



Section 30 Limited Obligations

Overview of the Section 30 Credit

The Government's right to receive Section 30 Revenues is granted by Section 30 of the Organic Act and GovGuam has been collecting Section 30 Revenues since 1978

Section 30 Highlights

Revenue Source	<ul style="list-style-type: none"> All Section 30 Revenues as defined in 48 U.S.C.A. § 1421h
Legal Structure	<ul style="list-style-type: none"> Statutory lien on Section 30 Revenues Government has irrevocably requested that all amounts owed to Guam under 48 U.S.C.A. § 1421h be remitted to the Trustee Section 30 Revenues are set aside by the Trustee in an amount sufficient to fund interest and principal due on or before November 30 of the next succeeding fiscal year <ul style="list-style-type: none"> Debt service for following fiscal year funded in full by September 30th of each year
Additional Bonds Test	<ul style="list-style-type: none"> 2.0x the lesser of (i) most recent completed fiscal year revenues or (ii) average of the three most recent completed fiscal year revenues
Principal Payment Date	<ul style="list-style-type: none"> December 1

Composition of Section 30 Revenues

- All Federal income taxes and customs duties derived from Guam
 - Predominantly paid by federal employees, both civilian and military, as Guam residents generally do not pay federal income taxes and instead pay comparable income taxes directly to GovGuam
- All Federal taxes paid on articles produced in Guam
- Proceeds of any other taxes which may be levied by Congress on residents of Guam
- All quarantine, passport, immigration and naturalization fees

Collection

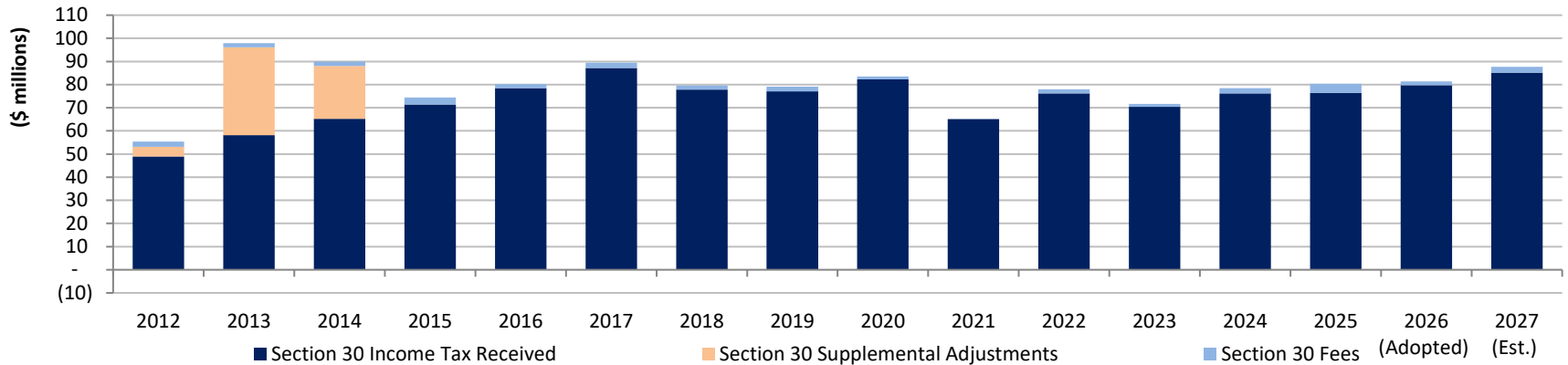
- Majority of Section 30 Revenues (income tax component) is received directly from the U.S. Government just before October 1st each year
- Quarantine, passport, immigration and naturalization fees are collected throughout the year

Source: Government of Guam



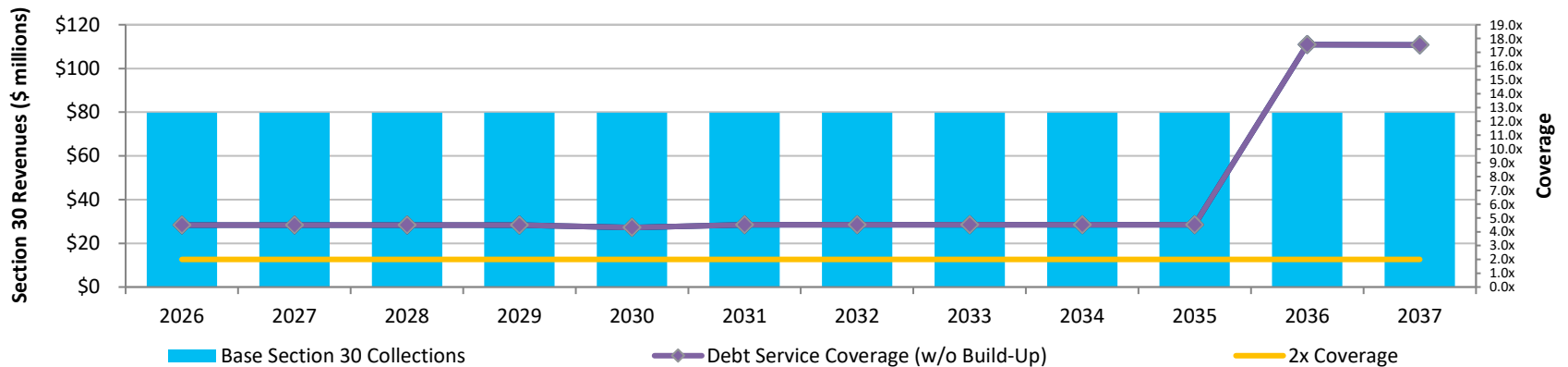
Base Section 30 Revenues Have Shown Strong Growth

Historical Section 30 Collections by Component (FY 2012-2027)



- DSC is twice the required 2x coverage even without the build-up and assuming no growth rate
- Debt service drops from a high of \$18.5M to \$4.6M from FY 2036 until debt matures in FY 2047

Section 30 Debt Service Coverage¹



^{1/} GovGuam's Section 30 debt matures in FY 2047.
Source: Government of Guam



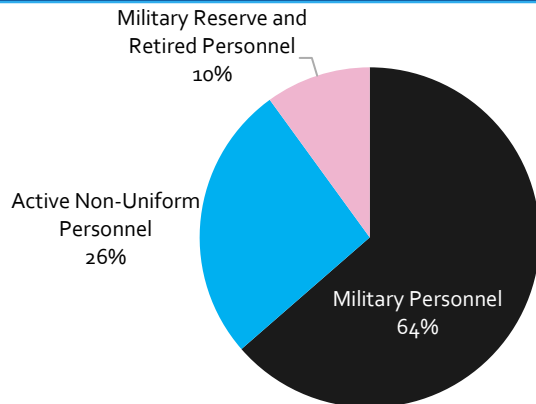
Overview of the Section 30 Revenues

Section 30 Revenues will grow by nearly 30% once the Marine relocation is complete

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Section 30 Income Tax Composition¹



Collection

- Majority of Section 30 Revenues (income tax component) is received directly from the U.S. Government just before October 1st each year
- Quarantine, passport, immigration and naturalization fees are collected throughout the year

By Mid-September

Governor submits request for advance amount of following year's Income Tax Portion of Section 30 Revenues

Mid- to Late- September

Office of Insular Affairs (OIA) is required to transfer income tax portion to Trustee (Deadline of October 1st)

Monthly

Trustee transfers from Section 30 Revenue Fund for a deposit into one or more funds as required by the Indenture

^{1/} Population is projected to reach a steady-state level of 42,465 by 2037, inclusive of 15,787 in military personnel and 6,568 non-uniform personnel. Source: Government of Guam and Tetra Tech, Inc.



Section 30 Security Highlights

Legal structure provides strong bondholder security

- Reliable Revenue Source
 - Section 30 Revenues consist primarily of federal (U.S.) income taxes paid by federal employees living on Guam, but also include passport, immigration and naturalization fees
 - Diversified among various federal agencies and departments
 - Significant upside potential with military build-up, but not relied upon
- Secure, Lock-Box Mechanism
 - First lien on Section 30 Revenues, which have been collected since 1978
 - All Section 30 Revenues received by the Government are immediately subject to the lien of the Indenture
 - All Section 30 Revenues flow directly from U.S. Interior to trustee; following debt service set-asides, balance flows to Government of Guam
- Stringent Additional Bonds Test
 - Additional bonds can be issued only if, among other conditions, most recent Section 30 Revenues were 170% of MADS on all Bonds outstanding on this lien
 - Alternatively, can meet test of 200% of MADS vs. average Section 30 Revenues of last three years
 - Any additional debt on rated lien would require consent of subordinate lien bondholder (Bank of Guam)
- Reserve Fund and Debt Service Pre-Payment Provide Timing Cushion
 - Bond Reserve Fund cash funded at MADS
 - Debt service effectively paid in lump sum from U.S. Interior (income tax portion) on or before October 1 of each year (principal due December 1)
 - Other pledged Section 30 Revenues are deposited with trustee as received throughout the year





Business Privilege Tax (BPT) Limited Obligations

Overview of the Business Privilege Tax (BPT)

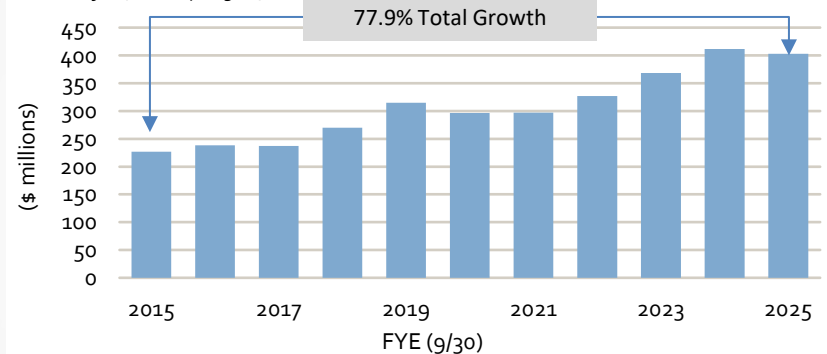
The BPT is a comprehensive tax on goods, services and the sale of tangible property with a historical collection rate of approximately 95%

BPT Highlights

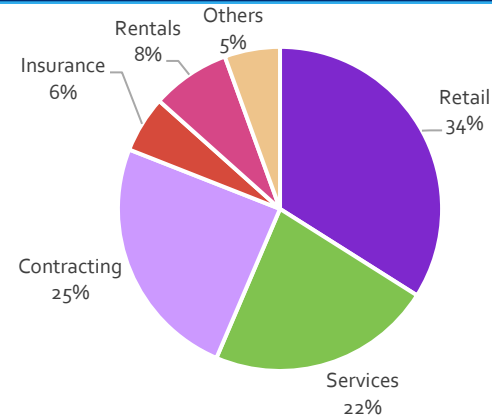
- The BPT is a broad-based island-wide tax that is similar to, but more expansive than, sales taxes in other jurisdictions
- Historical collection rate of approximately 95%
- Guam's Business Privilege Tax has continued to grow over the last 10 years as Guam's economy has expanded and diversified, with the exception of the COVID-19 pandemic in FY 2020 and FY 2021.
- Since 2015, Guam's BPT has grown near 78%
- Strong construction activity have helped contribute to the growth in BPT despite the slow tourism recovery
- The BPT continues to be one of Guam's strongest revenue sources, accounting for approximately 1/3 of the General Fund revenues
- BPT is locally (not federally) controlled
- Top 6 BPT taxpayers account for 16% of BPT revenues (2023)

BPT Collections (FY 2015-2025)¹

(Based on full 5%, not pledged 3%)



BPT Collections by Sector (FY 2025)



^{1/} Audited revenues (FY 2015 – FY 2024); Unaudited BPT collections (FY 2025)

Sources: Guam Department of Administration, Guam Bureau of Budget and Management Research, Department of Revenue and Taxation

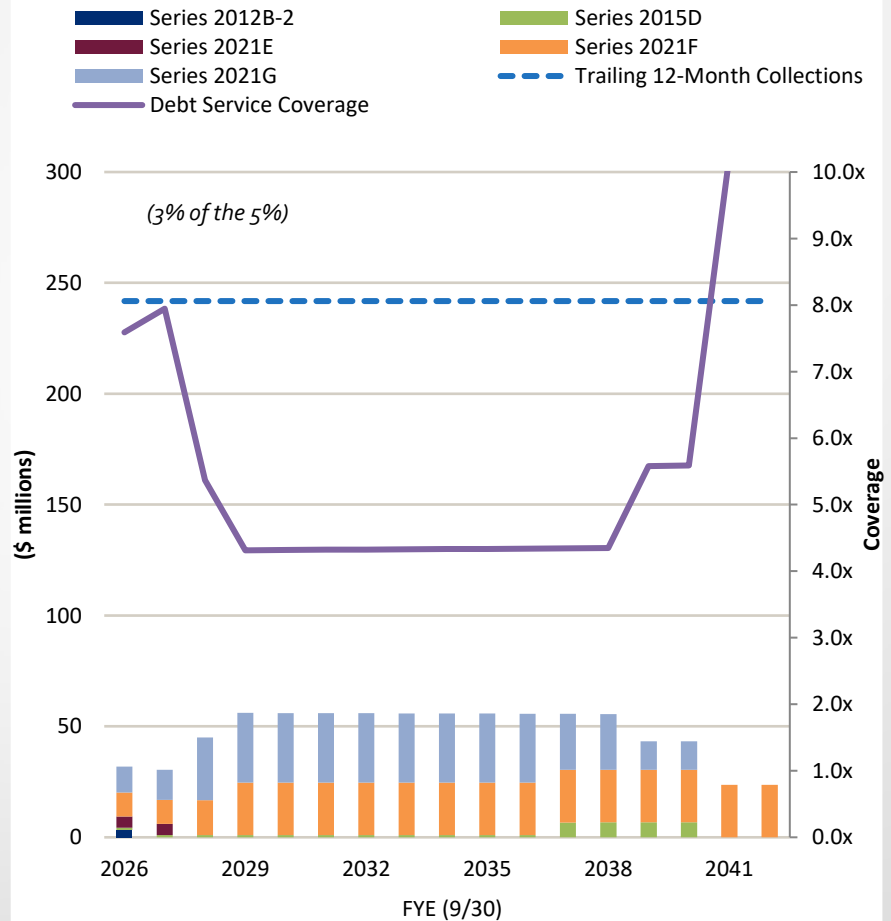


The BPT Credit Shows Strong Fundamentals

BPT Credit Overview

Revenue Source	<ul style="list-style-type: none"> A 5% tax on business receipts which accounts for approximately 37% of General Fund revenues (reduced to 4.5% in FY 2026) 3% of this 5% is pledged to the BPT Bonds
Legal Structure	<ul style="list-style-type: none"> First lien on pledged BPT revenues Monthly set-aside of 1/6 interest and 1/12 principal deposited into bond fund Deposits are funded in advance so that 100% of debt service payments are on deposit three months prior to debt service payment dates
Additional Bonds Test	<ul style="list-style-type: none"> 3.0x MADS for any consecutive 12 month period during the 24 months next preceding issuance
Principal Payment Date	<ul style="list-style-type: none"> January 1 (Series 2012B-2, 2021F & 2025G) November 15 (Series 2015D & 2021E)

BPT Debt Service Coverage



S&P Rating: A / stable

Sources: Government of Guam, Guam Bureau of Budget and Management Research





Hotel Occupancy Tax (HOT) Limited Obligations

Hotel Occupancy Tax (HOT) Bond Security Overview

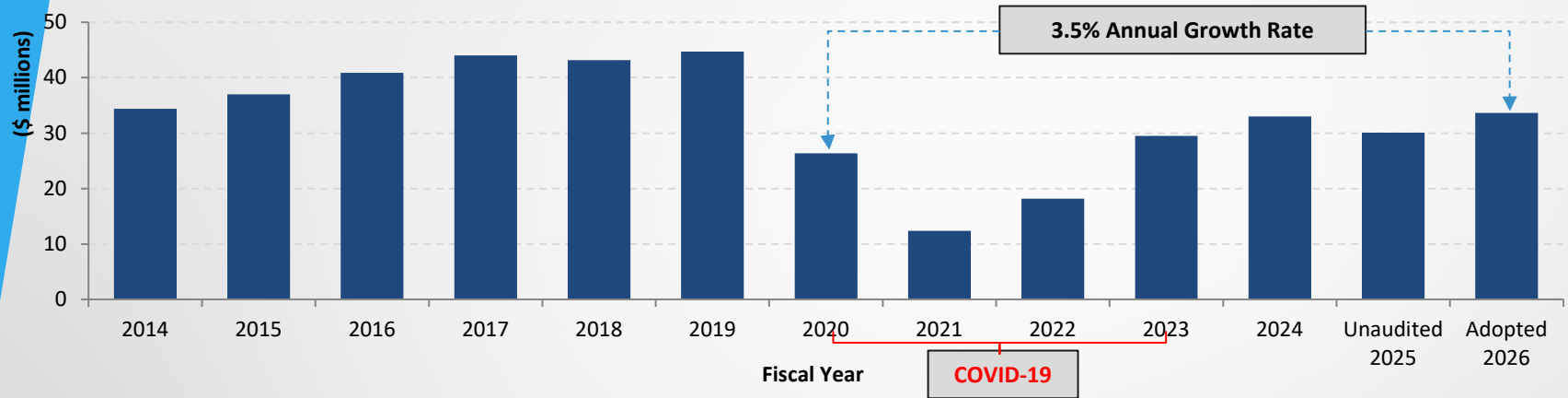
- **Stable Island-Wide Revenue Source**
 - HOT Revenues have been levied since 1971 (11% tax rate since April 1995)
- **Secure, Lock-Box Mechanism**
 - All HOT Revenues received by the Government are immediately subject to a lien of the Indenture
 - HOT Revenues are collected by the Government, deposited into the Revenue Fund and are set aside monthly for debt service, rebate, reserve, and bond expense amounts. Only after meeting these requirements are revenues used for other purposes
- **Stringent Additional Bonds Test**
 - Additional bonds can be issued only if, among other conditions, HOT Revenues for any consecutive 12 month period out of the last 24 months are at least 180% of Maximum Annual Debt Service on all Bonds outstanding on this lien
- **Strong Rate Covenant Ensures Sufficiency of Revenues**
 - The Government covenants that it will impose, levy, enforce, and collect HOT Revenues in an amount equal to at least 125% of Aggregate Annual Debt Service for such Bond Year
- **Reserve Fund, Monthly Set-Asides and Timing of Payments Provide Additional Cushion**
 - Cash funded Bond Reserve Fund at MADS
 - The Indenture provides for monthly deposits of 1/12 of annual principal requirements and 1/6 of semi-annual interest requirements on a “first dollar” basis within each month



Update on the Hotel Occupancy Tax

The HOT has grown by an average annual rate of 3.5% since 2020, as Guam's visitor arrival market continues to recover from the coronavirus pandemic

Historical Hotel Occupancy Tax Revenues (FY 2014-2026)



Update on Hotel Occupancy Tax

- 5.09x MADS coverage based on FY 2025 HOT revenues
 - Based on 10-year low revenues, MADS coverage equals 2.09x
- Total revenues collected from HOT increased by 12% from 2023 to 2024, though lower than increases in 2023 of 62% compared to 2022 due as tourist arrivals trend slightly downward since post coronavirus pandemic
- GVB and GEDA continue efforts to attract additional new hotel developments and grow the Guam meetings, incentives, consistency and exhibits (MICE) market

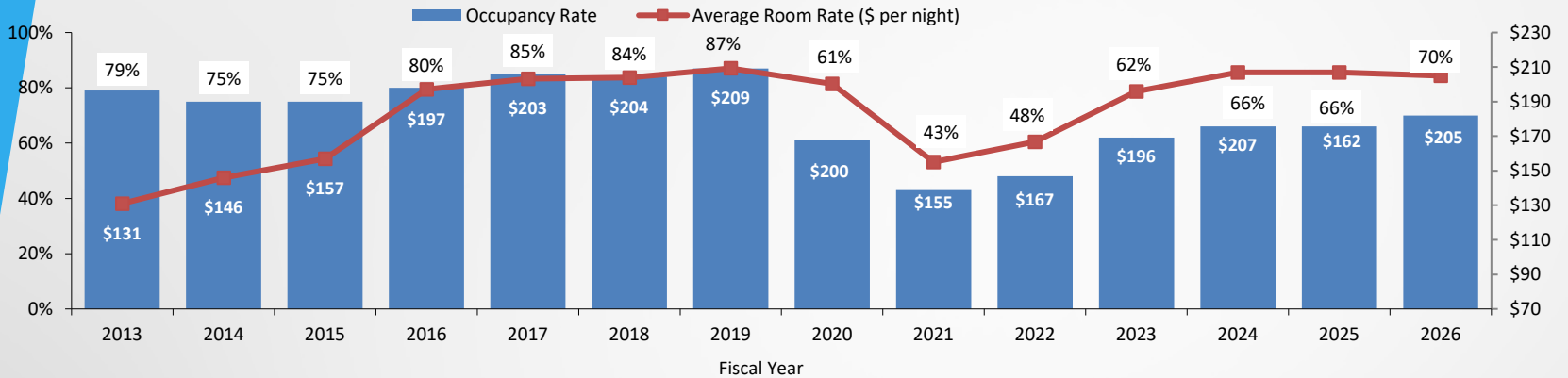
Source: Government of Guam



Hotel Accommodations Continue to Expand

Occupancy rates and room capacity continue to improve post coronavirus pandemic

Hotel Occupancy and Average Hotel Room Rate



Update on Hotel Occupancy Tax

- FY 2026 shows growth at 70% hotel occupancy as compared to only 43% occupancy in FY 2021 following the onset of the pandemic
- Average hotel room rate also reflects growth from \$155 in FY 2021 to \$205 in FY 2026

Top 15 Hotel Operations in Guam

Hotel / Resort	Year Opened	Location	# of Rooms
Hotel Nikko Guam	1991	Tumon	470
Pacific Islands Club	1980	Tumon	777
Guam Plaza Hotel	1983	Tumon	505
Dusit Beach Resort Guam	2020	Tumon	604
The Tsubaki Tower	2020	Tumon	340
Crowne Plaza Resort Guam	2023	Tumon	321
Lotte Hotel Guam	2014	Tumon	222
Dusit Thani Guam Resort	2015	Tumon	419
RIHGA Royal Laguna Guam Resort	2022	Tamuning	318
Royal Orchid Guam Hotel	2000	Tumon	204
The Westin Resort Guam	1997	Tumon	430
Hyatt Regency Guam	1993	Tumon	450
Grand Plaza Hotel	1997	Tumon	124
Guam Reef Hotel	1974	Tumon	426
Holiday Resort & Spa Guam	1997	Tumon	252
Top 15 Subtotal:			5,862
Total			8,869

Source: Guam Visitors Bureau





Upcoming GovGuam Financings

Upcoming Government of Guam Financings

GENERAL FUND	
Simon Sanchez High School Leaseback Financing	\$166.4 Million
GovGuam Medical Campus	\$500 million
Department of Corrections new prison facility	\$60 million
AUTONOMOUS AGENCIES	
Guam Waterworks Authority (FY 2026)	\$100 million
Guam Waterworks Authority (FY 2029)	\$265 million
Guam Power Authority	\$375 million
Port Authority of Guam	\$100 million

