568 | 53,830 | 34,159 | 1,710 | 689,636 | 725,505 | 26,057 | 751,562 |
| | | 8" | 426.08 | 3.01 | 12.81 | 1 | 2,526 | 60 | 2,466 | 5,164 | 181 | 31,588 | 36,933 | 1,323 | 38,256 |
| | | 10" | 583.08 | 3.01 | 12.81 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 695.17 | 3.01 | 12.81 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 39,351 | 3,421,007 | 1,681,096 | 1,739,911 | $ 12,841,040 | $ 5,063,209 | $ 22,290,652 | $ 40,194,901 | $ 1,264,741 | $ 41,459,642 |
| C | Commercial | | | | | | | | | | | | | | |
| | | 3/4" | 26.92 | - | 15.94 | 1,729 | 272,666 | - | 272,666 | $ 558,580 | $ - | $ 4,346,134 | $ 4,904,714 | $ 176,570 | $ 5,081,284 |
| | | 1" | 31.41 | - | 15.94 | 323 | 71,990 | - | 71,990 | 121,842 | - | 1,147,480 | 1,269,323 | 45,696 | 1,315,018 |
| | | 1 1/2" | 49.30 | - | 15.94 | 335 | 144,810 | - | 144,810 | 198,180 | - | 2,308,177 | 2,506,358 | 90,229 | 2,596,586 |
| | | 2" | 62.80 | - | 15.94 | 163 | 132,473 | - | 132,473 | 122,545 | - | 2,111,541 | 2,234,086 | 80,427 | 2,314,514 |
| | | 3" | 112.16 | - | 15.94 | 33 | 73,374 | - | 73,374 | 44,407 | - | 1,169,544 | 1,213,951 | 43,702 | 1,257,653 |
| | | 4" | 156.98 | - | 15.94 | 54 | 109,234 | - | 109,234 | 100,843 | - | 1,741,116 | 1,841,959 | 66,311 | 1,908,269 |
| | | 6" | 291.55 | - | 15.94 | 36 | 73,838 | - | 73,838 | 124,856 | - | 1,176,940 | 1,301,796 | 46,865 | 1,348,661 |
| | | 8" | 426.08 | - | 15.94 | 5 | 72,320 | - | 72,320 | 25,821 | - | 1,152,733 | 1,178,554 | 42,428 | 1,220,982 |
| | | 10" | 583.08 | - | 15.94 | 2 | 8,148 | - | 8,148 | 14,134 | - | 129,881 | 144,015 | 5,185 | 149,199 |
| | | 12" | 695.17 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 2,679 | 958,854 | - | 958,854 | $ 1,311,210 | $ - | $ 15,283,546 | $ 16,594,756 | $ 597,411 | $ 17,192,167 |
| F | Federal | | | | | | | | | | | | | | |
| | | 3/4" | 26.92 | - | 15.94 | 6 | 1,088 | - | 1,088 | $ 1,958 | $ - | $ 17,337 | $ 19,295 | $ 695 | $ 19,990 |
| | | 1" | 31.41 | - | 15.94 | 3 | 341 | - | 341 | 1,142 | - | 5,442 | 6,585 | 237 | 6,822 |
| | | 1 1/2" | 49.30 | - | 15.94 | 1 | 33 | - | 33 | 598 | - | 523 | 1,120 | 40 | 1,161 |
| | | 2" | 62.80 | - | 15.94 | 3 | 432 | - | 432 | 2,283 | - | 6,878 | 9,162 | 330 | 9,491 |
| | | 3" | 112.16 | - | 15.94 | 1 | 222 | - | 222 | 1,359 | - | 3,532 | 4,892 | 176 | 5,068 |
| | | 4" | 156.98 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 291.55 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 426.08 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 583.08 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 695.17 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 14 | 2,115 | - | 2,115 | $ 7,341 | $ - | $ 33,713 | $ 41,053 | $ 1,478 | $ 42,531 |
| | SUBTOTAL FY2021: | | | | | 42,044 | 4,381,976 | 1,681,096 | 2,700,880 | $ 14,159,591 | $ 5,063,209 | $ 37,607,910 | $ 56,830,710 | $ 1,863,630 | $ 58,694,340 |

GUAM WATERWORKS AUTHORITY

**FY 2021 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G | Government | | | | | | | | | | | | | | |
| | | 3/4" | 26.92 | - | 15.94 | 150 | 13,476 | - | 13,476 | $ 48,515 | $ - | $ 214,806 | $ 263,321 | $ 9,480 | $ 272,801 |
| | | 1" | 31.41 | - | 15.94 | 42 | 8,536 | - | 8,536 | 15,738 | - | 136,052 | 151,790 | 5,464 | 157,254 |
| | | 1 1/2" | 49.30 | - | 15.94 | 75 | 32,352 | - | 32,352 | 44,416 | - | 515,670 | 560,086 | 20,163 | 580,249 |
| | | 2" | 62.80 | - | 15.94 | 45 | 52,554 | - | 52,554 | 33,998 | - | 837,678 | 871,676 | 31,380 | 903,056 |
| | | 3" | 112.16 | - | 15.94 | 27 | 61,093 | - | 61,093 | 36,251 | - | 973,778 | 1,010,029 | 36,361 | 1,046,390 |
| | | 4" | 156.98 | - | 15.94 | 31 | 210,757 | - | 210,757 | 57,715 | - | 3,359,343 | 3,417,058 | 123,014 | 3,540,072 |
| | | 6" | 291.55 | - | 15.94 | 12 | 101,877 | - | 101,877 | 42,404 | - | 1,623,850 | 1,666,254 | 59,985 | 1,726,239 |
| | | 8" | 426.08 | - | 15.94 | 3 | 19,127 | - | 19,127 | 15,493 | - | 304,876 | 320,369 | 11,533 | 331,902 |
| | | 10" | 583.08 | - | 15.94 | 3 | 29,946 | - | 29,946 | 21,201 | - | 477,315 | 498,516 | 17,947 | 516,463 |
| | | 12" | 695.17 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 388 | 529,717 | - | 529,717 | $ 315,732 | $ - | $ 8,443,367 | $ 8,759,099 | $ 315,328 | $ 9,074,427 |
| H | Hotel | | | | | | | | | | | | | | |
| | | 3/4" | 26.92 | - | 15.94 | - | - | - | - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | 1" | 31.41 | - | 15.94 | 2 | 6 | - | 6 | 762 | - | 96 | 858 | 31 | 889 |
| | | 1 1/2" | 49.30 | - | 15.94 | 2 | 2,067 | - | 2,067 | 996 | - | 32,954 | 33,950 | 1,222 | 35,172 |
| | | 2" | 62.80 | - | 15.94 | 5 | 121,195 | - | 121,195 | 3,552 | - | 1,931,771 | 1,935,323 | 69,672 | 2,004,995 |
| | | 3" | 112.16 | - | 15.94 | 4 | 4,924 | - | 4,924 | 4,984 | - | 78,486 | 83,471 | 3,005 | 86,476 |
| | | 4" | 156.98 | - | 15.94 | 18 | 123,182 | - | 123,182 | 34,249 | - | 1,963,452 | 1,997,700 | 71,917 | 2,069,617 |
| | | 6" | 291.55 | - | 15.94 | 16 | 553,013 | - | 553,013 | 56,539 | - | 8,814,687 | 8,871,226 | 319,364 | 9,190,590 |
| | | 8" | 426.08 | - | 15.94 | 6 | 166,793 | - | 166,793 | 30,986 | - | 2,658,579 | 2,689,564 | 96,824 | 2,786,388 |
| | | 10" | 583.08 | - | 15.94 | 1 | 100,457 | - | 100,457 | 7,067 | - | 1,601,227 | 1,608,294 | 57,899 | 1,666,192 |
| | | 12" | 695.17 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 54 | 1,071,638 | - | 1,071,638 | $ 139,134 | $ - | $ 17,081,251 | $ 17,220,384 | $ 619,934 | $ 17,840,318 |
| G | Golf | | | | | | | | | | | | | | |
| | | 3/4" | 26.92 | - | 15.94 | 8 | 65 | - | 65 | $ 2,502 | $ - | $ 1,044 | $ 3,546 | $ 128 | $ 3,674 |
| | | 1" | 31.41 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 1 1/2" | 49.30 | - | 15.94 | 3 | 210 | - | 210 | 1,793 | - | 3,340 | 5,132 | 185 | 5,317 |
| | | 2" | 62.80 | - | 15.94 | 2 | 1,802 | - | 1,802 | 1,269 | - | 28,715 | 29,984 | 1,079 | 31,063 |
| | | 3" | 112.16 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 156.98 | - | 15.94 | 2 | 240 | - | 240 | 3,805 | - | 3,830 | 7,635 | 275 | 7,910 |
| | | 6" | 291.55 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 426.08 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 583.08 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 695.17 | - | 15.94 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 14 | 2,317 | - | 2,317 | $ 9,368 | $ - | $ 36,929 | $ 46,297 | $ 1,667 | $ 47,964 |
| | SUBTOTAL FY2021: | | | | | 456 | 1,603,672 | - | 1,603,672 | $ 464,234 | $ - | $ 25,561,547 | $ 26,025,781 | $ 936,928 | $ 26,962,709 |

GUAM WATERWORKS AUTHORITY

**FY 2021 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Agriculture | | | | | | | | | | | | | | |
| | | 3/4" | 26.01 | - | 5.12 | 259 | 35,218 | - | 35,218 | $ 80,927 | $ - | $ 180,283 | $ 261,210 | $ 9,404 | $ 270,614 |
| | | 1" | 30.35 | - | 5.12 | 39 | 11,378 | - | 11,378 | 14,102 | - | 58,243 | 72,345 | 2,604 | 74,950 |
| | | 1 1/2" | 47.63 | - | 5.12 | 22 | 25,803 | - | 25,803 | 12,509 | - | 132,084 | 144,593 | 5,205 | 149,798 |
| | | 2" | 60.68 | - | 5.12 | 11 | 3,076 | - | 3,076 | 8,090 | - | 15,749 | 23,838 | 858 | 24,696 |
| | | 3" | 108.37 | - | 5.12 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 151.68 | - | 5.12 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 281.69 | - | 5.12 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 411.67 | - | 5.12 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 563.36 | - | 5.12 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 671.66 | - | 5.12 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 331 | 75,475 | - | 75,475 | $ 115,628 | $ - | $ 386,359 | $ 501,987 | $ 18,072 | $ 520,058 |
| I | Irrigation | | | | | | | | | | | | | | |
| | | 3/4" | 26.92 | - | 5.30 | 14 | 2,890 | - | 2,890 | $ 4,460 | $ - | $ 15,310 | $ 19,770 | $ 712 | $ 20,482 |
| | | 1" | 31.41 | - | 5.30 | 5 | 702 | - | 702 | 1,904 | - | 3,718 | 5,621 | 202 | 5,824 |
| | | 1 1/2" | 49.30 | - | 5.30 | 2 | 1,656 | - | 1,656 | 1,195 | - | 8,772 | 9,967 | 359 | 10,326 |
| | | 2" | 62.80 | - | 5.30 | 6 | 2,256 | - | 2,256 | 4,567 | - | 11,954 | 16,521 | 595 | 17,115 |
| | | 3" | 112.16 | - | 5.30 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 156.98 | - | 5.30 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 291.55 | - | 5.30 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 426.08 | - | 5.30 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 583.08 | - | 5.30 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 695.17 | - | 5.30 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 27 | 7,503 | - | 7,503 | $ 12,126 | $ - | $ 39,754 | $ 51,879 | $ 1,868 | $ 53,747 |
| | SUBTOTAL FY2021: | | | | | 358 | 82,979 | - | 82,979 | $ 127,753 | $ - | $ 426,112 | $ 553,866 | $ 19,939 | $ 573,805 |
| | GRAND TOTAL FY2021 | | | | | 42,857 | 6,068,626 | 1,681,096 | 4,387,530 | $ 14,751,578 | $ 5,063,209 | $ 63,595,570 | $ 83,410,356 | $ 2,820,497 | $ 86,230,854 |

GUAM WATERWORKS AUTHORITY

**FY2021 WASTEWATER REVENUE**
**Schedule J2- Proof of Revenues (WasteWater)**

| | BASIC RATE/ LIFELINE | NON-LIFELINE RATE | NO. OF CUSTOMERS | NON-LIFELINE CONSUMPTION (kGal) | BASIC | NON-LIFFELINE | WASTEWATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Residential | $ 27.54 | | 27,487 | 2,195,980 | $ 9,083,844 | | $ 9,083,844 | | $ 9,083,844 |
| Commercial 1 | | $ 8.79 | 1,772 | 479,676 | | 4,215,386 | 4,215,386 | 151,754 | 4,367,140 |
| Commercial 2 | | $ 21.40 | 61 | 777,696 | | 16,641,891 | 16,641,891 | 599,108 | 17,240,999 |
| Commercial 3 | | $ 29.68 | 266 | 165,294 | | 4,905,598 | 4,905,598 | 176,602 | 5,082,199 |
| Navy/Airforce | | $ 12.56 | 11 | 659,338 | | 8,282,181 | 8,282,181 | 298,159 | 8,580,339 |
| Government | | $ 12.56 | 238 | 308,706 | | 3,877,765 | 3,877,765 | 139,600 | 4,017,365 |
| Totals at Current Rates | | | 29,835 | 4,586,691 | $ 9,083,844 | $ 37,922,820 | $ 47,006,664 | $ 1,365,222 | $ 48,371,886 |

GUAM WATERWORKS AUTHORITY

FY 2022 WATER REVENUE
Schedule J1- Proof of Revenues (Water)

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | Residential | | | | | | | | | | | | | | |
| | | 3/4" | 29.08 | 3.25 | 13.84 | 39,033 | 3,148,003 | 1,657,216 | 1,490,788 | $ 13,620,416 | $ 5,390,588 | $ 20,626,964 | $ 39,637,968 | $ 1,198,658 | $ 40,836,626 |
| | | 1" | 33.93 | 3.25 | 13.84 | 347 | 37,599 | 15,096 | 22,502 | 141,202 | 49,106 | 311,347 | 501,655 | 15,839 | 517,494 |
| | | 1 1/2" | 53.24 | 3.25 | 13.84 | 104 | 44,745 | 5,425 | 39,320 | 66,369 | 17,647 | 544,044 | 628,060 | 21,364 | 649,424 |
| | | 2" | 67.82 | 3.25 | 13.84 | 28 | 38,323 | 1,352 | 36,971 | 23,132 | 4,397 | 511,544 | 539,074 | 18,714 | 557,788 |
| | | 3" | 121.13 | 3.25 | 13.84 | 10 | 23,469 | 480 | 22,989 | 14,263 | 1,561 | 318,077 | 333,901 | 11,632 | 345,533 |
| | | 4" | 169.54 | 3.25 | 13.84 | 15 | 71,945 | 899 | 71,046 | 29,601 | 2,924 | 983,006 | 1,015,531 | 35,441 | 1,050,973 |
| | | 6" | 314.87 | 3.25 | 13.84 | 10 | 54,398 | 568 | 53,830 | 37,076 | 1,847 | 744,807 | 783,730 | 27,366 | 811,096 |
| | | 8" | 460.17 | 3.25 | 13.84 | 1 | 2,526 | 60 | 2,466 | 5,605 | 195 | 34,115 | 39,915 | 1,390 | 41,305 |
| | | 10" | 629.73 | 3.25 | 13.84 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 750.78 | 3.25 | 13.84 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 39,547 | 3,421,007 | 1,681,096 | 1,739,911 | $ 13,937,665 | $ 5,468,265 | $ 24,073,904 | $ 43,479,834 | $ 1,330,405 | $ 44,810,239 |
| C | Commercial | | | | | | | | | | | | | | |
| | | 3/4" | 29.08 | - | 17.21 | 1,737 | 272,666 | - | 272,666 | $ 606,283 | $ - | $ 4,693,825 | $ 5,300,108 | $ 185,504 | $ 5,485,612 |
| | | 1" | 33.93 | - | 17.21 | 325 | 71,990 | - | 71,990 | 132,248 | - | 1,239,279 | 1,371,526 | 48,003 | 1,419,530 |
| | | 1 1/2" | 53.24 | - | 17.21 | 337 | 144,810 | - | 144,810 | 215,105 | - | 2,492,831 | 2,707,936 | 94,778 | 2,802,714 |
| | | 2" | 67.82 | - | 17.21 | 163 | 132,473 | - | 132,473 | 133,011 | - | 2,280,464 | 2,413,475 | 84,472 | 2,497,947 |
| | | 3" | 121.13 | - | 17.21 | 33 | 73,374 | - | 73,374 | 48,200 | - | 1,263,107 | 1,311,307 | 45,896 | 1,357,203 |
| | | 4" | 169.54 | - | 17.21 | 54 | 109,234 | - | 109,234 | 109,455 | - | 1,880,405 | 1,989,860 | 69,645 | 2,059,505 |
| | | 6" | 314.87 | - | 17.21 | 36 | 73,838 | - | 73,838 | 135,519 | - | 1,271,096 | 1,406,614 | 49,231 | 1,455,846 |
| | | 8" | 460.17 | - | 17.21 | 5 | 72,320 | - | 72,320 | 28,026 | - | 1,244,952 | 1,272,978 | 44,554 | 1,317,532 |
| | | 10" | 629.73 | - | 17.21 | 2 | 8,148 | - | 8,148 | 15,341 | - | 140,271 | 155,612 | 5,446 | 161,059 |
| | | 12" | 750.78 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 2,692 | 958,854 | - | 958,854 | $ 1,423,187 | $ - | $ 16,506,229 | $ 17,929,417 | $ 627,530 | $ 18,556,946 |
| F | Federal | | | | | | | | | | | | | | |
| | | 3/4" | 29.08 | - | 17.21 | 6 | 1,088 | - | 1,088 | $ 2,125 | $ - | $ 18,724 | $ 20,849 | $ 730 | $ 21,579 |
| | | 1" | 33.93 | - | 17.21 | 3 | 341 | - | 341 | 1,240 | - | 5,878 | 7,117 | 249 | 7,367 |
| | | 1 1/2" | 53.24 | - | 17.21 | 1 | 33 | - | 33 | 649 | - | 565 | 1,213 | 42 | 1,256 |
| | | 2" | 67.82 | - | 17.21 | 3 | 432 | - | 432 | 2,478 | - | 7,428 | 9,907 | 347 | 10,254 |
| | | 3" | 121.13 | - | 17.21 | 1 | 222 | - | 222 | 1,475 | - | 3,815 | 5,290 | 185 | 5,475 |
| | | 4" | 169.54 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 314.87 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 460.17 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 629.73 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 750.78 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 14 | 2,115 | - | 2,115 | $ 7,968 | $ - | $ 36,410 | $ 44,377 | $ 1,553 | $ 45,930 |
| | SUBTOTAL FY2022: | | | | | 42,254 | 4,381,976 | 1,681,096 | 2,700,880 | $ 15,368,820 | $ 5,468,265 | $ 40,616,543 | $ 61,453,628 | $ 1,959,488 | $ 63,413,116 |

GUAM WATERWORKS AUTHORITY

**FY 2022 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G | Government | | | | | | | | | | | | | | |
| | | 3/4" | 29.08 | - | 17.21 | 151 | 13,476 | - | 13,476 | $ 52,659 | $ - | $ 231,990 | $ 284,649 | $ 9,963 | $ 294,612 |
| | | 1" | 33.93 | - | 17.21 | 42 | 8,536 | - | 8,536 | 17,082 | - | 146,936 | 164,018 | 5,741 | 169,759 |
| | | 1 1/2" | 53.24 | - | 17.21 | 75 | 32,352 | - | 32,352 | 48,209 | - | 556,924 | 605,133 | 21,180 | 626,313 |
| | | 2" | 67.82 | - | 17.21 | 45 | 52,554 | - | 52,554 | 36,902 | - | 904,692 | 941,593 | 32,956 | 974,549 |
| | | 3" | 121.13 | - | 17.21 | 27 | 61,093 | - | 61,093 | 39,347 | - | 1,051,680 | 1,091,027 | 38,186 | 1,129,213 |
| | | 4" | 169.54 | - | 17.21 | 31 | 210,757 | - | 210,757 | 62,644 | - | 3,628,091 | 3,690,735 | 129,176 | 3,819,910 |
| | | 6" | 314.87 | - | 17.21 | 12 | 101,877 | - | 101,877 | 46,025 | - | 1,753,758 | 1,799,784 | 62,992 | 1,862,776 |
| | | 8" | 460.17 | - | 17.21 | 3 | 19,127 | - | 19,127 | 16,816 | - | 329,266 | 346,082 | 12,113 | 358,195 |
| | | 10" | 629.73 | - | 17.21 | 3 | 29,946 | - | 29,946 | 23,012 | - | 515,500 | 538,512 | 18,848 | 557,360 |
| | | 12" | 750.78 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 390 | 529,717 | - | 529,717 | $ 342,695 | $ - | $ 9,118,837 | $ 9,461,532 | $ 331,154 | $ 9,792,686 |
| H | Hotel | | | | | | | | | | | | | | |
| | | 3/4" | 29.08 | - | 17.21 | - | - | - | - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | 1" | 33.93 | - | 17.21 | 2 | 6 | - | 6 | 827 | - | 104 | 930 | 33 | 963 |
| | | 1 1/2" | 53.24 | - | 17.21 | 2 | 2,067 | - | 2,067 | 1,081 | - | 35,590 | 36,671 | 1,283 | 37,954 |
| | | 2" | 67.82 | - | 17.21 | 5 | 121,195 | - | 121,195 | 3,855 | - | 2,086,313 | 2,090,168 | 73,156 | 2,163,324 |
| | | 3" | 121.13 | - | 17.21 | 4 | 4,924 | - | 4,924 | 5,410 | - | 84,765 | 90,175 | 3,156 | 93,331 |
| | | 4" | 169.54 | - | 17.21 | 18 | 123,182 | - | 123,182 | 37,173 | - | 2,120,528 | 2,157,701 | 75,520 | 2,233,221 |
| | | 6" | 314.87 | - | 17.21 | 16 | 553,013 | - | 553,013 | 61,367 | - | 9,519,862 | 9,581,229 | 335,343 | 9,916,572 |
| | | 8" | 460.17 | - | 17.21 | 6 | 166,793 | - | 166,793 | 33,632 | - | 2,871,265 | 2,904,897 | 101,671 | 3,006,568 |
| | | 10" | 629.73 | - | 17.21 | 1 | 100,457 | - | 100,457 | 7,671 | - | 1,729,325 | 1,736,995 | 60,795 | 1,797,790 |
| | | 12" | 750.78 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 54 | 1,071,638 | - | 1,071,638 | $ 151,016 | $ - | $ 18,447,751 | $ 18,598,767 | $ 650,957 | $ 19,249,723 |
| G | Golf | | | | | | | | | | | | | | |
| | | 3/4" | 29.08 | - | 17.21 | 8 | 65 | - | 65 | $ 2,716 | $ - | $ 1,128 | $ 3,843 | $ 135 | $ 3,978 |
| | | 1" | 33.93 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 1 1/2" | 53.24 | - | 17.21 | 3 | 210 | - | 210 | 1,946 | - | 3,607 | 5,552 | 194 | 5,747 |
| | | 2" | 67.82 | - | 17.21 | 2 | 1,802 | - | 1,802 | 1,377 | - | 31,012 | 32,389 | 1,134 | 33,523 |
| | | 3" | 121.13 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 169.54 | - | 17.21 | 2 | 240 | - | 240 | 4,130 | - | 4,136 | 8,267 | 289 | 8,556 |
| | | 6" | 314.87 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 460.17 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 629.73 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 750.78 | - | 17.21 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 15 | 2,317 | - | 2,317 | $ 10,169 | $ - | $ 39,883 | $ 50,051 | $ 1,752 | $ 51,803 |
| | SUBTOTAL FY2022: | | | | | 458 | 1,603,672 | - | 1,603,672 | $ 503,879 | $ - | $ 27,606,471 | $ 28,110,350 | $ 983,862 | $ 29,094,212 |

GUAM WATERWORKS AUTHORITY

**FY 2022 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Agriculture | | | | | | | | | | | | | | |
| | | 3/4" | 28.10 | - | 5.53 | 261 | 35,218 | - | 35,218 | $ 87,839 | $ - | $ 194,705 | $ 282,544 | $ 9,889 | $ 292,433 |
| | | 1" | 32.78 | - | 5.53 | 39 | 11,378 | - | 11,378 | 15,306 | - | 62,903 | 78,209 | 2,737 | 80,947 |
| | | 1 1/2" | 51.44 | - | 5.53 | 22 | 25,803 | - | 25,803 | 13,577 | - | 142,651 | 156,228 | 5,468 | 161,696 |
| | | 2" | 65.53 | - | 5.53 | 11 | 3,076 | - | 3,076 | 8,780 | - | 17,008 | 25,789 | 903 | 26,691 |
| | | 3" | 117.04 | - | 5.53 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 163.81 | - | 5.53 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 304.22 | - | 5.53 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 444.61 | - | 5.53 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 608.43 | - | 5.53 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 725.39 | - | 5.53 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 333 | 75,475 | - | 75,475 | $ 125,502 | $ - | $ 417,268 | $ 542,770 | $ 18,997 | $ 561,767 |
| I | Irrigation | | | | | | | | | | | | | | |
| | | 3/4" | 29.08 | - | 5.72 | 14 | 2,890 | - | 2,890 | $ 4,841 | $ - | $ 16,535 | $ 21,376 | $ 748 | $ 22,124 |
| | | 1" | 33.93 | - | 5.72 | 5 | 702 | - | 702 | 2,066 | - | 4,015 | 6,081 | 213 | 6,294 |
| | | 1 1/2" | 53.24 | - | 5.72 | 2 | 1,656 | - | 1,656 | 1,297 | - | 9,473 | 10,771 | 377 | 11,148 |
| | | 2" | 67.82 | - | 5.72 | 6 | 2,256 | - | 2,256 | 4,957 | - | 12,910 | 17,867 | 625 | 18,492 |
| | | 3" | 121.13 | - | 5.72 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 169.54 | - | 5.72 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 314.87 | - | 5.72 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 460.17 | - | 5.72 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 629.73 | - | 5.72 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 750.78 | - | 5.72 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 27 | 7,503 | - | 7,503 | $ 13,161 | $ - | $ 42,934 | $ 56,095 | $ 1,963 | $ 58,058 |
| | SUBTOTAL FY2022: | | | | | 360 | 82,979 | - | 82,979 | $ 138,664 | $ - | $ 460,201 | $ 598,865 | $ 20,960 | $ 619,825 |
| | GRAND TOTAL FY2022 | | | | | 43,072 | 6,068,626 | 1,681,096 | 4,387,530 | $ 16,011,363 | $ 5,468,265 | $ 68,683,215 | $ 90,162,843 | $ 2,964,310 | $ 93,127,154 |

GUAM WATERWORKS AUTHORITY

**FY2022 WASTEWATER REVENUE**
**Schedule J2- Proof of Revenues (WasteWater)**

| | BASIC RATE/ LIFELINE | NON-LIFELINE RATE | NO. OF CUSTOMERS | NON-LIFELINE CONSUMPTION (kGal) | BASIC | NON-LIFFELINE | WASTEWATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Residential | $ 29.74 | | 27,624 | 2,195,980 | $ 9,859,605 | | $ 9,859,605 | | $ 9,859,605 |
| Commercial 1 | | $ 9.49 | 1,781 | 479,676 | | 4,552,617 | 4,552,617 | 159,342 | 4,711,958 |
| Commercial 2 | | $ 23.11 | 62 | 777,696 | | 17,973,242 | 17,973,242 | 629,063 | 18,602,305 |
| Commercial 3 | | $ 32.05 | 267 | 165,294 | | 5,298,045 | 5,298,045 | 185,432 | 5,483,477 |
| Navy/Airforce | | $ 13.57 | 11 | 659,338 | | 8,944,755 | 8,944,755 | 313,066 | 9,257,822 |
| Government | | $ 13.57 | 239 | 308,706 | | 4,187,986 | 4,187,986 | 146,580 | 4,334,566 |
| Totals at Current Rates | | | 29,984 | 4,586,691 | $ 9,859,605 | $ 40,956,645 | $ 50,816,250 | $ 1,433,483 | $ 52,249,733 |

GUAM WATERWORKS AUTHORITY

**FY 2023 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | Residential | | | | | | | | | | | | | | |
| | | 3/4" | 30.97 | 3.25 | 14.74 | 39,228 | 3,148,003 | 1,657,216 | 1,490,788 | $ 14,578,272 | $ 5,390,588 | $ 21,967,716 | $ 41,936,576 | $ 1,242,564 | $ 43,179,140 |
| | | 1" | 36.13 | 3.25 | 14.74 | 349 | 37,599 | 15,096 | 22,502 | 151,132 | 49,106 | 331,585 | 531,822 | 16,412 | 548,235 |
| | | 1 1/2" | 56.70 | 3.25 | 14.74 | 104 | 44,745 | 5,425 | 39,320 | 71,037 | 17,647 | 579,407 | 668,090 | 22,115 | 690,205 |
| | | 2" | 72.23 | 3.25 | 14.74 | 29 | 38,323 | 1,352 | 36,971 | 24,759 | 4,397 | 544,795 | 573,951 | 19,365 | 593,316 |
| | | 3" | 129.01 | 3.25 | 14.74 | 10 | 23,469 | 480 | 22,989 | 15,266 | 1,561 | 338,752 | 355,580 | 12,037 | 367,616 |
| | | 4" | 180.56 | 3.25 | 14.74 | 15 | 71,945 | 899 | 71,046 | 31,683 | 2,924 | 1,046,901 | 1,081,509 | 36,672 | 1,118,180 |
| | | 6" | 335.34 | 3.25 | 14.74 | 10 | 54,398 | 568 | 53,830 | 39,683 | 1,847 | 793,219 | 834,750 | 28,319 | 863,068 |
| | | 8" | 490.08 | 3.25 | 14.74 | 1 | 2,526 | 60 | 2,466 | 5,999 | 195 | 36,332 | 42,527 | 1,439 | 43,966 |
| | | 10" | 670.66 | 3.25 | 14.74 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 799.58 | 3.25 | 14.74 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 39,745 | 3,421,007 | 1,681,096 | 1,739,911 | $ 14,917,831 | $ 5,468,265 | $ 25,638,708 | $ 46,024,804 | $ 1,378,922 | $ 47,403,727 |
| C | Commercial | | | | | | | | | | | | | | |
| | | 3/4" | 30.97 | - | 18.33 | 1,746 | 272,666 | - | 272,666 | $ 648,920 | $ - | $ 4,998,923 | $ 5,647,843 | $ 192,027 | $ 5,839,870 |
| | | 1" | 36.13 | - | 18.33 | 326 | 71,990 | - | 71,990 | 141,548 | - | 1,319,832 | 1,461,380 | 49,687 | 1,511,067 |
| | | 1 1/2" | 56.70 | - | 18.33 | 338 | 144,810 | - | 144,810 | 230,232 | - | 2,654,865 | 2,885,098 | 98,093 | 2,983,191 |
| | | 2" | 72.23 | - | 18.33 | 164 | 132,473 | - | 132,473 | 142,365 | - | 2,428,695 | 2,571,059 | 87,416 | 2,658,475 |
| | | 3" | 129.01 | - | 18.33 | 33 | 73,374 | - | 73,374 | 51,589 | - | 1,345,209 | 1,396,798 | 47,491 | 1,444,290 |
| | | 4" | 180.56 | - | 18.33 | 54 | 109,234 | - | 109,234 | 117,152 | - | 2,002,631 | 2,119,784 | 72,073 | 2,191,856 |
| | | 6" | 335.34 | - | 18.33 | 36 | 73,838 | - | 73,838 | 145,049 | - | 1,353,717 | 1,498,766 | 50,958 | 1,549,724 |
| | | 8" | 490.08 | - | 18.33 | 5 | 72,320 | - | 72,320 | 29,997 | - | 1,325,873 | 1,355,871 | 46,100 | 1,401,970 |
| | | 10" | 670.66 | - | 18.33 | 2 | 8,148 | - | 8,148 | 16,420 | - | 149,389 | 165,809 | 5,637 | 171,446 |
| | | 12" | 799.58 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 2,706 | 958,854 | - | 958,854 | $ 1,523,273 | $ - | $ 17,579,134 | $ 19,102,407 | $ 649,482 | $ 19,751,889 |
| F | Federal | | | | | | | | | | | | | | |
| | | 3/4" | 30.97 | - | 18.33 | 6 | 1,088 | - | 1,088 | $ 2,275 | $ - | $ 19,941 | $ 22,216 | $ 755 | $ 22,971 |
| | | 1" | 36.13 | - | 18.33 | 3 | 341 | - | 341 | 1,327 | - | 6,260 | 7,587 | 258 | 7,845 |
| | | 1 1/2" | 56.70 | - | 18.33 | 1 | 33 | - | 33 | 694 | - | 601 | 1,296 | 44 | 1,340 |
| | | 2" | 72.23 | - | 18.33 | 3 | 432 | - | 432 | 2,653 | - | 7,911 | 10,564 | 359 | 10,923 |
| | | 3" | 129.01 | - | 18.33 | 1 | 222 | - | 222 | 1,579 | - | 4,063 | 5,642 | 192 | 5,834 |
| | | 4" | 180.56 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 335.34 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 490.08 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 670.66 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 799.58 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 14 | 2,115 | - | 2,115 | $ 8,528 | $ - | $ 38,776 | $ 47,304 | $ 1,608 | $ 48,913 |
| | SUBTOTAL FY2023: | | | | | 42,465 | 4,381,976 | 1,681,096 | 2,700,880 | $ 16,449,632 | $ 5,468,265 | $ 43,256,618 | $ 65,174,516 | $ 2,030,013 | $ 67,204,528 |

GUAM WATERWORKS AUTHORITY

**FY 2023 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G | Government | | | | | | | | | | | | | | |
| | | 3/4" | 30.97 | - | 18.33 | 152 | 13,476 | - | 13,476 | $ 56,362 | $ - | $ 247,070 | $ 303,432 | $ 10,317 | $ 313,748 |
| | | 1" | 36.13 | - | 18.33 | 42 | 8,536 | - | 8,536 | 18,283 | - | 156,487 | 174,770 | 5,942 | 180,712 |
| | | 1 1/2" | 56.70 | - | 18.33 | 76 | 32,352 | - | 32,352 | 51,600 | - | 593,124 | 644,724 | 21,921 | 666,644 |
| | | 2" | 72.23 | - | 18.33 | 46 | 52,554 | - | 52,554 | 39,497 | - | 963,497 | 1,002,994 | 34,102 | 1,037,095 |
| | | 3" | 129.01 | - | 18.33 | 27 | 61,093 | - | 61,093 | 42,114 | - | 1,120,039 | 1,162,153 | 39,513 | 1,201,666 |
| | | 4" | 180.56 | - | 18.33 | 31 | 210,757 | - | 210,757 | 67,049 | - | 3,863,916 | 3,930,966 | 133,653 | 4,064,619 |
| | | 6" | 335.34 | - | 18.33 | 12 | 101,877 | - | 101,877 | 49,262 | - | 1,867,753 | 1,917,015 | 65,178 | 1,982,193 |
| | | 8" | 490.08 | - | 18.33 | 3 | 19,127 | - | 19,127 | 17,998 | - | 350,668 | 368,667 | 12,535 | 381,201 |
| | | 10" | 670.66 | - | 18.33 | 3 | 29,946 | - | 29,946 | 24,630 | - | 549,007 | 573,637 | 19,504 | 593,141 |
| | | 12" | 799.58 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 392 | 529,717 | - | 529,717 | $ 366,795 | $ - | $ 9,711,561 | $ 10,078,356 | $ 342,664 | $ 10,421,021 |
| H | Hotel | | | | | | | | | | | | | | |
| | | 3/4" | 30.97 | - | 18.33 | - | - | - | - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | 1" | 36.13 | - | 18.33 | 2 | 6 | - | 6 | 885 | - | 111 | 995 | 34 | 1,029 |
| | | 1 1/2" | 56.70 | - | 18.33 | 2 | 2,067 | - | 2,067 | 1,157 | - | 37,903 | 39,060 | 1,328 | 40,388 |
| | | 2" | 72.23 | - | 18.33 | 5 | 121,195 | - | 121,195 | 4,127 | - | 2,221,923 | 2,226,050 | 75,686 | 2,301,735 |
| | | 3" | 129.01 | - | 18.33 | 4 | 4,924 | - | 4,924 | 5,791 | - | 90,275 | 96,065 | 3,266 | 99,332 |
| | | 4" | 180.56 | - | 18.33 | 18 | 123,182 | - | 123,182 | 39,788 | - | 2,258,362 | 2,298,150 | 78,137 | 2,376,287 |
| | | 6" | 335.34 | - | 18.33 | 16 | 553,013 | - | 553,013 | 65,683 | - | 10,138,653 | 10,204,336 | 346,947 | 10,551,283 |
| | | 8" | 490.08 | - | 18.33 | 6 | 166,793 | - | 166,793 | 35,997 | - | 3,057,897 | 3,093,894 | 105,192 | 3,199,086 |
| | | 10" | 670.66 | - | 18.33 | 1 | 100,457 | - | 100,457 | 8,210 | - | 1,841,731 | 1,849,941 | 62,898 | 1,912,839 |
| | | 12" | 799.58 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 54 | 1,071,638 | - | 1,071,638 | $ 161,636 | $ - | $ 19,646,855 | $ 19,808,491 | $ 673,489 | $ 20,481,979 |
| G | Golf | | | | | | | | | | | | | | |
| | | 3/4" | 30.97 | - | 18.33 | 8 | 65 | - | 65 | $ 2,907 | $ - | $ 1,201 | $ 4,107 | $ 140 | $ 4,247 |
| | | 1" | 36.13 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 1 1/2" | 56.70 | - | 18.33 | 3 | 210 | - | 210 | 2,083 | - | 3,841 | 5,924 | 201 | 6,125 |
| | | 2" | 72.23 | - | 18.33 | 2 | 1,802 | - | 1,802 | 1,474 | - | 33,028 | 34,502 | 1,173 | 35,675 |
| | | 3" | 129.01 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 180.56 | - | 18.33 | 2 | 240 | - | 240 | 4,421 | - | 4,405 | 8,826 | 300 | 9,126 |
| | | 6" | 335.34 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 490.08 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 670.66 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 799.58 | - | 18.33 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 15 | 2,317 | - | 2,317 | $ 10,884 | $ - | $ 42,475 | $ 53,359 | $ 1,814 | $ 55,173 |
| | SUBTOTAL FY2023: | | | | | 460 | 1,603,672 | - | 1,603,672 | $ 539,315 | $ - | $ 29,400,891 | $ 29,940,206 | $ 1,017,967 | $ 30,958,173 |

GUAM WATERWORKS AUTHORITY

**FY 2023 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Agriculture | | | | | | | | | | | | | | |
| | | 3/4" | 29.92 | - | 5.89 | 262 | 35,218 | - | 35,218 | $ 94,016 | $ - | $ 207,361 | $ 301,377 | $ 10,247 | $ 311,624 |
| | | 1" | 34.91 | - | 5.89 | 39 | 11,378 | - | 11,378 | 16,383 | - | 66,992 | 83,374 | 2,835 | 86,209 |
| | | 1 1/2" | 54.79 | - | 5.89 | 22 | 25,803 | - | 25,803 | 14,532 | - | 151,923 | 166,455 | 5,659 | 172,114 |
| | | 2" | 69.79 | - | 5.89 | 11 | 3,076 | - | 3,076 | 9,398 | - | 18,114 | 27,512 | 935 | 28,447 |
| | | 3" | 124.64 | - | 5.89 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 174.46 | - | 5.89 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 324.00 | - | 5.89 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 473.51 | - | 5.89 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 647.98 | - | 5.89 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 772.54 | - | 5.89 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 334 | 75,475 | - | 75,475 | $ 134,328 | $ - | $ 444,390 | $ 578,718 | $ 19,676 | $ 598,395 |
| I | Irrigation | | | | | | | | | | | | | | |
| | | 3/4" | 30.97 | - | 6.09 | 14 | 2,890 | - | 2,890 | $ 5,181 | $ - | $ 17,610 | $ 22,791 | $ 775 | $ 23,566 |
| | | 1" | 36.13 | - | 6.09 | 5 | 702 | - | 702 | 2,212 | - | 4,276 | 6,488 | 221 | 6,708 |
| | | 1 1/2" | 56.70 | - | 6.09 | 2 | 1,656 | - | 1,656 | 1,388 | - | 10,089 | 11,478 | 390 | 11,868 |
| | | 2" | 72.23 | - | 6.09 | 6 | 2,256 | - | 2,256 | 5,306 | - | 13,749 | 19,055 | 648 | 19,702 |
| | | 3" | 129.01 | - | 6.09 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 180.56 | - | 6.09 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 335.34 | - | 6.09 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 490.08 | - | 6.09 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 670.66 | - | 6.09 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 799.58 | - | 6.09 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 27 | 7,503 | - | 7,503 | $ 14,087 | $ - | $ 45,725 | $ 59,811 | $ 2,034 | $ 61,845 |
| | SUBTOTAL FY2023: | | | | | 361 | 82,979 | - | 82,979 | $ 148,415 | $ - | $ 490,115 | $ 638,530 | $ 21,710 | $ 660,240 |
| | GRAND TOTAL FY2023 | | | | | 43,287 | 6,068,626 | 1,681,096 | 4,387,530 | $ 17,137,362 | $ 5,468,265 | $ 73,147,624 | $ 95,753,251 | $ 3,069,690 | $ 98,822,941 |

GUAM WATERWORKS AUTHORITY

**FY2023 WASTEWATER REVENUE**
**Schedule J2- Proof of Revenues (WasteWater)**

| | BASIC RATE/ LIFELINE | NON-LIFELINE RATE | NO. OF CUSTOMERS | NON-LIFELINE CONSUMPTION (kGal) | BASIC | NON-LIFELINE | WASTEWATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Residential | $ 29.74 | | 27,762 | 2,195,980 | $ 9,908,903 | | $ 9,908,903 | | $ 9,908,903 |
| Commercial 1 | | $ 10.11 | 1,790 | 479,676 | | 4,848,537 | 4,848,537 | 164,850 | 5,013,387 |
| Commercial 2 | | $ 24.61 | 62 | 777,696 | | 19,141,503 | 19,141,503 | 650,811 | 19,792,314 |
| Commercial 3 | | $ 34.14 | 269 | 165,294 | | 5,642,418 | 5,642,418 | 191,842 | 5,834,261 |
| Navy/Airforce | | $ 14.45 | 11 | 659,338 | | 9,526,164 | 9,526,164 | 323,890 | 9,850,054 |
| Government | | $ 14.45 | 240 | 308,706 | | 4,460,206 | 4,460,206 | 151,647 | 4,611,853 |
| Totals at Current Rates | | | 30,134 | 4,586,691 | $ 9,908,903 | $ 43,618,827 | $ 53,527,730 | $ 1,483,040 | $ 55,010,770 |

GUAM WATERWORKS AUTHORITY

**FY 2024 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | Residential | | | | | | | | | | | | | | |
| | | 3/4" | 32.52 | 3.25 | 15.47 | 39,424 | 3,148,003 | 1,657,216 | 1,490,788 | $ 15,383,722 | $ 5,390,588 | $ 23,066,102 | $ 43,840,412 | $ 1,326,519 | $ 45,166,931 |
| | | 1" | 37.94 | 3.25 | 15.47 | 350 | 37,599 | 15,096 | 22,502 | 159,482 | 49,106 | 348,164 | 556,752 | 17,514 | 574,266 |
| | | 1 1/2" | 59.54 | 3.25 | 15.47 | 105 | 44,745 | 5,425 | 39,320 | 74,961 | 17,647 | 608,377 | 700,985 | 23,575 | 724,560 |
| | | 2" | 75.84 | 3.25 | 15.47 | 29 | 38,323 | 1,352 | 36,971 | 26,127 | 4,397 | 572,035 | 602,559 | 20,637 | 623,195 |
| | | 3" | 135.46 | 3.25 | 15.47 | 10 | 23,469 | 480 | 22,989 | 16,110 | 1,561 | 355,690 | 373,361 | 12,827 | 386,188 |
| | | 4" | 189.59 | 3.25 | 15.47 | 15 | 71,945 | 899 | 71,046 | 33,433 | 2,924 | 1,099,246 | 1,135,604 | 39,077 | 1,174,682 |
| | | 6" | 352.11 | 3.25 | 15.47 | 10 | 54,398 | 568 | 53,830 | 41,876 | 1,847 | 832,880 | 876,603 | 30,179 | 906,782 |
| | | 8" | 514.58 | 3.25 | 15.47 | 1 | 2,526 | 60 | 2,466 | 6,331 | 195 | 38,149 | 44,675 | 1,535 | 46,209 |
| | | 10" | 704.19 | 3.25 | 15.47 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 839.56 | 3.25 | 15.47 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 39,944 | 3,421,007 | 1,681,096 | 1,739,911 | $ 15,742,041 | $ 5,468,265 | $ 26,920,643 | $ 48,130,950 | $ 1,471,863 | $ 49,602,812 |
| C | Commercial | | | | | | | | | | | | | | |
| | | 3/4" | 32.52 | - | 19.25 | 1,755 | 272,666 | - | 272,666 | $ 684,773 | $ - | $ 5,248,869 | $ 5,933,642 | $ 204,711 | $ 6,138,353 |
| | | 1" | 37.94 | - | 19.25 | 328 | 71,990 | - | 71,990 | 149,368 | - | 1,385,824 | 1,535,192 | 52,964 | 1,588,156 |
| | | 1 1/2" | 59.54 | - | 19.25 | 340 | 144,810 | - | 144,810 | 242,953 | - | 2,787,609 | 3,030,561 | 104,554 | 3,135,116 |
| | | 2" | 75.84 | - | 19.25 | 165 | 132,473 | - | 132,473 | 150,230 | - | 2,550,129 | 2,700,360 | 93,162 | 2,793,522 |
| | | 3" | 135.46 | - | 19.25 | 33 | 73,374 | - | 73,374 | 54,440 | - | 1,412,470 | 1,466,909 | 50,608 | 1,517,518 |
| | | 4" | 189.59 | - | 19.25 | 54 | 109,234 | - | 109,234 | 123,625 | - | 2,102,763 | 2,226,388 | 76,810 | 2,303,198 |
| | | 6" | 352.11 | - | 19.25 | 36 | 73,838 | - | 73,838 | 153,063 | - | 1,421,403 | 1,574,466 | 54,319 | 1,628,785 |
| | | 8" | 514.58 | - | 19.25 | 5 | 72,320 | - | 72,320 | 31,655 | - | 1,392,167 | 1,423,822 | 49,122 | 1,472,944 |
| | | 10" | 704.19 | - | 19.25 | 2 | 8,148 | - | 8,148 | 17,327 | - | 156,858 | 174,185 | 6,009 | 180,195 |
| | | 12" | 839.56 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 2,719 | 958,854 | - | 958,854 | $ 1,607,434 | $ - | $ 18,458,091 | $ 20,065,525 | $ 692,261 | $ 20,757,785 |
| F | Federal | | | | | | | | | | | | | | |
| | | 3/4" | 32.52 | - | 19.25 | 6 | 1,088 | - | 1,088 | $ 2,400 | $ - | $ 20,938 | $ 23,339 | $ 805 | $ 24,144 |
| | | 1" | 37.94 | - | 19.25 | 3 | 341 | - | 341 | 1,400 | - | 6,573 | 7,973 | 275 | 8,248 |
| | | 1 1/2" | 59.54 | - | 19.25 | 1 | 33 | - | 33 | 733 | - | 631 | 1,364 | 47 | 1,411 |
| | | 2" | 75.84 | - | 19.25 | 3 | 432 | - | 432 | 2,799 | - | 8,307 | 11,106 | 383 | 11,489 |
| | | 3" | 135.46 | - | 19.25 | 1 | 222 | - | 222 | 1,667 | - | 4,266 | 5,932 | 205 | 6,137 |
| | | 4" | 189.59 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 352.11 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 514.58 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 704.19 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 839.56 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 14 | 2,115 | - | 2,115 | $ 8,999 | $ - | $ 40,715 | $ 49,714 | $ 1,715 | $ 51,429 |
| | SUBTOTAL FY2024: | | | | | 42,677 | 4,381,976 | 1,681,096 | 2,700,880 | $ 17,358,474 | $ 5,468,265 | $ 45,419,449 | $ 68,246,189 | $ 2,165,838 | $ 70,412,027 |

GUAM WATERWORKS AUTHORITY

**FY 2024 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G | Government | | | | | | | | | | | | | | |
| | | 3/4" | 32.52 | - | 19.25 | 152 | 13,476 | - | 13,476 | $ 59,476 | $ - | $ 259,423 | $ 318,899 | $ 11,002 | $ 329,901 |
| | | 1" | 37.94 | - | 19.25 | 42 | 8,536 | - | 8,536 | 19,293 | - | 164,311 | 183,604 | 6,334 | 189,939 |
| | | 1 1/2" | 59.54 | - | 19.25 | 76 | 32,352 | - | 32,352 | 54,451 | - | 622,780 | 677,231 | 23,364 | 700,595 |
| | | 2" | 75.84 | - | 19.25 | 46 | 52,554 | - | 52,554 | 41,679 | - | 1,011,672 | 1,053,351 | 36,341 | 1,089,691 |
| | | 3" | 135.46 | - | 19.25 | 27 | 61,093 | - | 61,093 | 44,440 | - | 1,176,041 | 1,220,482 | 42,107 | 1,262,588 |
| | | 4" | 189.59 | - | 19.25 | 31 | 210,757 | - | 210,757 | 70,754 | - | 4,057,112 | 4,127,866 | 142,411 | 4,270,278 |
| | | 6" | 352.11 | - | 19.25 | 12 | 101,877 | - | 101,877 | 51,984 | - | 1,961,140 | 2,013,124 | 69,453 | 2,082,577 |
| | | 8" | 514.58 | - | 19.25 | 3 | 19,127 | - | 19,127 | 18,993 | - | 368,202 | 387,194 | 13,358 | 400,553 |
| | | 10" | 704.19 | - | 19.25 | 3 | 29,946 | - | 29,946 | 25,991 | - | 576,458 | 602,449 | 20,784 | 623,233 |
| | | 12" | 839.56 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 394 | 529,717 | - | 529,717 | $ 387,061 | $ - | $ 10,197,139 | $ 10,584,200 | $ 365,155 | $ 10,949,355 |
| H | Hotel | | | | | | | | | | | | | | |
| | | 3/4" | 32.52 | - | 19.25 | - | - | - | - | $ - | $ - | $ - | $ - | $ - | $ - |
| | | 1" | 37.94 | - | 19.25 | 2 | 6 | - | 6 | 934 | - | 116 | 1,050 | 36 | 1,086 |
| | | 1 1/2" | 59.54 | - | 19.25 | 2 | 2,067 | - | 2,067 | 1,221 | - | 39,799 | 41,019 | 1,415 | 42,435 |
| | | 2" | 75.84 | - | 19.25 | 5 | 121,195 | - | 121,195 | 4,355 | - | 2,333,019 | 2,337,374 | 80,639 | 2,418,013 |
| | | 3" | 135.46 | - | 19.25 | 4 | 4,924 | - | 4,924 | 6,111 | - | 94,789 | 100,899 | 3,481 | 104,380 |
| | | 4" | 189.59 | - | 19.25 | 18 | 123,182 | - | 123,182 | 41,986 | - | 2,371,280 | 2,413,266 | 83,258 | 2,496,524 |
| | | 6" | 352.11 | - | 19.25 | 16 | 553,013 | - | 553,013 | 69,311 | - | 10,645,586 | 10,714,897 | 369,664 | 11,084,561 |
| | | 8" | 514.58 | - | 19.25 | 6 | 166,793 | - | 166,793 | 37,986 | - | 3,210,792 | 3,248,778 | 112,083 | 3,360,860 |
| | | 10" | 704.19 | - | 19.25 | 1 | 100,457 | - | 100,457 | 8,664 | - | 1,933,817 | 1,942,481 | 67,016 | 2,009,497 |
| | | 12" | 839.56 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 54 | 1,071,638 | - | 1,071,638 | $ 170,566 | $ - | $ 20,629,197 | $ 20,799,764 | $ 717,592 | $ 21,517,356 |
| G | Golf | | | | | | | | | | | | | | |
| | | 3/4" | 32.52 | - | 19.25 | 8 | 65 | - | 65 | $ 3,067 | $ - | $ 1,261 | $ 4,328 | $ 149 | $ 4,477 |
| | | 1" | 37.94 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 1 1/2" | 59.54 | - | 19.25 | 3 | 210 | - | 210 | 2,198 | - | 4,033 | 6,231 | 215 | 6,446 |
| | | 2" | 75.84 | - | 19.25 | 2 | 1,802 | - | 1,802 | 1,555 | - | 34,680 | 36,235 | 1,250 | 37,485 |
| | | 3" | 135.46 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 189.59 | - | 19.25 | 2 | 240 | - | 240 | 4,665 | - | 4,625 | 9,291 | 321 | 9,611 |
| | | 6" | 352.11 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 514.58 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 704.19 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 839.56 | - | 19.25 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 15 | 2,317 | - | 2,317 | $ 11,485 | $ - | $ 44,599 | $ 56,084 | $ 1,935 | $ 58,019 |
| | SUBTOTAL FY2024: | | | | | 463 | 1,603,672 | - | 1,603,672 | $ 569,112 | $ - | $ 30,870,936 | $ 31,440,048 | $ 1,084,682 | $ 32,524,729 |

GUAM WATERWORKS AUTHORITY

**FY 2024 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Agriculture | | | | | | | | | | | | | | |
| | | 3/4" | 31.42 | - | 6.18 | 263 | 35,218 | - | 35,218 | $ 99,210 | $ - | $ 217,729 | $ 316,939 | $ 10,934 | $ 327,874 |
| | | 1" | 36.66 | - | 6.18 | 39 | 11,378 | - | 11,378 | 17,288 | - | 70,341 | 87,629 | 3,023 | 90,652 |
| | | 1 1/2" | 57.53 | - | 6.18 | 22 | 25,803 | - | 25,803 | 15,335 | - | 159,519 | 174,854 | 6,032 | 180,887 |
| | | 2" | 73.28 | - | 6.18 | 11 | 3,076 | - | 3,076 | 9,917 | - | 19,020 | 28,937 | 998 | 29,935 |
| | | 3" | 130.88 | - | 6.18 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 183.18 | - | 6.18 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 340.20 | - | 6.18 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 497.18 | - | 6.18 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 680.38 | - | 6.18 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 811.17 | - | 6.18 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 336 | 75,475 | - | 75,475 | $ 141,750 | $ - | $ 466,609 | $ 608,359 | $ 20,988 | $ 629,348 |
| I | Irrigation | | | | | | | | | | | | | | |
| | | 3/4" | 32.52 | - | 6.40 | 14 | 2,890 | - | 2,890 | $ 5,468 | $ - | $ 18,491 | $ 23,958 | $ 827 | $ 24,785 |
| | | 1" | 37.94 | - | 6.40 | 5 | 702 | - | 702 | 2,334 | - | 4,490 | 6,824 | 235 | 7,059 |
| | | 1 1/2" | 59.54 | - | 6.40 | 2 | 1,656 | - | 1,656 | 1,465 | - | 10,594 | 12,059 | 416 | 12,475 |
| | | 2" | 75.84 | - | 6.40 | 6 | 2,256 | - | 2,256 | 5,599 | - | 14,437 | 20,035 | 691 | 20,726 |
| | | 3" | 135.46 | - | 6.40 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 189.59 | - | 6.40 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 352.11 | - | 6.40 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 514.58 | - | 6.40 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 704.19 | - | 6.40 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 839.56 | - | 6.40 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 27 | 7,503 | - | 7,503 | $ 14,865 | $ - | $ 48,011 | $ 62,876 | $ 2,169 | $ 65,045 |
| | SUBTOTAL FY2024: | | | | | 363 | 82,979 | - | 82,979 | $ 156,615 | $ - | $ 514,620 | $ 671,235 | $ 23,158 | $ 694,393 |
| | GRAND TOTAL FY2024 | | | | | 43,503 | 6,068,626 | 1,681,096 | 4,387,530 | $ 18,084,201 | $ 5,468,265 | $ 76,805,005 | $ 100,357,472 | $ 3,273,678 | $ 103,631,150 |

GUAM WATERWORKS AUTHORITY

**FY2024 WASTEWATER REVENUE**
**Schedule J2- Proof of Revenues (WasteWater)**

| | BASIC RATE/ LIFELINE | NON-LIFELINE RATE | NO. OF CUSTOMERS | NON-LIFELINE CONSUMPTION (kGal) | BASIC | NON-LIFFELINE | WASTEWATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Residential | $ 29.74 | | 27,901 | 2,195,980 | $ 9,958,447 | | $ 9,958,447 | | $ 9,958,447 |
| Commercial 1 | | $ 10.61 | 1,799 | 479,676 | | 5,090,964 | 5,090,964 | 175,638 | 5,266,602 |
| Commercial 2 | | $ 25.84 | 62 | 777,696 | | 20,098,578 | 20,098,578 | 693,401 | 20,791,979 |
| Commercial 3 | | $ 35.84 | 270 | 165,294 | | 5,924,539 | 5,924,539 | 204,397 | 6,128,936 |
| Navy/Airforce | | $ 15.17 | 11 | 659,338 | | 10,002,472 | 10,002,472 | 345,085 | 10,347,558 |
| Government | | $ 15.17 | 241 | 308,706 | | 4,683,216 | 4,683,216 | 161,571 | 4,844,787 |
| Totals at Current Rates | | | 30,285 | 4,586,691 | $ 9,958,447 | $ 45,799,769 | $ 55,758,216 | $ 1,580,092 | $ 57,338,308 |

GUAM WATERWORKS AUTHORITY

**FY 2019 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| R | Residential | | | | | | | | | | | | | | |
| | | 3/4" | 22.56 | 3.01 | 10.73 | 38,453 | 3,148,003 | 1,657,216 | 1,490,788 | $ 10,409,887 | $ 4,991,285 | $ 16,002,547 | $ 31,403,720 | $ 990,466 | $ 32,394,186 |
| | | 1" | 26.32 | 3.01 | 10.73 | 342 | 37,599 | 15,096 | 22,502 | 107,919 | 45,468 | 241,545 | 394,932 | 13,105 | 408,037 |
| | | 1 1/2" | 41.31 | 3.01 | 10.73 | 102 | 44,745 | 5,425 | 39,320 | 50,725 | 16,339 | 422,073 | 489,138 | 17,730 | 506,868 |
| | | 2" | 52.62 | 3.01 | 10.73 | 28 | 38,323 | 1,352 | 36,971 | 17,680 | 4,071 | 396,860 | 418,611 | 15,545 | 434,156 |
| | | 3" | 93.98 | 3.01 | 10.73 | 10 | 23,469 | 480 | 22,989 | 10,901 | 1,446 | 246,766 | 259,113 | 9,663 | 268,776 |
| | | 4" | 131.53 | 3.01 | 10.73 | 14 | 71,945 | 899 | 71,046 | 22,624 | 2,708 | 762,623 | 787,955 | 29,447 | 817,401 |
| | | 6" | 244.28 | 3.01 | 10.73 | 10 | 54,398 | 568 | 53,830 | 28,337 | 1,710 | 577,827 | 607,873 | 22,731 | 630,604 |
| | | 8" | 357.00 | 3.01 | 10.73 | 1 | 2,526 | 60 | 2,466 | 4,284 | 181 | 26,466 | 30,931 | 1,153 | 32,084 |
| | | 10" | 488.55 | 3.01 | 10.73 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 582.46 | 3.01 | 10.73 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | **38,960** | **3,421,007** | **1,681,096** | **1,739,911** | **$ 10,652,355** | **$ 5,063,209** | **$ 18,676,709** | **$ 34,392,273** | **$ 1,099,840** | **$ 35,492,113** |
| C | Commercial | | | | | | | | | | | | | | |
| | | 3/4" | 22.56 | - | 13.36 | 1,712 | 272,666 | - | 272,666 | $ 463,374 | $ - | $ 3,641,503 | $ 4,104,877 | $ 153,933 | $ 4,258,809 |
| | | 1" | 26.32 | - | 13.36 | 320 | 71,990 | - | 71,990 | 101,075 | - | 961,441 | 1,062,516 | 39,844 | 1,102,361 |
| | | 1 1/2" | 41.31 | - | 13.36 | 332 | 144,810 | - | 144,810 | 164,402 | - | 1,933,957 | 2,098,358 | 78,688 | 2,177,047 |
| | | 2" | 52.62 | - | 13.36 | 161 | 132,473 | - | 132,473 | 101,658 | - | 1,769,201 | 1,870,859 | 70,157 | 1,941,016 |
| | | 3" | 93.98 | - | 13.36 | 33 | 73,374 | - | 73,374 | 36,838 | - | 979,928 | 1,016,766 | 38,129 | 1,054,895 |
| | | 4" | 131.53 | - | 13.36 | 53 | 109,234 | - | 109,234 | 83,655 | - | 1,458,832 | 1,542,486 | 57,843 | 1,600,330 |
| | | 6" | 244.28 | - | 13.36 | 35 | 73,838 | - | 73,838 | 103,575 | - | 986,125 | 1,089,700 | 40,864 | 1,130,564 |
| | | 8" | 357.00 | - | 13.36 | 5 | 72,320 | - | 72,320 | 21,420 | - | 965,842 | 987,263 | 37,022 | 1,024,285 |
| | | 10" | 488.55 | - | 13.36 | 2 | 8,148 | - | 8,148 | 11,725 | - | 108,823 | 120,548 | 4,521 | 125,069 |
| | | 12" | 582.46 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | **2,652** | **958,854** | **-** | **958,854** | **$ 1,087,722** | **$ -** | **$ 12,805,652** | **$ 13,893,373** | **$ 521,002** | **$ 14,414,375** |
| F | Federal | | | | | | | | | | | | | | |
| | | 3/4" | 22.56 | - | 13.36 | 6 | 1,088 | - | 1,088 | $ 1,624 | $ - | $ 14,526 | $ 16,151 | $ 606 | $ 16,756 |
| | | 1" | 26.32 | - | 13.36 | 3 | 341 | - | 341 | 948 | - | 4,560 | 5,508 | 207 | 5,714 |
| | | 1 1/2" | 41.31 | - | 13.36 | 1 | 33 | - | 33 | 496 | - | 438 | 934 | 35 | 969 |
| | | 2" | 52.62 | - | 13.36 | 3 | 432 | - | 432 | 1,894 | - | 5,763 | 7,657 | 287 | 7,944 |
| | | 3" | 93.98 | - | 13.36 | 1 | 222 | - | 222 | 1,128 | - | 2,960 | 4,087 | 153 | 4,240 |
| | | 4" | 131.53 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 244.28 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 357.00 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 488.55 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 582.46 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | **14** | **2,115** | **-** | **2,115** | **$ 6,090** | **$ -** | **$ 28,247** | **$ 34,336** | **$ 1,288** | **$ 35,624** |
| | **SUBTOTAL FY2019:** | | | | | **41,626** | **4,381,976** | **1,681,096** | **2,700,880** | **$ 11,746,167** | **$ 5,063,209** | **$ 31,510,608** | **$ 48,319,983** | **$ 1,622,129** | **$ 49,942,112** |

GUAM WATERWORKS AUTHORITY

**FY 2019 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| G Government | | | | | | | | | | | | | | |
| | 3/4" | 22.56 | - | 13.36 | 149 | 13,476 | - | 13,476 | $ 40,246 | $ - | $ 179,980 | $ 220,226 | $ 8,258 | $ 228,485 |
| | 1" | 26.32 | - | 13.36 | 41 | 8,536 | - | 8,536 | 13,056 | - | 113,994 | 127,049 | 4,764 | 131,814 |
| | 1 1/2" | 41.31 | - | 13.36 | 74 | 32,352 | - | 32,352 | 36,846 | - | 432,065 | 468,911 | 17,584 | 486,495 |
| | 2" | 52.62 | - | 13.36 | 45 | 52,554 | - | 52,554 | 28,203 | - | 701,867 | 730,070 | 27,378 | 757,447 |
| | 3" | 93.98 | - | 13.36 | 27 | 61,093 | - | 61,093 | 30,072 | - | 815,901 | 845,973 | 31,724 | 877,697 |
| | 4" | 131.53 | - | 13.36 | 30 | 210,757 | - | 210,757 | 47,878 | - | 2,814,699 | 2,862,577 | 107,347 | 2,969,923 |
| | 6" | 244.28 | - | 13.36 | 12 | 101,877 | - | 101,877 | 35,176 | - | 1,360,578 | 1,395,755 | 52,341 | 1,448,096 |
| | 8" | 357.00 | - | 13.36 | 3 | 19,127 | - | 19,127 | 12,852 | - | 255,447 | 268,299 | 10,061 | 278,360 |
| | 10" | 488.55 | - | 13.36 | 3 | 29,946 | - | 29,946 | 17,588 | - | 399,928 | 417,516 | 15,657 | 433,173 |
| | 12" | 582.46 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | | | | 384 | 529,717 | - | 529,717 | $ 261,917 | $ - | $ 7,074,459 | $ 7,336,377 | $ 275,114 | $ 7,611,491 |
| H Hotel | | | | | | | | | | | | | | |
| | 3/4" | 22.56 | - | 13.36 | - | - | - | - | $ - | $ - | $ - | $ - | $ - | $ - |
| | 1" | 26.32 | - | 13.36 | 2 | 6 | - | 6 | 632 | - | 81 | 712 | 27 | 739 |
| | 1 1/2" | 41.31 | - | 13.36 | 2 | 2,067 | - | 2,067 | 826 | - | 27,611 | 28,437 | 1,066 | 29,504 |
| | 2" | 52.62 | - | 13.36 | 5 | 121,195 | - | 121,195 | 2,947 | - | 1,618,577 | 1,621,523 | 60,807 | 1,682,330 |
| | 3" | 93.98 | - | 13.36 | 4 | 4,924 | - | 4,924 | 4,135 | - | 65,761 | 69,896 | 2,621 | 72,517 |
| | 4" | 131.53 | - | 13.36 | 18 | 123,182 | - | 123,182 | 28,411 | - | 1,645,121 | 1,673,532 | 62,757 | 1,736,289 |
| | 6" | 244.28 | - | 13.36 | 16 | 553,013 | - | 553,013 | 46,902 | - | 7,385,578 | 7,432,480 | 278,718 | 7,711,198 |
| | 8" | 357.00 | - | 13.36 | 6 | 166,793 | - | 166,793 | 25,704 | - | 2,227,548 | 2,253,252 | 84,497 | 2,337,749 |
| | 10" | 488.55 | - | 13.36 | 1 | 100,457 | - | 100,457 | 5,863 | - | 1,341,623 | 1,347,485 | 50,531 | 1,398,016 |
| | 12" | 582.46 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | | | | 53 | 1,071,638 | - | 1,071,638 | $ 115,419 | $ - | $ 14,311,898 | $ 14,427,318 | $ 541,024 | $ 14,968,342 |
| G Golf | | | | | | | | | | | | | | |
| | 3/4" | 22.56 | - | 13.36 | 8 | 65 | - | 65 | $ 2,075 | $ - | $ 875 | $ 2,950 | $ 111 | $ 3,061 |
| | 1" | 26.32 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | 1 1/2" | 41.31 | - | 13.36 | 3 | 210 | - | 210 | 1,487 | - | 2,798 | 4,285 | 161 | 4,446 |
| | 2" | 52.62 | - | 13.36 | 2 | 1,802 | - | 1,802 | 1,052 | - | 24,060 | 25,112 | 942 | 26,054 |
| | 3" | 93.98 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | 4" | 131.53 | - | 13.36 | 2 | 240 | - | 240 | 3,157 | - | 3,209 | 6,366 | 239 | 6,604 |
| | 6" | 244.28 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | 8" | 357.00 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | 10" | 488.55 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | 12" | 582.46 | - | 13.36 | - | - | - | - | - | - | - | - | - | - |
| | | | | | 14 | 2,317 | - | 2,317 | $ 7,772 | $ - | $ 30,941 | $ 38,713 | $ 1,452 | $ 40,165 |
| SUBTOTAL FY2019: | | | | | 451 | 1,603,672 | - | 1,603,672 | $ 385,108 | $ - | $ 21,417,299 | $ 21,802,407 | $ 817,590 | $ 22,619,997 |

GUAM WATERWORKS AUTHORITY

**FY 2019 WATER REVENUE**
**Schedule J1- Proof of Revenues (Water)**

| CLASS | | METER SIZE | BASIC RATE | LIFELINE RATE < 5kGal | NON-LIFELINE RATE > 5kGal | NO. OF CUSTOMERS | TOTAL CONSUMPTION (kGal) | LIFELINE (kGal) | NON-LIFELINE (kGal) | BASIC CHARGES | LIFELINE | NON-LIFFELINE | WATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| A | Agriculture | | | | | | | | | | | | | | |
| | | 3/4" | 21.80 | - | 4.29 | 257 | 35,218 | - | 35,218 | $ 67,134 | $ - | $ 151,054 | $ 218,188 | $ 8,182 | $ 226,370 |
| | | 1" | 25.43 | - | 4.29 | 38 | 11,378 | - | 11,378 | 11,698 | - | 48,800 | 60,499 | 2,269 | 62,768 |
| | | 1 1/2" | 39.91 | - | 4.29 | 22 | 25,803 | - | 25,803 | 10,377 | - | 110,670 | 121,046 | 4,539 | 125,586 |
| | | 2" | 50.84 | - | 4.29 | 11 | 3,076 | - | 3,076 | 6,711 | - | 13,195 | 19,906 | 746 | 20,652 |
| | | 3" | 90.80 | - | 4.29 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 127.08 | - | 4.29 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 236.02 | - | 4.29 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 344.93 | - | 4.29 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 472.03 | - | 4.29 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 562.76 | - | 4.29 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 328 | 75,475 | - | 75,475 | $ 95,920 | $ - | $ 323,719 | $ 419,639 | $ 15,736 | $ 435,375 |
| I | Irrigation | | | | | | | | | | | | | | |
| | | 3/4" | 22.56 | - | 4.44 | 14 | 2,890 | - | 2,890 | $ 3,700 | $ - | $ 12,828 | $ 16,528 | $ 620 | $ 17,148 |
| | | 1" | 26.32 | - | 4.44 | 5 | 702 | - | 702 | 1,579 | - | 3,115 | 4,694 | 176 | 4,870 |
| | | 1 1/2" | 41.31 | - | 4.44 | 2 | 1,656 | - | 1,656 | 991 | - | 7,350 | 8,341 | 313 | 8,654 |
| | | 2" | 52.62 | - | 4.44 | 6 | 2,256 | - | 2,256 | 3,789 | - | 10,016 | 13,804 | 518 | 14,322 |
| | | 3" | 93.98 | - | 4.44 | - | - | - | - | - | - | - | - | - | - |
| | | 4" | 131.53 | - | 4.44 | - | - | - | - | - | - | - | - | - | - |
| | | 6" | 244.28 | - | 4.44 | - | - | - | - | - | - | - | - | - | - |
| | | 8" | 357.00 | - | 4.44 | - | - | - | - | - | - | - | - | - | - |
| | | 10" | 488.55 | - | 4.44 | - | - | - | - | - | - | - | - | - | - |
| | | 12" | 582.46 | - | 4.44 | - | - | - | - | - | - | - | - | - | - |
| | | | | | | 27 | 7,503 | - | 7,503 | $ 10,059 | $ - | $ 33,308 | $ 43,367 | $ 1,626 | $ 44,994 |
| | SUBTOTAL FY2019: | | | | | 354 | 82,979 | - | 82,979 | $ 105,979 | $ - | $ 357,028 | $ 463,006 | $ 17,363 | $ 480,369 |
| | GRAND TOTAL FY2019 | | | | | 42,432 | 6,068,626 | 1,681,096 | 4,387,530 | $ 12,237,253 | $ 5,063,209 | $ 53,284,936 | $ 70,685,396 | $ 2,457,082 | $ 73,042,478 |

GUAM WATERWORKS AUTHORITY

**FY2019 WASTEWATER REVENUE**
**Schedule J2- Proof of Revenues (WasteWater)**

| | BASIC RATE/ LIFELINE | NON-LIFELINE RATE | NO. OF CUSTOMERS | NON-LIFELINE (kGal) | BASIC | NON-LIFFELINE | WASTEWATER | SURCHARGE | TOTAL |
|---|---|---|---|---|---|---|---|---|---|
| Residential | $ 27.54 | | 27,214 | 2,195,980 | $ 8,993,683 | | $ 8,993,683 | | $ 8,993,683 |
| Commercial 1 | | $ 7.36 | 1,755 | 479,676 | | 3,531,953 | 3,531,953 | 132,448 | 3,664,401 |
| Commercial 2 | | $ 17.93 | 61 | 777,696 | | 13,943,771 | 13,943,771 | 522,891 | 14,466,662 |
| Commercial 3 | | $ 24.87 | 263 | 165,294 | | 4,110,262 | 4,110,262 | 154,135 | 4,264,397 |
| Navy/Airforce | | $ 10.52 | 11 | 659,338 | | 6,939,406 | 6,939,406 | 260,228 | 7,199,633 |
| Government | | $ 10.52 | 235 | 308,706 | | 3,249,070 | 3,249,070 | 121,840 | 3,370,910 |
| Totals at Current Rates | | | 29,539 | 4,586,691 | $ 8,993,683 | $ 31,774,462 | $ 40,768,144 | $ 1,191,542 | $ 41,959,687 |

GUAM WATERWORKS AUTHORITY

**2020 SERIES REVENUE BOND**
**DEBT SERVICE**

| | | | |
|---|---|---|---|
| Date | | 10/1/2019 | (FY2020) |
| Avg. Coupon Rate (%) | | 5.00% | |
| Term (years) | | 30 | |
| Underwriter Discount | | 1% | |
| Cost of Issuance | | 1% | |
| OID | | 0% | |
| Premium | | 0% | |
| Capitalized Interest (years) | | 2 | |
| Annual Debt Service | | $8,994,419 | |
| **Sources** | | | |
| Bonds @ Par | $ | 134,000,000 | |
| Premium | $ | - | |
| Net Original Issue Discount | | - | |
| **Total Sources** | $ | 134,000,000 | |
| **Uses** | | | |
| Debt Service Reserve | | ($8,994,419) | |
| Capitalized Interest | | (13,400,000) | |
| Cost of Issuance | | (1,340,000) | 1.00% |
| Underwriter Discount | | (1,340,000) | 1.00% |
| **Total Deposit to Construction Fund** | $ | 108,925,581 | |

| FY Ending September 30 | Principal | Interest | Total Debt Service | CAPI |
|---|---|---|---|---|
| 2020 | - | 6,700,000 | 6,700,000 | 6,700,000 |
| 2021 | - | 6,700,000 | 6,700,000 | 6,700,000 |
| 2022 | 2,294,419 | 6,675,366 | 8,969,785 | |
| 2023 | 2,409,140 | 6,556,940 | 8,966,080 | |
| 2024 | 2,529,597 | 6,436,104 | 8,965,701 | |
| 2025 | 2,656,077 | 6,309,152 | 8,965,229 | |
| 2026 | 2,788,881 | 6,175,772 | 8,964,653 | |
| 2027 | 2,928,325 | 6,035,640 | 8,963,965 | |
| 2028 | 3,074,741 | 5,888,414 | 8,963,155 | |
| 2029 | 3,228,478 | 5,733,735 | 8,962,213 | |
| 2030 | 3,389,902 | 5,571,225 | 8,961,126 | |
| 2031 | 3,559,397 | 5,400,487 | 8,959,884 | |
| 2032 | 3,737,367 | 5,221,107 | 8,958,474 | |
| 2033 | 3,924,235 | 5,032,645 | 8,956,880 | |
| 2034 | 4,120,447 | 4,834,642 | 8,955,069 | |
| 2035 | 4,326,469 | 4,626,615 | 8,953,085 | |
| 2036 | 4,542,793 | 4,408,057 | 8,950,850 | |
| 2037 | 4,769,932 | 4,178,435 | 8,948,367 | |
| 2038 | 5,008,429 | 3,937,188 | 8,945,617 | |
| 2039 | 5,258,851 | 3,683,728 | 8,942,578 | |
| 2040 | 5,521,793 | 3,417,436 | 8,939,229 | |
| 2041 | 5,797,883 | 3,137,663 | 8,935,546 | |
| 2042 | 6,087,777 | 2,843,727 | 8,931,504 | |
| 2043 | 6,392,166 | 2,534,910 | 8,927,076 | |
| 2044 | 6,711,774 | 2,210,460 | 8,922,234 | |
| 2045 | 7,047,363 | 1,869,584 | 8,916,947 | |
| 2046 | 7,399,731 | 1,511,451 | 8,911,182 | |
| 2047 | 7,769,717 | 1,135,188 | 8,904,905 | |
| 2048 | 8,158,203 | 739,876 | 8,898,080 | |
| 2049 | 8,566,113 | 324,552 | 8,890,666 | |
| | 134,000,000 | 129,830,098 | 263,830,098 | |

GUAM WATERWORKS AUTHORITY

**2022 SERIES REVENUE BOND**
**DEBT SERVICE**

| | | |
|---|---|---|
| Date | 10/1/2021 | (FY2022) |
| Avg. Coupon Rate (%) | 5.00% | |
| Term (years) | 30 | |
| Underwriter Discount | 1% | |
| Cost of Issuance | 1% | |
| OID | 0% | |
| Premium | 0% | |
| Capitalized Interest (years) | 2 | |
| Annual Debt Service | $4,027,352 | |

| | | | |
|---|---|---|---|
| **Sources** | | | |
| Bonds @ Par | $ | 60,000,000 | |
| Premium | $ | - | |
| Net Original Issue Discount | | - | |
| **Total Sources** | **$** | **60,000,000** | |
| **Uses** | | | |
| Debt Service Reserve | | ($4,027,352) | |
| Capitalized Interest | | (6,000,000) | |
| Cost of Issuance | | (600,000) | 1.00% |
| Underwriter Discount | | (600,000) | 1.00% |
| **Total Deposit to Construction Fund** | **$** | **48,772,648** | |

| FY Ending September 30 | Principal | Interest | Total Debt Service | CAPI |
|---|---|---|---|---|
| 2022 | - | 3,000,000 | 3,000,000 | 3,000,000 |
| 2023 | - | 3,000,000 | 3,000,000 | 3,000,000 |
| 2024 | 1,027,352 | 2,988,970 | 4,016,322 | |
| 2025 | 1,078,719 | 2,935,943 | 4,014,663 | |
| 2026 | 1,132,655 | 2,881,838 | 4,014,493 | |
| 2027 | 1,189,288 | 2,824,993 | 4,014,281 | |
| 2028 | 1,248,753 | 2,765,271 | 4,014,024 | |
| 2029 | 1,311,190 | 2,702,525 | 4,013,716 | |
| 2030 | 1,376,750 | 2,636,603 | 4,013,353 | |
| 2031 | 1,445,587 | 2,567,344 | 4,012,931 | |
| 2032 | 1,517,867 | 2,494,578 | 4,012,445 | |
| 2033 | 1,593,760 | 2,418,129 | 4,011,889 | |
| 2034 | 1,673,448 | 2,337,809 | 4,011,257 | |
| 2035 | 1,757,120 | 2,253,423 | 4,010,543 | |
| 2036 | 1,844,976 | 2,164,765 | 4,009,741 | |
| 2037 | 1,937,225 | 2,071,619 | 4,008,844 | |
| 2038 | 2,034,086 | 1,973,757 | 4,007,843 | |
| 2039 | 2,135,791 | 1,870,941 | 4,006,732 | |
| 2040 | 2,242,580 | 1,762,920 | 4,005,500 | |
| 2041 | 2,354,709 | 1,649,430 | 4,004,139 | |
| 2042 | 2,472,445 | 1,530,195 | 4,002,640 | |
| 2043 | 2,596,067 | 1,404,924 | 4,000,991 | |
| 2044 | 2,725,870 | 1,273,311 | 3,999,181 | |
| 2045 | 2,862,164 | 1,135,034 | 3,997,198 | |
| 2046 | 3,005,272 | 989,758 | 3,995,030 | |
| 2047 | 3,155,536 | 837,127 | 3,992,663 | |
| 2048 | 3,313,312 | 676,769 | 3,990,081 | |
| 2049 | 3,478,978 | 508,293 | 3,987,271 | |
| 2050 | 3,652,927 | 331,288 | 3,984,215 | |
| 2051 | 3,835,573 | 145,322 | 3,980,895 | |
| | 60,000,000 | 58,132,880 | 118,132,880 | |

GUAM WATERWORKS AUTHORITY

**2023 SERIES REVENUE BOND**
**DEBT SERVICE**

| | | |
|---|---|---|
| Date | 10/1/2022 | (FY2023) |
| Avg. Coupon Rate (%) | 5.00% | |
| Term (years) | 30 | |
| Underwriter Discount | 1% | |
| Cost of Issuance | 1% | |
| OID | 0% | |
| Premium | 0% | |
| Capitalized Interest (years) | 2 | |
| Annual Debt Service | $4,430,087 | |

| | | | |
|---|---|---|---|
| **Sources** | | | |
| Bonds @ Par | $ | 66,000,000 | |
| Premium | $ | - | |
| Net Original Issue Discount | | - | |
| **Total Sources** | $ | 66,000,000 | |
| **Uses** | | | |
| Debt Service Reserve | | ($4,430,087) | |
| Capitalized Interest | | (6,600,000) | |
| Cost of Issuance | | (660,000) | 1.00% |
| Underwriter Discount | | (660,000) | 1.00% |
| **Total Deposit to Construction Fund** | $ | 53,649,913 | |

| FY Ending September 30 | Principal | Interest | Total Debt Service | CAPI |
|---|---|---|---|---|
| 2023 | - | 3,300,000 | 3,300,000 | 3,300,000 |
| 2024 | - | 3,300,000 | 3,300,000 | 3,300,000 |
| 2025 | 1,130,087 | 3,287,867 | 4,417,954 | |
| 2026 | 1,186,591 | 3,229,537 | 4,416,129 | |
| 2027 | 1,245,921 | 3,170,021 | 4,415,942 | |
| 2028 | 1,308,217 | 3,107,493 | 4,415,710 | |
| 2029 | 1,373,628 | 3,041,798 | 4,415,426 | |
| 2030 | 1,442,309 | 2,972,778 | 4,415,087 | |
| 2031 | 1,514,425 | 2,900,264 | 4,414,688 | |
| 2032 | 1,590,146 | 2,824,078 | 4,414,224 | |
| 2033 | 1,669,653 | 2,744,036 | 4,413,689 | |
| 2034 | 1,753,136 | 2,659,942 | 4,413,077 | |
| 2035 | 1,840,793 | 2,571,590 | 4,412,382 | |
| 2036 | 1,932,832 | 2,478,765 | 4,411,598 | |
| 2037 | 2,029,474 | 2,381,242 | 4,410,715 | |
| 2038 | 2,130,948 | 2,278,781 | 4,409,728 | |
| 2039 | 2,237,495 | 2,171,133 | 4,408,628 | |
| 2040 | 2,349,370 | 2,058,035 | 4,407,405 | |
| 2041 | 2,466,838 | 1,939,212 | 4,406,050 | |
| 2042 | 2,590,180 | 1,814,373 | 4,404,553 | |
| 2043 | 2,719,689 | 1,683,215 | 4,402,904 | |
| 2044 | 2,855,674 | 1,545,416 | 4,401,090 | |
| 2045 | 2,998,457 | 1,400,642 | 4,399,099 | |
| 2046 | 3,148,380 | 1,248,538 | 4,396,918 | |
| 2047 | 3,305,799 | 1,088,734 | 4,394,533 | |
| 2048 | 3,471,089 | 920,840 | 4,391,929 | |
| 2049 | 3,644,644 | 744,446 | 4,389,090 | |
| 2050 | 3,826,876 | 559,122 | 4,385,998 | |
| 2051 | 4,018,220 | 364,417 | 4,382,636 | |
| 2052 | 4,219,130 | 159,854 | 4,378,985 | |
| | 66,000,000 | 63,946,168 | 129,946,168 | |

GUAM WATERWORKS AUTHORITY

**2013 SERIES REVENUE BOND**
**DEBT SERVICE**

| | | |
|---|---|---|
| Date | | 12/12/2013 |
| Avg. Coupon Rate (%) | | 5.44% |
| **Sources** | | |
| Bonds @ Par | $ | 172,630,000 |
| Net Original Issue Discount | | (1,532,983) |
| **Total Sources** | $ | 171,097,017 |
| **Uses** | | |
| Construction Fund | $ | 139,280,961 |
| Debt Service Reserve | | 12,031,688 |
| Capitalized Interest | | 16,822,959 |
| Cost of Issuance | | 1,698,948 |
| Underwriter Discount | | 1,261,952 |
| Additional Proceeds | | 509 |
| **Total Uses** | $ | 171,097,017 |

| FY Ending September 30 | Principal | Interest | Total Debt Service | CAPI |
|---|---|---|---|---|
| 2014 | $ - | $ 5,158,349 | $ 5,158,349 | 5,158,349 |
| 2015 | - | 9,331,688 | 9,331,688 | 9,331,688 |
| 2016 | - | 9,331,688 | 9,331,688 | 2,332,922 |
| 2017 | - | 9,331,688 | 9,331,688 | |
| 2018 | - | 9,331,688 | 9,331,688 | |
| 2019 | - | 9,331,688 | 9,331,688 | |
| 2020 | 2,695,000 | 9,331,688 | 12,026,688 | |
| 2021 | 2,840,000 | 9,190,200 | 12,030,200 | |
| 2022 | 2,990,000 | 9,041,100 | 12,031,100 | |
| 2023 | 3,145,000 | 8,884,125 | 12,029,125 | |
| 2024 | 3,315,000 | 8,719,013 | 12,034,013 | |
| 2025 | 3,485,000 | 8,544,975 | 12,029,975 | |
| 2026 | 3,670,000 | 8,362,013 | 12,032,013 | |
| 2027 | 3,850,000 | 8,178,513 | 12,028,513 | |
| 2028 | 4,045,000 | 7,986,013 | 12,031,013 | |
| 2029 | 4,250,000 | 7,783,763 | 12,033,763 | |
| 2030 | 4,470,000 | 7,560,638 | 12,030,638 | |
| 2031 | 4,705,000 | 7,325,963 | 12,030,963 | |
| 2032 | 4,950,000 | 7,078,950 | 12,028,950 | |
| 2033 | 5,210,000 | 6,819,075 | 12,029,075 | |
| 2034 | 5,485,000 | 6,545,550 | 12,030,550 | |
| 2035 | 5,790,000 | 6,243,875 | 12,033,875 | |
| 2036 | 6,105,000 | 5,925,425 | 12,030,425 | |
| 2037 | 6,440,000 | 5,589,650 | 12,029,650 | |
| 2038 | 6,795,000 | 5,235,450 | 12,030,450 | |
| 2039 | 7,170,000 | 4,861,725 | 12,031,725 | |
| 2040 | 7,565,000 | 4,467,375 | 12,032,375 | |
| 2041 | 23,250,000 | 4,051,300 | 27,301,300 | |
| 2042 | 24,530,000 | 2,772,550 | 27,302,550 | |
| 2043 | 25,880,000 | 1,423,400 | 27,303,400 | |
| | $ 172,630,000 | $ 213,739,112 | $ 386,369,112 | |

GUAM WATERWORKS AUTHORITY

**2014 REFUNDING SERIES REVENUE BOND (SERIES 2005)**
**DEBT SERVICE**

| | | |
|---|---|---|
| Date | | 8/7/2014 |
| Avg. Coupon Rate (%) | | 4.9% |
| **Sources** | | |
| Bonds @ Par | $ | 85,600,000 |
| Net Original Issue Premium | | 5,648,970 |
| Bond Funds on Hand | | 1,283,799 |
| DSRF Release | | 269 |
| **Total Sources** | $ | 92,533,037 |
| **Uses** | | |
| SLGS Purchases | $ | 90,996,840 |
| Refunding Escrow Cash Deposit | | 21 |
| Cost of Issuance | | 768,201 |
| Underwriter Discount | | 759,121 |
| Additional Proceeds | | 8,854 |
| **Total Uses** | $ | 92,533,037 |

| FY Ending September 30 | Principal | Interest | Total Debt Service |
|---|---|---|---|
| 2015 | $ 2,900,000 | $ 3,499,425 | $ 6,399,425 |
| 2016 | 3,320,000 | 3,842,430 | 7,162,430 |
| 2017 | 3,385,000 | 3,780,014 | 7,165,014 |
| 2018 | 3,475,000 | 3,694,847 | 7,169,847 |
| 2019 | 3,620,000 | 3,588,477 | 7,208,477 |
| 2020 | 3,760,000 | 3,445,000 | 7,205,000 |
| 2021 | 530,000 | 3,257,000 | 3,787,000 |
| 2022 | 555,000 | 3,230,500 | 3,785,500 |
| 2023 | 4,005,000 | 3,202,750 | 7,207,750 |
| 2024 | 4,205,000 | 3,002,500 | 7,207,500 |
| 2025 | 4,410,000 | 2,792,250 | 7,202,250 |
| 2026 | 4,630,000 | 2,571,750 | 7,201,750 |
| 2027 | 4,865,000 | 2,340,250 | 7,205,250 |
| 2028 | 5,110,000 | 2,097,000 | 7,207,000 |
| 2029 | 5,365,000 | 1,841,500 | 7,206,500 |
| 2030 | 5,630,000 | 1,573,250 | 7,203,250 |
| 2031 | 5,915,000 | 1,291,750 | 7,206,750 |
| 2032 | 6,205,000 | 996,000 | 7,201,000 |
| 2033 | 6,520,000 | 685,750 | 7,205,750 |
| 2034 | 6,845,000 | 359,750 | 7,204,750 |
| 2035 | 350,000 | 17,500 | 367,500 |
| | $ 85,600,000 | $ 51,109,692 | $ 136,709,692 |

GUAM WATERWORKS AUTHORITY

**2016 SERIES REVENUE BOND**
**DEBT SERVICE**

| | | |
|---|---|---|
| Date | | 2/24/2016 |
| Avg. Coupon Rate (%) | | 5.0% |
| **Sources** | | |
| Bonds @ Par | $ | 143,310,000 |
| Net Original Issue Premium | | 18,224,842 |
| **Total Sources** | $ | 161,534,842 |
| **Uses** | | |
| Construction Fund | $ | 140,019,463 |
| Debt Service Reserve | | 7,582,725 |
| Capitalized Interest | | 11,464,800 |
| Cost of Issuance | | 1,297,820 |
| Underwriter Discount | | 1,170,034 |
| **Total Uses** | $ | 161,534,842 |

| FY Ending September 30 | Principal | Interest | Total Debt Service | CAPI |
|---|---|---|---|---|
| 2016 | $ - | $ 2,527,829 | $ 2,527,829 | 2,527,829 |
| 2017 | - | 7,165,500 | 7,165,500 | 7,165,500 |
| 2018 | - | 7,165,500 | 7,165,500 | 1,771,471 |
| 2019 | - | 7,165,500 | 7,165,500 | |
| 2020 | 420,000 | 7,165,500 | 7,585,500 | |
| 2021 | 3,860,000 | 7,144,500 | 11,004,500 | |
| 2022 | 4,055,000 | 6,951,500 | 11,006,500 | |
| 2023 | 835,000 | 6,748,750 | 7,583,750 | |
| 2024 | 875,000 | 6,707,000 | 7,582,000 | |
| 2025 | 925,000 | 6,663,250 | 7,588,250 | |
| 2026 | 965,000 | 6,617,000 | 7,582,000 | |
| 2027 | 1,015,000 | 6,568,750 | 7,583,750 | |
| 2028 | 1,065,000 | 6,518,000 | 7,583,000 | |
| 2029 | 1,120,000 | 6,464,750 | 7,584,750 | |
| 2030 | 1,180,000 | 6,408,750 | 7,588,750 | |
| 2031 | 1,240,000 | 6,349,750 | 7,589,750 | |
| 2032 | 1,300,000 | 6,287,750 | 7,587,750 | |
| 2033 | 1,365,000 | 6,222,750 | 7,587,750 | |
| 2034 | 1,435,000 | 6,154,500 | 7,589,500 | |
| 2035 | 8,340,000 | 6,082,750 | 14,422,750 | |
| 2036 | 1,920,000 | 5,665,750 | 7,585,750 | |
| 2037 | 2,015,000 | 5,569,750 | 7,584,750 | |
| 2038 | 2,115,000 | 5,469,000 | 7,584,000 | |
| 2039 | 2,215,000 | 5,363,250 | 7,578,250 | |
| 2040 | 2,330,000 | 5,252,500 | 7,582,500 | |
| 2041 | 2,450,000 | 5,136,000 | 7,586,000 | |
| 2042 | 2,570,000 | 5,013,500 | 7,583,500 | |
| 2043 | 2,700,000 | 4,885,000 | 7,585,000 | |
| 2044 | 30,135,000 | 4,750,000 | 34,885,000 | |
| 2045 | 31,640,000 | 3,243,250 | 34,883,250 | |
| 2046 | 33,225,000 | 830,625 | 34,055,625 | |
| | $ 143,310,000 | $ 180,258,204 | $ 323,568,204 | |

GUAM WATERWORKS AUTHORITY

**2017 REFUNDING SERIES REVENUE BOND (SERIES 2010)**
**DEBT SERVICE**

| | | |
|---|---|---|
| Date | | 12/20/2017 |
| Avg. Coupon Rate (%) | | 5.0% |
| **Sources** | | |
| Bonds @ Par | $ | 107,660,000 |
| Net Original Issue Premium | | 13,854,833 |
| Bond Funds on Hand | | 2,532,453 |
| DSRF Release | | 75 |
| **Total Sources** | $ | 124,047,361 |
| **Uses** | | |
| Open Market Purchases | $ | 122,155,328 |
| Refunding Escrow Cash Deposit | | 589 |
| Cost of Issuance | | 963,283 |
| Underwriter Discount | | 925,066 |
| Additional Proceeds | | 3,095 |
| **Total Uses** | $ | 124,047,361 |

| FY Ending September 30 | | Principal | | Interest | | Total Debt Service |
|---|---|---|---|---|---|---|
| 2018 | $ | - | $ | 2,855,981 | $ | 2,855,981 |
| 2019 | | 295,000 | | 5,383,000 | | 5,678,000 |
| 2020 | | - | | 5,368,250 | | 5,368,250 |
| 2021 | | 2,040,000 | | 5,368,250 | | 7,408,250 |
| 2022 | | 2,145,000 | | 5,266,250 | | 7,411,250 |
| 2023 | | 2,250,000 | | 5,159,000 | | 7,409,000 |
| 2024 | | 2,365,000 | | 5,046,500 | | 7,411,500 |
| 2025 | | 2,485,000 | | 4,928,250 | | 7,413,250 |
| 2026 | | 2,610,000 | | 4,804,000 | | 7,414,000 |
| 2027 | | 2,740,000 | | 4,673,500 | | 7,413,500 |
| 2028 | | 2,875,000 | | 4,536,500 | | 7,411,500 |
| 2029 | | 3,015,000 | | 4,392,750 | | 7,407,750 |
| 2030 | | 3,170,000 | | 4,242,000 | | 7,412,000 |
| 2031 | | 3,325,000 | | 4,083,500 | | 7,408,500 |
| 2032 | | 3,495,000 | | 3,917,250 | | 7,412,250 |
| 2033 | | 3,665,000 | | 3,742,500 | | 7,407,500 |
| 2034 | | 3,850,000 | | 3,559,250 | | 7,409,250 |
| 2035 | | 4,040,000 | | 3,366,750 | | 7,406,750 |
| 2036 | | 11,455,000 | | 3,164,750 | | 14,619,750 |
| 2037 | | 12,025,000 | | 2,592,000 | | 14,617,000 |
| 2038 | | 12,630,000 | | 1,990,750 | | 14,620,750 |
| 2039 | | 13,260,000 | | 1,359,250 | | 14,619,250 |
| 2040 | | 13,925,000 | | 696,250 | | 14,621,250 |
| | $ | 107,660,000 | $ | 90,496,481 | $ | 198,156,481 |

GUAM WATERWORKS AUTHORITY

**Bank of Guam $30 million Short Term Debt**
**DEBT SERVICE**

Principal $15,000,000
Int. % 5.25%
Date 7/15/15
Term 5
Annual det $302,354.40

| | Date | Payment | Interest | Principal | Balance | | |
|---|---|---|---|---|---|---|---|
| 27 | 10/15/2017 | $284,789.76 | $39,282.71 | $245,507.05 | $8,733,398 | FY2018 | |
| 28 | 11/15/2017 | $284,789.76 | $38,208.62 | $246,581.14 | $8,486,817 | | |
| 29 | 12/15/2017 | $284,789.76 | $37,129.82 | $247,659.93 | $8,239,157 | | |
| 30 | 1/15/2018 | $284,789.76 | $36,046.31 | $248,743.45 | $7,990,413 | | |
| 31 | 2/15/2018 | $284,789.76 | $34,958.06 | $249,831.70 | $7,740,582 | | |
| 32 | 3/15/2018 | $284,789.76 | $33,865.04 | $250,924.71 | $7,489,657 | | |
| 33 | 4/15/2018 | $284,789.76 | $32,767.25 | $252,022.51 | $7,237,634 | | |
| 34 | 5/15/2018 | $284,789.76 | $31,664.65 | $253,125.11 | $6,984,509 | | |
| 35 | 6/15/2018 | $284,789.76 | $30,557.23 | $254,232.53 | $6,730,277 | | |
| 36 | 7/15/2018 | $284,789.76 | $29,444.96 | $255,344.80 | $6,474,932 | | |
| 37 | 8/15/2018 | $284,789.76 | $28,327.83 | $256,461.93 | $6,218,470 | | |
| 38 | 9/15/2018 | $284,789.76 | $27,205.81 | $257,583.95 | $5,960,886 | | $ 3,417,477 |
| 39 | 10/15/2018 | $284,789.76 | $26,078.88 | $258,710.88 | $5,702,175 | FY2019 | |
| 40 | 11/15/2018 | $284,789.76 | $24,947.02 | $259,842.74 | $5,442,332 | | |
| 41 | 12/15/2018 | $284,789.76 | $23,810.20 | $260,979.55 | $5,181,353 | | |
| 42 | 1/15/2019 | $284,789.76 | $22,668.42 | $262,121.34 | $4,919,231 | | |
| 43 | 2/15/2019 | $284,789.76 | $21,521.64 | $263,268.12 | $4,655,963 | | |
| 44 | 3/15/2019 | $284,789.76 | $20,369.84 | $264,419.92 | $4,391,543 | | |
| 45 | 4/15/2019 | $284,789.76 | $19,213.00 | $265,576.76 | $4,125,967 | | |
| 46 | 5/15/2019 | $284,789.76 | $18,051.10 | $266,738.65 | $3,859,228 | | |
| 47 | 6/15/2019 | $284,789.76 | $16,884.12 | $267,905.64 | $3,591,322 | | |
| 48 | 7/15/2019 | $284,789.76 | $15,712.04 | $269,077.72 | $3,322,245 | | |
| 49 | 8/15/2019 | $284,789.76 | $14,534.82 | $270,254.94 | $3,051,990 | | |
| 50 | 9/15/2019 | $284,789.76 | $13,352.46 | $271,437.30 | $2,780,552 | | $ 3,417,477 |
| 51 | 10/15/2019 | $284,789.76 | $12,164.92 | $272,624.84 | $2,507,928 | FY2020 | |
| 52 | 11/15/2019 | $284,789.76 | $10,972.18 | $273,817.57 | $2,234,110 | | |
| 53 | 12/15/2019 | $284,789.76 | $9,774.23 | $275,015.53 | $1,959,094 | | |
| 54 | 1/15/2020 | $284,789.76 | $8,571.04 | $276,218.72 | $1,682,876 | | |
| 55 | 2/15/2020 | $284,789.76 | $7,362.58 | $277,427.18 | $1,405,449 | | |
| 56 | 3/15/2020 | $284,789.76 | $6,148.84 | $278,640.92 | $1,126,808 | | |
| 57 | 4/15/2020 | $284,789.76 | $4,929.78 | $279,859.97 | $846,948 | | |
| 58 | 5/15/2020 | $284,789.76 | $3,705.40 | $281,084.36 | $565,863 | | |
| 59 | 6/15/2020 | $284,789.76 | $2,475.65 | $282,314.11 | $283,549 | | |
| 60 | 7/15/2020 | $284,789.76 | $1,240.53 | $283,549.23 | $0 | | $ 2,847,898 |

**Guam Waterworks Authority**
**Sample Bill Summary**
**FY2019-2024**

**AVERAGE MONTHLY BILLING INFORMATION for Water & Sewer**
**Proposed Rate Adjustments**

| Average Monthly Consumption by Rate Class | Current 2019 | 10.0% 2020 | 8.5% 2021 | 8.0% 2022 | 6.5% 2023 | 5.0% 2024 | 5-yr Average Increase |
|---|---|---|---|---|---|---|---|
| 1 Residential < 5k (4.0Kgal) | $ 62.98 | $ 65.29 | $ 67.47 | $ 72.84 | $ 74.77 | $ 76.38 | |
| Increase | | $ 2.30 | $ 2.19 | $ 5.37 | $ 1.93 | $ 1.62 | $ 2.68 |
| 2 Residential > 5k (7.5Kgal) | $ 93.83 | $ 98.87 | $ 103.66 | $ 111.89 | $ 116.10 | $ 119.64 | |
| Increase | | $ 5.04 | $ 4.78 | $ 8.23 | $ 4.22 | $ 3.54 | $ 5.16 |
| 3 Commercial 1 (35.91 Kgal) | $ 740.38 | $ 813.24 | $ 882.36 | $ 952.03 | $ 1,012.93 | $ 1,064.09 | |
| Increase | | $ 72.86 | $ 69.13 | $ 69.67 | $ 60.90 | $ 51.16 | $ 64.74 |
| 4 Commercial 2 (425.86 kgal) | $ 12,292.07 | $ 13,501.73 | $ 14,649.37 | $ 15,806.05 | $ 16,817.18 | $ 17,666.58 | |
| Increase | | $ 1,209.66 | $ 1,147.65 | $ 1,156.68 | $ 1,011.13 | $ 849.40 | $ 1,074.90 |
| 5 Commercial 3 (52.19 Kgal) | $ 1,823.76 | $ 2,003.23 | $ 2,173.51 | $ 2,345.12 | $ 2,495.14 | $ 2,621.16 | |
| Increase | | $ 179.48 | $ 170.27 | $ 171.61 | $ 150.02 | $ 126.02 | $ 159.48 |
| 6 Government - G6 (73.0 Kgal) | $ 1,785.53 | $ 1,961.24 | $ 2,127.95 | $ 2,295.96 | $ 2,442.84 | $ 2,566.22 | |
| Increase | | $ 175.71 | $ 166.71 | $ 168.02 | $ 146.88 | $ 123.38 | $ 156.14 |
| 7 Irrigation (20.96 Kgal) | $ 119.98 | $ 131.78 | $ 142.99 | $ 154.28 | $ 164.15 | $ 172.44 | |
| Increase | | $ 11.81 | $ 11.20 | $ 11.29 | $ 9.87 | $ 8.29 | $ 10.49 |
| 8 Agriculture (19.80 Kgal) | $ 110.75 | $ 121.65 | $ 131.99 | $ 142.41 | $ 151.52 | $ 159.17 | |
| Increase | | $ 10.90 | $ 10.34 | $ 10.42 | $ 9.11 | $ 7.65 | $ 9.68 |

GUAM WATERWORKS AUTHORITY

# EXHIBIT B

GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Schedule of Capital Projects**
**FY 2019-2024**

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL |
|---|---|---|---|---|---|---|---|
| 2010 Bond Series | 3,804 | - | - | - | - | - | 3,804 |
| 2013 Bond Series | 1,453 | - | - | - | - | - | 1,453 |
| 2016 Bond Series | 52,563 | 2,703 | - | - | - | - | 55,266 |
| 2020 Bond Series | 50,345 | 28,631 | 28,350 | 1,600 | - | - | 108,926 |
| 2022 Bond Series | - | - | - | 24,209 | 18,664 | 5,900 | 48,773 |
| 2023 Bond Series | - | - | - | - | 18,824 | 18,852 | 37,676 |
| State Revolving Fund (SRF) | 7,000 | 5,088 | 3,000 | 8,000 | 8,000 | 8,000 | 39,088 |
| System Development Charge (SDC) | 6,700 | 500 | 1,000 | 500 | 500 | 500 | 9,700 |
| GRANTS | 110,387 | 13,061 | - | - | - | - | 123,448 |
| Internally Funded CIP (PAY GO) | - | 15,000 | 15,000 | 20,500 | 21,000 | 24,500 | 96,000 |
| **Total** | 232,252 | 64,983 | 47,350 | 54,809 | 66,988 | 57,752 | 524,134 |

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | TOTAL |
|---|---|---|---|---|---|---|---|
| Potable Water | 100,586 | 28,870 | 14,450 | 27,540 | 38,996 | 27,403 | 237,845 |
| Wastewater | 126,703 | 28,003 | 26,350 | 24,069 | 22,242 | 21,119 | 248,486 |
| Electrical | 1,710 | 1,510 | 2,600 | 1,500 | 3,200 | 5,530 | 16,050 |
| Miscellaneous | 3,253 | 6,600 | 3,950 | 1,700 | 2,550 | 3,700 | 21,753 |
| **Total** | 232,252 | 64,983 | 47,350 | 54,809 | 66,988 | 57,752 | 524,134 |

GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Summary of Capital Projects for Potable Water Funding**
**FY 2019-2024**

| CIP # | Project Name | 2019 (x1000) | 2020 (x1000) | 2021 (x1000) | 2022 (x1000) | 2023 (x1000) | 2024 (x1000) | Total (x1000) |
|---|---|---|---|---|---|---|---|---|
| PW 05-01 | Ground Water Disinfection | - | - | - | - | - | - | - |
| PW 05-03 | Santa Rita Springs Booster Pump Rehab Phase II | - | - | - | - | - | - | - |
| PW 05-05 | "A" Series Well Transmission Line | - | - | - | - | - | - | - |
| PW 05-06 | Water Booster Pump Station | 387 | 1,200 | 700 | 300 | 2,000 | - | 4,587 |
| PW 05-07 | Meter Replacement Program | 1,426 | - | - | - | - | - | 1,426 |
| PW 05-08 | Barrigada Tank Repair/Replacement | 0 | - | - | - | - | - | 0 |
| PW 05-09 | Leak Detection | 100 | - | 500 | - | - | 100 | 700 |
| PW 05-10 | Potable Water System Planning | - | - | 500 | - | - | - | 500 |
| PW 05-11 | Implement Ground Water Rule | - | - | - | - | - | - | - |
| PW 05-12 | Brigade II (Ugum Lift) BPS Upgrade | 1,568 | - | - | - | - | - | 1,568 |
| PW 05-13 | Deep Well Rehabilitation | 6,140 | 1,538 | - | 4,000 | - | - | 11,678 |
| PW 05-14 | New Deep Wells at Down Hard | 1,190 | 500 | - | - | - | - | 1,690 |
| PW 05-15 | Rehabilitation of Asan Springs | 759 | 550 | - | - | - | - | 1,309 |
| PW 05-16 | Master Meters | 2,000 | - | - | - | - | - | 2,000 |
| PW 09-01 | Ugum Water Treatment Plant Intake | 200 | - | 500 | 500 | - | - | 1,200 |
| PW 09-02 | Water Wells | 5,135 | 1,500 | 1,400 | - | 2,000 | - | 10,035 |
| PW 09-03 | Water Distribution System Pipe Replacement and Upgrades | 2,153 | 500 | 1,000 | 2,250 | 1,750 | 2,250 | 9,903 |
| PW 09-04 | Pressure Zone Realignment / Development 2005 Improvements | 400 | 561 | - | - | - | 650 | 1,611 |
| PW 09-06 | Central Water Distribution System 2005 Improvements | - | - | - | - | - | - | - |
| PW 09-08 | Mechanical/Electrical Equipment | - | - | - | - | - | - | - |
| PW 09-09 | Water Reservoir Internal/External | 636 | - | - | - | - | - | 636 |
| PW 09-10 | Water Reservoir Internal/External | - | - | - | - | - | - | - |
| PW 09-11 | Water System Reservoirs 2005 Improvements | 57,000 | 10,891 | 1,000 | 1,000 | 1,000 | - | 70,891 |
| PW 11-01 | Distribution System Upgrade | - | - | - | - | - | - | - |
| PW 11-02 | Ugum Water Treatment Plant Reservoir | 7,500 | - | - | - | - | - | 7,500 |
| PW 12-01 | Water Audit Program & Water Loss Control Plan | 160 | - | - | - | - | - | 160 |
| PW 12-02 | Production Plan / Reduce Navy Purchases | - | - | - | - | - | - | - |
| PW 12-03 | Hydraulic Assessment of Tanks | - | - | - | - | - | - | - |
| PW 12-04 | Agana Heights & Chaot Tanks | 720 | - | - | - | - | - | 720 |
| PW 12-05 | Tank Major Repair Yigo #1, Mangilao #2, Astumbo #1 | 0 | - | - | - | - | - | 0 |
| PW 12-06 | Tank Replacement Piti & Hyundai | 6,500 | - | - | - | - | - | 6,500 |
| PW 12-07 | Assessment/Replacement of Malojloj Elevated & Yigo Elevated | - | - | - | - | - | - | - |
| PW 12-08 | Public Water System Asset Inventory/ Condition Assessment | - | - | - | - | - | - | - |
| PW 12-09 | Public Water System GIS & Mapping | - | - | - | - | - | - | - |
| PW 14-01 | Fire Hydrant Replacement Program | 1,200 | - | - | 500 | - | 500 | 2,200 |
| MP-PW-Pipe-01 | Astumbo Zone Piping | - | - | - | 368 | 4,482 | - | 4,850 |
| MP-PW-Pipe-02 | Route 1 Astumbo Zone Piping | - | - | - | - | 545 | 3,324 | 3,869 |
| MP-PW-Pipe-03 | Harmon Cliffline Piping to Route 1 | - | - | - | - | 424 | - | 424 |
| MP-PW-Pipe-04 | Hyundai Well Piping | - | 500 | - | - | - | - | 500 |
| MP-PW-Pipe-05 | Kaiser Zone Looping | - | 300 | - | - | - | - | 300 |

GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Summary of Capital Projects for Potable Water Funding**
**FY 2019-2024**

| CIP # | Project Name | 2019 (x1000) | 2020 (x1000) | 2021 (x1000) | 2022 (x1000) | 2023 (x1000) | 2024 (x1000) | Total (x1000) |
|---|---|---|---|---|---|---|---|---|
| MP-PW-Pipe-06 | Mangilao Pressure Zone Realignment | - | 300 | - | - | - | - | 300 |
| MP-PW-Pipe-07 | Mataguac BPS Suction Piping | - | - | 500 | - | - | - | 500 |
| MP-PW-Pipe-08 | Nimitz Lower BPS Piping | - | - | - | - | 121 | 1,469 | 1,590 |
| MP-PW-Pipe-09 | Yigo, Santa Rosa Zone Realignment | - | - | - | 178 | 2,164 | - | 2,342 |
| MP-PW-Pipe-10 | Miscellaneous Piping Projects | - | 100 | 100 | 694 | - | - | 894 |
| MP-PW-Pipe-11 | Miscellaneous Piping Connections | - | 100 | 100 | 194 | - | - | 394 |
| MP-PW-Pipe-12 | Rehabilitation and Replacement Program | 1,000 | - | 1,000 | 2,500 | 3,400 | 2,000 | 9,900 |
| MP-PW-Pipe-13 | 2-Inch Pipe Replacement Program | 1,550 | 1,180 | 1,200 | 1,750 | 1,750 | 1,750 | 9,180 |
| MP-PW-Pipe-14 | Asbestos Cement Pipe Replacement Program | - | - | - | 3,850 | 3,850 | 3,850 | 11,550 |
| MP-PW-Pipe-15 | PRV Rehab and Replacement | 500 | 500 | 1,450 | 1,000 | 1,468 | 1,468 | 6,386 |
| MP-PW-Pipe-16 | Valve Exercise, Repair, and Replacement Program | - | 250 | - | 250 | - | 250 | 750 |
| MP-PW-Pipe-17 | Cross Island Highway Piping | - | - | 100 | 1,401 | - | - | 1,501 |
| MP-PW-Tank-22 | Existing Tank Inspections | 150 | - | - | - | - | - | 150 |
| MP-PW-Tank-23 | Recurring Tank Inspections | - | 200 | 200 | 214 | 214 | 214 | 1,042 |
| MP-PW-BPS-01 | Rehabilitate and Replace BPSs | 209 | 200 | 150 | 150 | 150 | 150 | 1,009 |
| MP-PW-BPS-02 | Nimitz Hill Upper BPS | 48 | - | - | - | - | - | 48 |
| MP-PW-BPS-03 | Route 15 BPS | - | - | - | - | - | 86 | 86 |
| MP-PW-SWTP-01 | Ugum SWTP River Intake Cleaning Project | 380 | - | - | - | - | - | 380 |
| MP-PW-SWTP-02 | Ugum SWTP Intake Modifications | 174 | 1,000 | - | - | - | - | 1,174 |
| MP-PW-SWTP-03 | Ugum SWTP Reliability Improvements | 150 | 1,000 | - | - | - | - | 1,150 |
| MP-PW-SWTP-04 | Ugum SWTP 7-Year Improvement Project | - | - | - | - | - | 3,168 | 3,168 |
| MP-PW-Well-01 | Well Rehabilitation Program | - | 400 | 3,500 | 2,308 | 5,368 | 440 | 12,016 |
| MP-PW-Well-02 | Well Equipment Overhaul Program | - | - | - | 1,000 | - | 1,518 | 2,518 |
| MP-PW-Well-03 | Capacity Enhancement – Well Exploration Program | 500 | - | - | - | - | 1,188 | 1,688 |
| MP-PW-Well-04 | Capacity Enhancement – Well Development and Construction Program | - | - | - | 379 | 4,622 | - | 5,001 |
| MP-PW-Well-05 | Wellhead Protection Program | - | 350 | - | - | 660 | - | 1,010 |
| MP-PW-Well-06 | Well Repair Program | 500 | 500 | 250 | 1,000 | 1,274 | 1,274 | 4,798 |
| MP-PW-Misc-01 | South Guam Water Supply Study | - | 200 | - | - | - | - | 200 |
| MP-PW-Misc-02 | Master Meter Implementation and Ongoing Meter Replacement | 250 | 250 | 250 | 734 | 734 | 734 | 2,952 |
| MP-PW-Misc-03 | Hydrant Condition Assessment and Maintenance | - | - | - | 970 | 970 | 970 | 2,910 |
| MP-PW-Misc-04 | OneGuam Program | - | 50 | 50 | 50 | 50 | 50 | 250 |
| MP-PW-Misc-05 | Leak Detection Assistance | - | 250 | - | - | - | - | 250 |
| DoD-3 | Rehabilitation and New NGLA Monitoring Wells | - | 4,000 | - | - | - | - | 4,000 |
| | **Sub-Total** | 100,586 | 28,870 | 14,450 | 27,540 | 38,996 | 27,403 | 237,845 |
| | **Grand Total for Potable Water Funding** | 237,845 | | | | | | |

GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Summary of Capital Projects for Wastewater Funding**
**FY 2019-2024**

| CIP # | Project Name | 2019 (x1000) | 2020 (x1000) | 2021 (x1000) | 2022 (x1000) | 2023 (x1000) | 2024 (x1000) | Total (x1000) |
|---|---|---|---|---|---|---|---|---|
| WW 05-04 | Wastewater System Planning | - | 150 | - | - | - | - | 150 |
| WW 09-01 | Lift station upgrades | 1,750 | 1,200 | 1,000 | - | 2,000 | 2,291 | 8,241 |
| WW 09-02 | Moratorium | - | - | - | - | - | - | - |
| WW 09-06 | Wastewater Collection System Repl/ Rehabilitation | 1,087 | 2,000 | 2,000 | - | 2,000 | 2,000 | 9,087 |
| WW 09-08 | Facilities Plan/Design/Interim for Baza Gardens STP Impr. | - | - | - | - | - | - | - |
| WW 09-10 | Facilities Plan/Design/Interim for Agat-Santa Rita STP Impr. | - | - | - | - | - | - | - |
| WW 09-11 | WWTP Priority 1 Upgrades | 1,000 | - | - | - | - | - | 1,000 |
| WW 11-03 | Baza Gardens STP Replacement | 366 | - | 550 | - | - | - | 916 |
| WW 11-04 | Facilities Plan/Design/Interim for Umatac-Merizo STP Impr. | - | - | - | - | - | - | - |
| WW 11-08 | Agat/ Santa Rita STP Replacement | 394 | - | - | - | - | - | 394 |
| WW 12-01 | Northern District WWTP Primary Treatment Upgrades | 186 | - | - | - | - | - | 186 |
| WW 12-02 | Bio Solids Management Plan | - | - | - | - | - | - | - |
| WW 12-03 | Agana WWTP Interim Measures | - | - | - | - | - | - | - |
| WW 12-04 | I&I SSES Southern | - | - | - | - | - | - | - |
| WW 12-05 | I&I SSES Central | - | - | - | - | - | - | - |
| WW 12-06 | I&I SSES Northern | - | - | - | - | - | - | - |
| WW 12-07 | Umatac Merizo STP Replacement | 1,083 | - | - | - | - | - | 1,083 |
| WW 12-09 | Wastewater Facility Back Up Power | - | - | - | - | - | - | - |
| WW 17-01 | Wastewater Sewer System Expansion | 1,000 | - | - | - | - | - | 1,000 |
| WW 17-02 | Northern District WWTP Secondary Treatment Upgrades | 52 | - | - | - | - | - | 52 |
| MP-WW-Pipe-01 | Gravity Pipe Rehabilitation/Replacement Program | - | 170 | 2,000 | 5,346 | 750 | 6,186 | 14,452 |
| MP-WW-Pipe-02 | Barrigada Pump Station Pipe Rehabilitation/Replacement | - | - | - | 411 | 3,218 | - | 3,629 |
| MP-WW-Pipe-03 | Route 1 Piti Pipe Rehabilitation/Replacement | 340 | 2,000 | - | - | - | - | 2,340 |
| MP-WW-Pipe-04 | Southern Link Pump Station Pipe Rehabilitation/Replacement | 657 | - | - | - | - | - | 657 |
| MP-WW-Pipe-05 | Agana Heights Pipe Replacement | - | - | - | 169 | 2,500 | - | 2,669 |
| MP-WW-Pipe-06 | Northern District Route 1 Capacity Replacement - Phase 1 | - | - | - | - | - | 1,169 | 1,169 |
| MP-WW-Pipe-07 | Northern District Route 1 Capacity Replacement - Phase 2 | - | - | - | - | - | - | - |
| MP-WW-Pipe-08 | Northern District Route 1 Capacity Replacement - Phase 3 | - | - | - | - | - | - | - |
| MP-WW-Pipe-09 | North Dededo Capacity Replacement - Phase 1 | - | - | - | - | - | - | - |
| MP-WW-Pipe-10 | North Dededo Capacity Replacement - Phase 2 | - | - | - | - | - | - | - |
| MP-WW-Pipe-11 | Route 16 Capacity Replacement | - | - | - | - | - | 571 | 571 |
| MP-WW-Pipe-12 | Barrigada Capacity Replacement | - | - | - | - | - | 47 | 47 |
| MP-WW-Pipe-13 | Mangilao Capacity Replacement | - | - | - | - | - | - | - |
| MP-WW-Pipe-14 | Dededo Capacity Replacement | - | - | - | - | - | - | - |
| MP-WW-Pipe-16 | Yigo Capacity Replacement | - | - | - | - | - | - | - |
| MP-WW-Pipe-17 | Mamajanao Capacity Replacement | - | 400 | 1,300 | 2,574 | - | - | 4,274 |
| MP-WW-Pipe-18 | Agat-Santa Rita Capacity Replacement - Phase 1 | - | - | - | - | - | - | - |
| MP-WW-Pipe-19 | Agat-Santa Rita Capacity Replacement - Phase 2 | - | - | - | - | - | - | - |
| MP-WW-Pipe-20 | Agat-Santa Rita Capacity Replacement - Phase 3 | - | - | - | - | - | - | - |

GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Summary of Capital Projects for Wastewater Funding**
**FY 2019-2024**

| CIP # | Project Name | 2019 (x1000) | 2020 (x1000) | 2021 (x1000) | 2022 (x1000) | 2023 (x1000) | 2024 (x1000) | Total (x1000) |
|---|---|---|---|---|---|---|---|---|
| MP-WW-Pipe-21 | Baza Gardens Capacity Replacement - Phase 1 | - | - | - | - | - | 320 | 320 |
| MP-WW-Pipe-22 | Baza Gardens Capacity Replacement - Phase 2 | - | - | - | - | - | - | - |
| MP-WW-Pipe-23 | Baza Gardens Capacity Replacement - Phase 3 | - | - | - | - | - | - | - |
| MP-WW-Pipe-24 | Umatac-Merizo Capacity Replacement | - | - | - | - | - | 207 | 207 |
| MP-WW-Pipe-25 | Piping Near Bayside Lift Station | - | - | 2,000 | - | 250 | - | 2,250 |
| MP-WW-Pipe-26 | Finile Drive Rehabilitation - Agat | 63 | 750 | - | - | - | - | 813 |
| MP-WW-Pipe-27 | Septic/Cesspool System Reduction Program | - | - | - | 350 | 3,000 | 5,238 | 8,588 |
| MP-WW-MH-01 | Manhole Rehabilitation Program | - | 350 | - | 350 | - | 350 | 1,050 |
| MP-WW-FM-01 | Force Main Rehabilitation/Replacement Program | - | - | 100 | 1,458 | - | 120 | 1,678 |
| MP-WW-FM-02 | Replace Ygo Lift Station Force Main | - | - | 200 | 1,829 | - | - | 2,029 |
| MP-WW-FM-03 | Route 1 Asan Force Main Rehabilitation/Replacement | 2,124 | - | - | - | - | - | 2,124 |
| MP-WW-FM-04 | Hagåtña WWTP Force Main Rehabilitation/Replacement | 5,000 | 1,689 | - | - | - | - | 6,689 |
| MP-WW-Pump-01 | Lift Station Rehabilitation/Replacement Program | - | 2,120 | 6,500 | 982 | 6,124 | 2,420 | 18,146 |
| MP-WW-Pump-02 | Tumon Basin - Fujita Lift Station Analysis | 1,000 | 6,923 | 3,000 | - | - | - | 10,923 |
| MP-WW-Pump-03 | Replacement of Former Navy Pump Station (Donut Hole) | 100 | 1,201 | - | - | - | - | 1,301 |
| MP-WW-WWTP-01 | Hagåtña WWTP Primary Treatment Repair/Rehabilitation Program | - | - | - | - | - | - | - |
| MP-WW-WWTP-02 | Hagåtña WWTP Secondary Treatment Upgrade | - | - | - | - | - | - | - |
| MP-WW-WWTP-03 | Inarajan WWTP Repair/Rehabilitation Program | - | - | - | - | - | - | - |
| MP-WW-WWTP-04 | Pago Socio WWTP Pump Station Conversion | - | - | - | 1,700 | 1,000 | - | 2,700 |
| MP-WW-WWTP-05 | Umatac-Merizo WWTP Repair/Rehabilitation Program | - | - | - | - | - | - | - |
| MP-WW-WWTP-06 | Agat-Santa Rita WWTP Repair/Rehabilitation Program | - | - | - | - | - | - | - |
| MP-WW-WWTP-07 | Baza Gardens Cross Island Pipeline - Preliminary Treatment Equipment Repair and Rehabilitation Program | - | - | - | - | - | - | - |
| MP-WW-WWTP-08 | Northern District WWTP Completion | - | - | 7,500 | 7,800 | - | - | 15,300 |
| MP-WW-WWTP-09 | Ocean Outfall Inspection Program | - | 150 | - | - | - | - | 150 |
| MP-WW-Misc-01A | Update Wastewater Collection System Model (Major Update) | - | - | - | - | - | - | - |
| MP-WW-Misc-01B | Update Wastewater Collection System Model (Continued) | - | 100 | - | 100 | - | 200 | 400 |
| MP-WW-Misc-02 | I/I and SSES Assessments | - | 150 | - | - | 400 | - | 550 |
| MP-WW-Misc-03 | Miscellaneous Wastewater Improvements | 500 | - | 200 | 1,000 | 1,000 | - | 2,700 |
| MP-WW-Misc-04 | Fats, Oils, and Grease Study | - | 150 | - | - | - | - | 150 |
| DoD-01 | NDWWTP Secondary Treatment Capacity 12MGD | 110,000 | 2,500 | - | - | - | - | 112,500 |
| DoD-02 | Northern Systems Wastewater System | - | 6,000 | - | - | - | - | 6,000 |
| | **Sub-Total** | 126,703 | 28,003 | 26,350 | 24,069 | 22,242 | 21,119 | 248,486 |
| | **Grand Total for Wastewater Funding** | 248,486 | | | | | | |

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GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Summary of Capital Projects for Electrical Funding**
**FY 2019-2024**

| CIP # | Project Name | 2019 (x1000) | 2020 (x1000) | 2021 (x1000) | 2022 (x1000) | 2023 (x1000) | 2024 (x1000) | Total (x1000) |
|---|---|---|---|---|---|---|---|---|
| EE 05-02 | SCADA Pilot Project | - | - | - | - | - | - | - |
| EE 09-01 | Wastewater Pumping Station Electrical Upgrade | - | - | - | - | - | - | - |
| EE 09-02 | Electrical Upgrade - Water Wells | - | 90 | - | - | - | - | 90 |
| EE 09-03 | Electrical Upgrade - Water Booster | - | - | - | - | - | - | - |
| EE 09-04 | Electrical Upgrade -Water Booster | - | 150 | - | - | - | - | 150 |
| EE 09-05 | Electrical Upgrade - Other Water | - | 100 | - | - | - | - | 100 |
| EE 09-07 | SCADA Improvements – Phase 2 | - | 45 | - | - | - | - | 45 |
| EE 09-08 | SCADA Improvements – Phase 3 | 275 | 125 | - | - | - | 2,000 | 2,400 |
| EE 09-09 | SCADA Improvements – Phase 4 | 434 | - | - | - | - | - | 434 |
| MP-Gen-EE-01 | SCADA Implementation Phase A2 – Initial Project Completion | 1,000 | 1,000 | 2,600 | 1,500 | 2,600 | 2,600 | 11,300 |
| MP-Gen-EE-02 | SCADA Implementation Phase B – Additional Sites | - | - | - | - | 600 | 600 | 1,200 |
| MP-Gen-EE-03 | SCADA Implementation Phase C – Additional Instruments | - | - | - | - | - | - | - |
| MP-Gen-EE-04 | SCADA System Improvement Program | - | - | - | - | - | 330 | 330 |
| | **Sub-Total** | 1,710 | 1,510 | 2,600 | 1,500 | 3,200 | 5,530 | 16,050 |
| | **Grand Total for Electrical Funding** | 16,050 | | | | | | |

GUAM WATERWORKS AUTHORITY

**Guam Waterworks Authority**
**Summary of Capital Projects for Miscellaneous Funding**
**FY 2019-2024**

| CIP # | Project Name | 2019 (x1000) | 2020 (x1000) | 2021 (x1000) | 2022 (x1000) | 2023 (x1000) | 2024 (x1000) | Total (x1000) |
|---|---|---|---|---|---|---|---|---|
| MC 05-01 | Laboratory Modernization | 1 | - | - | - | - | - | 1 |
| MC 05-02 | Land Survey | - | - | - | - | - | - | - |
| MC 09-01 | General Plant Improvements / Water | 47 | - | 100 | 500 | 800 | 1,000 | 2,447 |
| MC 15-01 | Information Technology Intergration Improvements | 256 | - | 100 | 500 | 500 | 500 | 1,856 |
| MP-Gen-Misc-01 | GWA Systems Planning | 500 | 200 | 500 | 100 | 250 | 1,000 | 2,550 |
| MP-Gen-Misc-02A | WRMP Update (Comprehensive Update) | - | - | - | 100 | - | - | 100 |
| MP-Gen-Misc-02B | WRMP Update (Interim Update) | - | 200 | - | - | - | - | 200 |
| MP-Gen-Misc-03 | Surveying and Property Delineation | 250 | - | 250 | - | 250 | - | 750 |
| MP-Gen-Misc-04 | Information Technology Improvements | 200 | 5,200 | 200 | 100 | 100 | 200 | 6,000 |
| MP-Gen-Misc-05 | GWA Infrastructure Improvements | 500 | - | 2,000 | - | 250 | - | 2,750 |
| MP-Gen-Misc-06 | GPWA Fleet Maintenance Facility | 500 | - | - | - | - | - | 500 |
| MP-Gen-Misc-07 | Mobile Equipment Replacement Program | 400 | 400 | 200 | 100 | 100 | 400 | 1,600 |
| MP-Gen-Misc-08 | General Plant Improvements | 500 | 500 | 500 | 200 | 200 | 500 | 2,400 |
| MP-Gen-Misc-09 | Security and Resilience Program | 100 | 100 | 100 | 100 | 100 | 100 | 600 |
| | **Sub-Total** | 3,253 | 6,600 | 3,950 | 1,700 | 2,550 | 3,700 | 21,753 |
| | **Grand Total for Miscellaneous Funding** | 21,753 | | | | | | |