



# GOVERNMENT OF PUERTO RICO

Puerto Rico Fiscal Agency and Financial  
Advisory Authority

## Municipal Secondary Market Disclosure Information Cover Sheet Municipal Securities Rulemaking Board (MSRB) Electronic Municipal Market Access System (EMMA)

### Additional / Voluntary Event-Based Disclosure

**THIS FILING RELATES TO ALL OR SEVERAL SECURITIES ISSUED BY THE ISSUER, OR ALL OR SEVERAL SECURITIES OF A SPECIFIC CREDITOR:**

Issuer's Name: PUERTO RICO AQUEDUCT AND SEWER AUTHORITY (PRASA)

Other Obligated Person's Name (if any): \_\_\_\_\_

Six-digit CUSIP number(s): 745160

#### TYPE OF INFORMATION PROVIDED:

- A.  Amendment to Continuing Disclosure Undertaking
- B.  Change in Obligated Person
- C.  Notice to Investor Pursuant to Bond Documents
- D.  Communication from the Internal Revenue Service
- E.  Bid for Auction Rate and Other Securities
- F.  Capital or Other Financing Plan
- G.  Litigation / Enforcement Action
- H.  Change of Tender Agent. Remarketing Agent or Other On-going Party
- I.  Derivative or Other Similar Transaction
- J.  **Other Event-Based Disclosures: Public disclosure regarding negotiations between the Puerto Rico Aqueduct and Sewer Authority ("PRASA") and the Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), and PRASA's bondholders involving a potential restructuring, refinancing, exchange offer, tender offer or similar transaction involving PRASA's debts.**

I represent that I am authorized by the issuer, obligor or its agent to distribute this information publicly.

/s/ Sebastián M. Torres Rodríguez

Sebastián M. Torres Rodríguez  
Puerto Rico Fiscal Agency and Financial Advisory Authority,  
as Fiscal Agent for the Commonwealth

Dated: October 9, 2017



## **PUERTO RICO AQUEDUCT AND SEWER AUTHORITY**

### **PRASA Public Disclosure**

To facilitate negotiations between the Puerto Rico Aqueduct and Sewer Authority (“PRASA”) and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF” and collectively with PRASA, the “Authority”), and PRASA’s bondholders involving a potential restructuring, refinancing, exchange offer, tender offer or similar transaction involving PRASA’s debts, the Authority executed confidentiality agreements with certain PRASA senior bondholders. Under these agreements, the Authority agreed to publicly disclose certain confidential information provided to the parties to such agreements. The information in this notice and its annex is being furnished to comply with the Authority’s obligations under these confidentiality agreements.

The annex hereto includes a proposal by the Authority, a proposal by certain bondholders to the Authority, the Authority’s counter-offer in response, and certain additional disclosure items. Neither the offer nor counter-offer were accepted. However, subsequent to the counter-offer being presented, representatives of the bondholders and representatives of the Authority and the Financial Oversight and Management Board for Puerto Rico (“FOMB”) engaged in constructive dialogue concerning potential structural improvements to any new or restructured bonds, and meetings with principals to discuss the economic and legal structure differences between the offer and counter-offer were scheduled in September. The meetings were postponed, however, due to Hurricanes Irma and Maria to allow the Authority and the FOMB to focus on disaster relief and providing services. The impact of Hurricanes Irma and Maria are still being assessed. All parties have expressed a willingness and desire to resume discussions at the earliest appropriate time.

PUERTO RICO AQUEDUCT AND SEWER AUTHORITY

Dated: October 9, 2017



## GOVERNMENT OF PUERTO RICO

Puerto Rico Fiscal Agency and Financial  
Advisory Authority

# PRASA

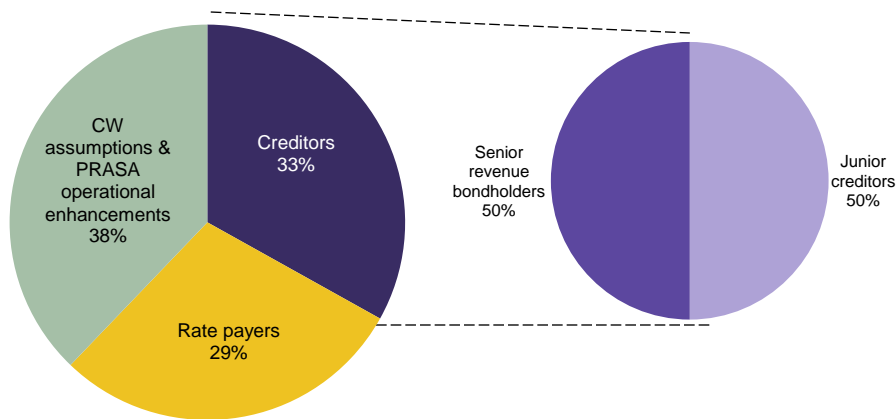
Project Estado

June 19, 2017



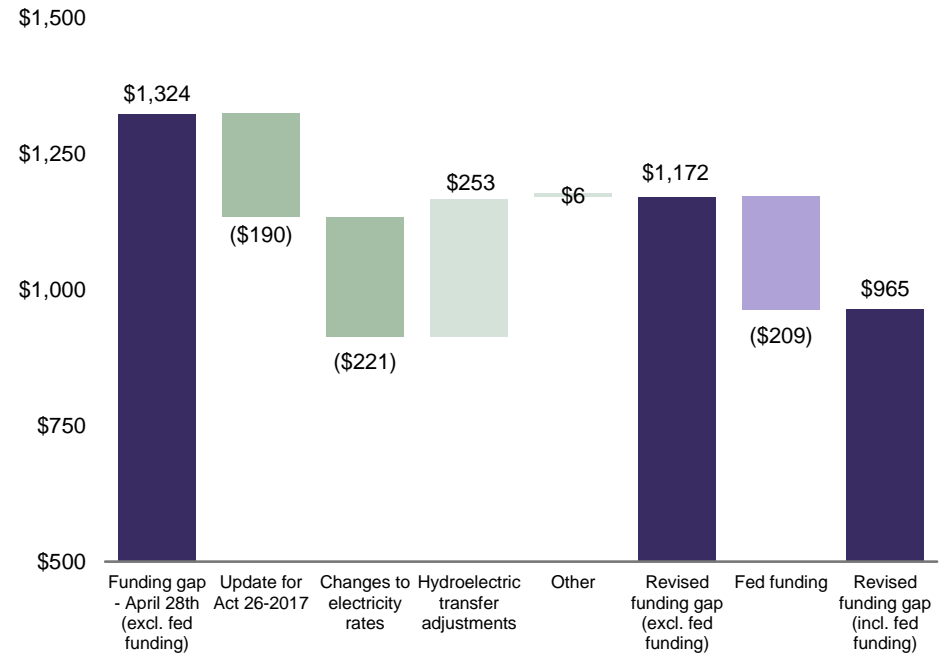
# Fiscal plan update

## Amended Fiscal Plan summary (\$m)



**\$3.9bn**  
Original  
funding gap

**\$1.2bn**  
Requested  
from creditors



**Amendments to the fiscal plan have reduced the funding gap by \$152m**



# Restructuring framework

## The PRASA / AAFAP proposal seeks to resolve the remaining funding gap with concession from Senior and Junior bondholders

- Senior bonds to exchange at par into a convertible capital appreciation bond providing debt service relief
- USDA / EPA to exchange outstanding amounts at par into a new Junior Revenue bond with reduced debt service obligations
- PFC Superaqueduct debt to be payable from Commonwealth appropriations, if any
- The Fiscal Plan assumes no payment on the GDB Term Loan

## Implementation of the above transaction could be executed in a Title VI on an accelerated timetable

- Assuming there is sufficient consent among Senior Revenue Bonds to proposal and there is not significant opposition from non-consenting creditors, expected timing is approximately 90 days
- Key criteria for approval of Qualifying Modification
  - Only debt subject to the Voluntary Agreement can be modified
  - Must conform to Certified Fiscal Plan and provide for a sustainable debt level
  - Necessary consents achieved for each 'Pool' (2/3 in each class must vote; minimum 50% of class must accept)

## Illustrative pro forma capitalization (\$ in millions)

	June 30,		
	2017 (est.)	Adj.	Pro forma
New Senior Revenue Bond	–	\$3,296	\$3,296
2008 Revenue Bonds	1,298	(1,298)	–
2012 Revenue Bonds	1,998	(1,998)	–
Popular Auto Loan	2	–	2
<b>Total Senior Revenue bonds</b>	<b>\$3,297</b>	<b>–</b>	<b>\$3,297</b>
New Junior Revenue debt	–	\$974	\$974
<b>Total Revenue debt</b>	<b>\$3,297</b>	<b>\$974</b>	<b>\$4,272</b>
Rural Development Bonds	\$394	(394)	–
State Revolving Fund	580	(580)	–
2008 Ref Bonds - Series A&B	285	–	285
<b>Commonwealth Guaranteed debt</b>	<b>\$1,259</b>	<b>(\$974)</b>	<b>\$285</b>
Superaqueduct PFC debt	163	(163)	–
PFC debt	249	(249)	–
GDB Term Loan	66	(66)	–
<b>Other debt</b>	<b>\$477</b>	<b>(\$477)</b>	<b>–</b>
<b>Total debt outstanding</b>	<b>\$5,033</b>	<b>(\$477)</b>	<b>\$4,556</b>



# Restructuring framework (cont'd)

## Summary of treatment

Constituent	Treatment
<p><b>Senior Revenue bondholders</b></p>	<ul style="list-style-type: none"> <li>● Exchange outstanding amounts at par into new Convertible Capital Appreciation Bonds</li> <li>● Same priority as current Senior Revenue Bonds</li> <li>● 5.00% accretion rate for 2 years starting 2018                             <ul style="list-style-type: none"> <li>– Convert into cash pay after 2 years</li> </ul> </li> <li>● 40 year term (final maturity in 2057)</li> <li>● Release of Series 2008 bonds DSRF</li> </ul>
<p><b>USDA Rural Development bonds</b></p>	<ul style="list-style-type: none"> <li>● Exchange outstanding amounts at par into new Junior Revenue Debt                             <ul style="list-style-type: none"> <li>– New Net Revenue security subordinated to operating expenses with priority above CIP</li> </ul> </li> <li>● \$10m flat debt service for first 10 years, \$13m for remaining 30 years                             <ul style="list-style-type: none"> <li>– 1.00% cash pay</li> <li>– 40 year term</li> </ul> </li> <li>● Forgiveness of past due interest (\$16m)</li> <li>● Release of Commonwealth Guarantee</li> </ul>
<p><b>EPA State Revolving Fund</b></p>	<ul style="list-style-type: none"> <li>● Exchange outstanding amounts at par into new Junior Revenue Bonds                             <ul style="list-style-type: none"> <li>– New Net Revenue security subordinated to operating expenses with priority above CIP</li> </ul> </li> <li>● \$10m flat debt service for first 10 years, \$27m thereafter                             <ul style="list-style-type: none"> <li>– 0.00% per year from 2018 – 2027; 1.00% per year thereafter</li> <li>– 30 year term</li> </ul> </li> <li>● Forgiveness of past due interest (\$18m)</li> <li>● Release of Commonwealth Guarantee</li> <li>● SRF structure to be agreed to ensure continuation of future federal funding, including PRASA ability to make state matching contribution / terms to be consistent with above</li> <li>● EPA to work in good faith to make additional allocated funds available to PRASA</li> </ul>
<p><b>Junior Refunded Bonds</b></p>	<ul style="list-style-type: none"> <li>● No change assumed</li> </ul>
<p><b>Superaqueduct (PFC) Debt</b></p>	<ul style="list-style-type: none"> <li>● Payable only from Commonwealth appropriations, if any</li> </ul>
<p><b>GDB Term Loan</b></p>	<ul style="list-style-type: none"> <li>● No payment assumed under the Fiscal Plan</li> </ul>



# Restructuring framework (cont'd)

## Illustrative waterfall and liquidity projections

### Framework for solving the funding gap (\$ in millions)

<i>Fiscal year</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Revenues	\$1,042	\$1,088	\$1,115	\$1,160	\$1,206	\$1,244	\$1,282	\$1,319	\$1,358	\$1,394	\$12,206
Senior revenue bonds debt service	(231)	–	–	(215)	(215)	(215)	(215)	(215)	(215)	(215)	(1,739)
<i>Senior revenue debt service coverage</i>	4.5x	n.a.	n.a.	5.4x	5.6x	5.8x	6.0x	6.1x	6.3x	6.5x	7.0x
Banco Popular Fleet loan debt service	(3)	(1)	–	–	–	–	–	–	–	–	(4)
Operating expenses	(683)	(765)	(772)	(773)	(787)	(764)	(794)	(807)	(818)	(836)	(7,799)
<b>Cash flow available for Junior Revenue debt</b>	<b>\$125</b>	<b>\$322</b>	<b>\$343</b>	<b>\$171</b>	<b>\$203</b>	<b>\$265</b>	<b>\$272</b>	<b>\$297</b>	<b>\$324</b>	<b>\$342</b>	<b>\$2,664</b>
Federal funds debt service	(4)	(21)	(23)	(24)	(26)	(27)	(29)	(30)	(32)	(33)	(249)
<i>Federal funds debt service coverage</i>	n.a.	15.3x	15.2x	7.1x	7.9x	9.7x	9.4x	9.8x	10.2x	10.2x	10.7x
Capital improvement plan	(97)	(304)	(265)	(257)	(244)	(255)	(269)	(272)	(237)	(268)	(2,470)
Federal funds inflows <sup>1</sup>	–	22	32	32	32	32	32	32	32	32	274
<b>Cash flow available for junior subordinated debt</b>	<b>\$24</b>	<b>\$18</b>	<b>\$87</b>	<b>(\$78)</b>	<b>(\$35)</b>	<b>\$14</b>	<b>\$6</b>	<b>\$26</b>	<b>\$87</b>	<b>\$72</b>	<b>\$220</b>
Junior debt service	(17)	(17)	(17)	(17)	(26)	(28)	(28)	(32)	(32)	(32)	(247)
<i>Junior debt service coverage</i>	1.4x	1.0x	5.0x	n.a.	n.a.	0.5x	0.2x	0.8x	2.7x	2.3x	0.9x
<b>Net cash flow</b>	<b>\$6</b>	<b>\$1</b>	<b>\$69</b>	<b>(\$95)</b>	<b>(\$61)</b>	<b>(\$14)</b>	<b>(\$22)</b>	<b>(\$6)</b>	<b>\$55</b>	<b>\$40</b>	<b>(\$27)</b>
Release of DSRF	–	93	–	–	–	–	–	–	–	–	93
Ending available operating cash <sup>2</sup>	\$75	\$169	\$238	\$143	\$82	\$68	\$46	\$39	\$94	\$135	
<b>Memo:</b>											
Adjusted EBITDA <sup>3</sup>	\$358	\$323	\$343	\$387	\$419	\$481	\$488	\$512	\$540	\$558	\$4,407

#### Notes

- 1 Net of State match assumed to be paid by PRASA
- 2 Estimated available operating cash as of June 30, 2017. Under Section 5.09(a) of the MAT, PRASA must deposit at least 1 month, and up to 3 months, of Current Expenses in the Current Expense Fund, equivalent to ~60m to ~180m for FY 2017
- 3 Comprised of revenue less operating expenses, as adjusted for the projected impact of proposed initiatives under the Fiscal Plan and less operating reserve fund



# Restructuring framework (cont'd)

## Proposed debt service schedule

Debt service projections based on proposed restructuring scenarios											
<i>Fiscal year</i>	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Senior revenue bonds interest	(\$180)	–	–	(\$182)	(\$180)	(\$178)	(\$176)	(\$174)	(\$172)	(\$170)	(\$1,413)
Senior revenue bonds principal	(51)	–	–	(34)	(35)	(37)	(39)	(41)	(43)	(45)	(325)
<b>Senior revenue bonds debt service</b>	<b>(\$231)</b>	<b>–</b>	<b>–</b>	<b>(\$215)</b>	<b>(\$215)</b>	<b>(\$215)</b>	<b>(\$215)</b>	<b>(\$215)</b>	<b>(\$215)</b>	<b>(\$215)</b>	<b>(\$1,739)</b>
Banco Popular Fleet loan interest	(\$0)	(\$0)	–	–	–	–	–	–	–	–	(\$0)
Banco Popular Fleet loan principal	(3)	(1)	–	–	–	–	–	–	–	–	(4)
<b>Banco Popular Fleet loan debt service</b>	<b>(\$3)</b>	<b>(\$1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(\$4)</b>
USDA Rural development bonds legacy interest	–	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$4)	(\$3)	(\$33)
USDA Rural development bonds legacy principal	(4)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(7)	(61)
<b>USDA Rural development bonds legacy debt service</b>	<b>(\$4)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$94)</b>
USDA Rural development bonds future interest	–	–	(\$0)	(\$1)	(\$1)	(\$2)	(\$2)	(\$2)	(\$3)	(\$3)	(\$14)
USDA Rural development bonds future principal	–	–	(0)	(0)	(0)	(0)	(1)	(1)	(1)	(1)	(4)
<b>USDA Rural development bonds future debt service</b>	<b>–</b>	<b>–</b>	<b>(\$1)</b>	<b>(\$1)</b>	<b>(\$2)</b>	<b>(\$2)</b>	<b>(\$3)</b>	<b>(\$3)</b>	<b>(\$4)</b>	<b>(\$4)</b>	<b>(\$18)</b>
EPA State Revolving Fund legacy interest	–	–	–	–	–	–	–	–	–	–	–
EPA State Revolving Fund legacy principal	–	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(90)
<b>EPA State Revolving Fund legacy debt service</b>	<b>–</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$10)</b>	<b>(\$90)</b>
EPA State Revolving Fund future interest	–	(\$0)	(\$1)	(\$1)	(\$1)	(\$1)	(\$2)	(\$2)	(\$2)	(\$2)	(\$12)
EPA State Revolving Fund future principal	–	(1)	(2)	(2)	(3)	(4)	(5)	(5)	(6)	(7)	(35)
<b>EPA State Revolving Fund future debt service</b>	<b>–</b>	<b>(\$1)</b>	<b>(\$2)</b>	<b>(\$3)</b>	<b>(\$4)</b>	<b>(\$5)</b>	<b>(\$6)</b>	<b>(\$7)</b>	<b>(\$8)</b>	<b>(\$9)</b>	<b>(\$47)</b>
<b>Total federal fund debt service</b>	<b>(\$4)</b>	<b>(\$21)</b>	<b>(\$23)</b>	<b>(\$24)</b>	<b>(\$26)</b>	<b>(\$27)</b>	<b>(\$29)</b>	<b>(\$30)</b>	<b>(\$32)</b>	<b>(\$33)</b>	<b>(\$249)</b>
Junior refunded bonds interest	(\$17)	(\$17)	(\$17)	(\$17)	(\$17)	(\$17)	(\$16)	(\$15)	(\$14)	(\$13)	(\$162)
Junior refunded bonds principal	–	–	–	–	(9)	(11)	(12)	(17)	(18)	(19)	(85)
<b>Junior refunded bonds debt service</b>	<b>(\$17)</b>	<b>(\$17)</b>	<b>(\$17)</b>	<b>(\$17)</b>	<b>(\$26)</b>	<b>(\$28)</b>	<b>(\$28)</b>	<b>(\$32)</b>	<b>(\$32)</b>	<b>(\$32)</b>	<b>(\$247)</b>
<b>Total debt service</b>	<b>(\$255)</b>	<b>(\$40)</b>	<b>(\$40)</b>	<b>(\$257)</b>	<b>(\$267)</b>	<b>(\$271)</b>	<b>(\$273)</b>	<b>(\$278)</b>	<b>(\$279)</b>	<b>(\$281)</b>	<b>(\$2,239)</b>



# PRASA Senior Revenue Bondholder Proposal

August 18, 2017

## Disclaimer

*These materials have been prepared by Greenhill & Co., LLC (“Greenhill”) and Jones Day on a confidential basis for informational purposes only and may not be used for any purpose or disclosed to any person without Greenhill and Jones Day’s prior written consent. These materials are not intended to be and do not constitute an opinion or a recommendation to any person or entity as to whether to approve or undertake any of the matters described herein. The information contained herein is not intended to and shall not constitute tax, accounting, legal or regulatory advice. In preparing these materials, Greenhill and Jones Day have relied on publicly available information and other information reviewed by Greenhill and Jones Day and have assumed, without independent verification, the accuracy and completeness of all such information. Greenhill and Jones Day do not assume any responsibility or liability therefor.*

*Nothing concluded in this document is legally binding or a complete list or description of all the terms and conditions of the potential transactions described herein. This document shall not constitute an offer to sell or buy, nor the solicitation of an offer to sell or buy, any securities of the Puerto Rico Aqueduct and Sewer Authority (“PRASA”) or any of its subsidiaries or related entities. Any such offer or solicitation shall only be made in compliance with all applicable laws. Any commitment or undertaking would be provided pursuant to commitment documentation executed by every entity intended to be bound. Any terms and conditions (including any bracketed terms) discussed in this document are subject to due diligence, review, credit approval, and final negotiation by all bondholders, in their sole discretion, and do not purport to be all of the terms, conditions, representations, warranties, or other provisions that would be contained in definitive documentation.*

*The information in this document is based on publicly available information and other sources which include, but are not limited to, PRASA’s 2017 Restructuring Proposal, PRASA’s November 2016 Presentation to the PROMESA Board, October 2016 Plan Decenal, the October 2016 Raftelis Professional Opinion Report, the October 2016 Commonwealth Fiscal Plan, the 2015 Consulting Engineer’s Supplemental Report dated August 2015 (the “CESR”), the 2014 Consulting Engineer’s Report published March 2015 (the “CER”), PRASA press releases and flash reports, PRASA public board materials including the FY 2017 budget, the December 2016 Commonwealth Fiscal Plan, the February 2017 Commonwealth Fiscal Plan, the March 2017 Commonwealth Fiscal Plan (the “CWFP”), the April 2017 PRASA Fiscal Plan, the April 2017 PREPA Fiscal Plan, the April 2017 GDB Fiscal Plan, the GDB Restructuring Support Agreement, the 2017 PRASA Amended Fiscal Plan (the “AFP”), and other sources. All information is subject to update by and ongoing diligence with PRASA.*

*Without limiting the generality of the foregoing, this document and the undertakings contemplated herein are subject in all respects to the negotiation, execution and delivery of mutually acceptable definitive documentation. Any recipients agree to hold this document, the information contained herein, and any discussions relating hereto or thereto as “confidential,” not to be disclosed to any third parties until such time that the parties mutually agree in writing to disclose these matters.*

## Key Proposal Benefits and Guiding Principles

The following proposal has support from the group of senior revenue bondholders represented by Jones Day and Greenhill (the “Group”)

The Group’s proposal is premised on working towards mutually beneficial and satisfactory structural enhancements and other legal protections

- ✓
  - Broad support from senior creditors representing >\$1 billion (>32%) of Senior Revenue Bonds
    - We have previewed this proposal with other restricted senior revenue bondholders and/or their professionals representing another ~\$1 billion of Senior Revenue Bonds
- ✓
  - Satisfy PROMESA’s Fiscal Plan requirements
- ✓
  - Assist in addressing PRASA’s funding needs
    - Significant cash flow relief from senior creditors (\$386 million for the ten years ending FY 2026E)
    - Have identified a number of actionable opportunities for PRASA to fill any remaining funding needs
- ✓
  - Support PRASA’s focus on operating efficiencies, reduction of non-revenue water and P3s
- ✓
  - Enhance PRASA’s access to future market financing by improving its credit profile and demonstrating rate-setting responsibility and independence
- ✓
  - Implementation on an accelerated timetable

# Proposal Summary

## Select Economic Terms (Senior Revenue Bonds)

	PRASA Attempted Financing (August 2015)	Group Proposal 1 (December 2016)	PRASA Proposal	Group Proposal 2 (August 18, 2017)
<b>Framework</b>	<ul style="list-style-type: none"> <li>Raise \$750mm to \$1,000mm <sup>(1)</sup></li> <li>Senior revenue bonds under the MAT</li> </ul>	<ul style="list-style-type: none"> <li>Senior debt service deferral in exchange for relending bonds</li> </ul>	<ul style="list-style-type: none"> <li>Exchange into new convertible CAB bond on an accelerated timeline</li> </ul>	<ul style="list-style-type: none"> <li>Exchange into new convertible, partial CAB bond on an accelerated timeline</li> </ul>
<b>Debt Service Deferral</b>	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>1YR debt service deferral</li> <li>Relending bonds with 20 year maturity and 5.5% rate (\$231mm)</li> </ul>	<ul style="list-style-type: none"> <li>2YR debt service deferral</li> <li>Deferral at 5.0% accretion</li> </ul>	<ul style="list-style-type: none"> <li>2YR debt service deferral</li> <li>2.0% cash pay through FY19</li> <li>Additional 4.0% PIK accretion through FY19</li> </ul>
<b>Terms</b>	<ul style="list-style-type: none"> <li>30 years (3YR principal holiday)</li> <li>19% OID</li> <li>~8% rate</li> </ul>	<ul style="list-style-type: none"> <li>No change in coupon</li> <li>Extend maturity by deferral term</li> </ul>	<ul style="list-style-type: none"> <li>Cash pay at 5.0% thereafter</li> <li>Final maturity extended from 2047 to 2057 (40YR)</li> </ul>	<ul style="list-style-type: none"> <li>5.5% cash pay post FY19 through FY27, 6.0% thereafter</li> <li>~30YR final maturity (FY47 final maturity)</li> <li>Amortization schedule as follows:                             <ul style="list-style-type: none"> <li>35YR through FY27</li> <li>Gradually increasing thereafter such that principal is fully amortized by FY47 <sup>(3)</sup></li> </ul> </li> <li>NC-10, 102, 101, par thereafter</li> </ul>
<b>DSRF Release</b>	<ul style="list-style-type: none"> <li>-</li> </ul>	<ul style="list-style-type: none"> <li>Release of Series 2008 DSRF in exchange for 2.5% in new relending bonds</li> </ul>	<ul style="list-style-type: none"> <li>Release of DSRF (no consideration contemplated)</li> </ul>	<ul style="list-style-type: none"> <li>Release of DSRF in exchange for 3.0% in exchange bonds (\$38mm)</li> </ul>
<b>Rate Plans</b>	<ul style="list-style-type: none"> <li>Rate increases in FY18 and FY19 as approved under Resolution 2794 <sup>(2)</sup></li> </ul>	<ul style="list-style-type: none"> <li>Rate increases through FY22 as approved under Resolution 2794 <sup>(2)</sup></li> <li>Inflationary increases thereafter</li> </ul>	<ul style="list-style-type: none"> <li>2.5% average p.a. through FY26</li> </ul>	<ul style="list-style-type: none"> <li>Rate increases in FY18 and FY19 as approved under Resolution 2794 <sup>(2)</sup></li> <li>Increases per Fiscal Plan thereafter</li> </ul>
<b>Incremental Debt Service / Savings through FY26</b>	<ul style="list-style-type: none"> <li>\$660mm incremental debt service <sup>(4)</sup></li> </ul>	<ul style="list-style-type: none"> <li>\$146mm debt service savings</li> </ul>	<ul style="list-style-type: none"> <li>\$684mm debt service savings <sup>(5)</sup></li> </ul>	<ul style="list-style-type: none"> <li>\$386mm debt service savings</li> </ul>

(1) Original financing launched in August 2015 targeted an offering of \$750mm

(2) Further supported by Resolution 2167 (2005) and Resolution 2937 (2015)

(3) Amortization based on level pay mortgage style amortization profile; 35YR through FY28, 34YR in FY29, 33YR in FY30, 32YR in FY31, 31YR in FY32, 30YR from FY33 through maturity

(4) 10YR debt service on \$750mm issuance at 8.0% coupon and 3YR principal holiday; fully amortizing through maturity for illustrative purposes; assumes 7/01/2017 issuance for comparability purposes

(5) PRASA has requested ~\$1.2bn in concessions from creditors, including from senior creditors, SRF and RDB creditors and other junior indebtedness (Superaqueduct and GDB indebtedness).

\$684mm of PRASA's initial ask from senior creditors based on release of \$93mm DSRF and difference in debt service through FY26 between the status quo and the PRASA Proposal (based on

-\$3,247mm of debt outstanding across the two series of existing senior revenue bonds)

Source: Group Proposal (December 2016), PRASA Restructuring Proposal; PRASA Filings

# Proposal Summary

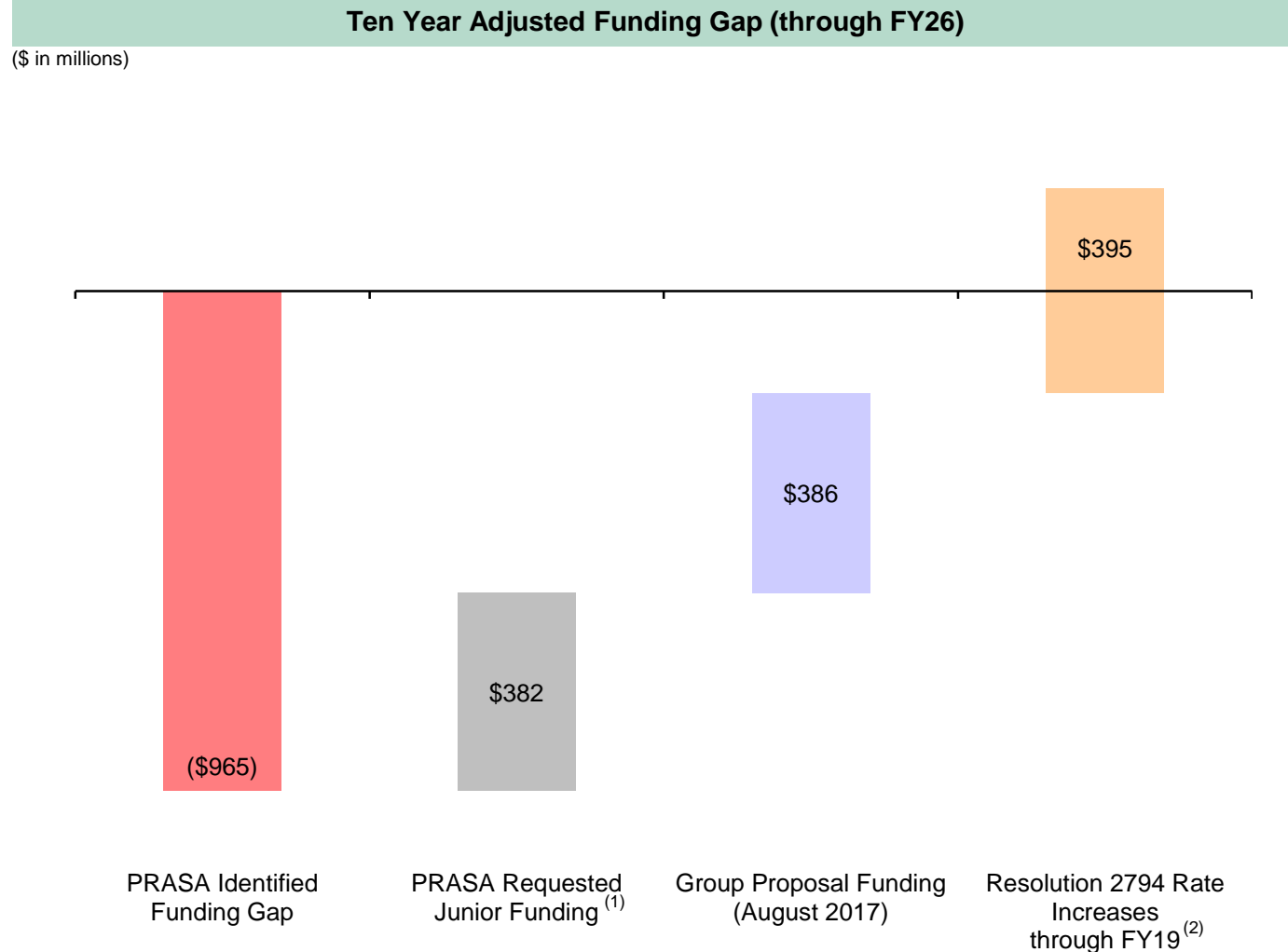
## Additional Terms (Senior Revenue Bonds)

	Group Proposal 2 <sup>(1)</sup> (August 18, 2017)
<b>Statutory Lien</b>	<ul style="list-style-type: none"> <li>▪ Statutory lien on revenues and the creation of a trust on the ability to raise rates</li> </ul>
<b>Flow of Funds</b>	<ul style="list-style-type: none"> <li>▪ Implementation of a lock box structure facilitated by a new trustee or agent, whereby all customer payments are made to an account maintained by a bank approved by the bondholders and are distributed to junior debtholders and PRASA only after payments then due to the New Senior Bondholders are paid in full and only if PRASA is not in default of its obligations</li> </ul>
<b>Court Approval</b>	<ul style="list-style-type: none"> <li>▪ Federal final and non-appealable court order approving the rate mechanism and minimum rate increases, which will also include an injunction requiring adherence to the rate mechanism and the retention of jurisdiction to enforce the order in the PROMESA court or if it no longer exercises jurisdiction, the United States District Court, District of Puerto Rico</li> </ul>
<b>MAT Rate Covenant</b>	<ul style="list-style-type: none"> <li>▪ Rate covenant to be modified to incorporate language and ratios satisfactory to the Group, including net revenue debt service coverage requirements with a mechanism to incorporate capital expenditures, and modified to shorten timing for compliance</li> </ul>
<b>FOMB Agreement</b>	<ul style="list-style-type: none"> <li>▪ Agreement from FOMB to enforce the agreed upon rates and to use its statutory powers to prevent the Commonwealth and its instrumentalities from taking actions inconsistent with the agreed upon rate structure</li> </ul>
<b>Limitation on Senior Debt Incurrence</b>	<ul style="list-style-type: none"> <li>▪ Provision prohibiting the issuance of any debt with terms that dilute or impair in any way the New Senior Bonds</li> </ul>
<b>Events of Default</b>	<ul style="list-style-type: none"> <li>▪ Customary Events of Default, including a payment default, a rate covenant default, other covenant defaults that remain uncured for 30 days or the commencement of a Title III case</li> </ul>
<b>Current Expense</b>	<ul style="list-style-type: none"> <li>▪ Limit the categories of expenses that qualify and exclude all capital expenses other than those needed to maintain the system as it is then constituted</li> </ul>
<b>Acceleration</b>	<ul style="list-style-type: none"> <li>▪ Acceleration at the direction of 25% of the New Senior Bonds upon the occurrence of any Event of Default. Automatic acceleration upon a bankruptcy or Title III filing</li> </ul>
<b>Legislative Initiatives</b>	<ul style="list-style-type: none"> <li>▪ Eliminate potential of Act 26-2017 potential surplus claw-back and impact on rate setting</li> <li>▪ Eliminate potential effective subordination or dilution of collateral by securitization of other debt</li> <li>▪ Amendments to Act 40-1945 with respect to Statutory Lien, Rate Schedule and Flow of Funds</li> </ul>
<b>Rating Agencies</b>	<ul style="list-style-type: none"> <li>▪ Agreement to cooperate on an accelerated schedule to meet with rating agencies and incorporate modifications consistent with investment grade issuer ratings</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>▪ Provide for the establishment of a new governance structure for PRASA, with the purposes of promoting long-term planning and sustainability, reducing political interference and encouraging use of industry best practices</li> </ul>
<b>Other</b>	<ul style="list-style-type: none"> <li>▪ Payment of professional fees</li> </ul>

# Illustrative Adjusted Funding Gap

The Group's proposal provides \$386 million of 10YR cash flow relief and would, together with other identified measures, allow PRASA to eliminate its stated funding gap and achieve a fully funded plan with zero requirement for additional external financing

The Group has identified over \$1.3 billion of other potential revenue and expense measures (see next page)



(1) \$34mm in forgiven past due interest on the State Revolving Funds and Rural Development Bonds is included in the \$965mm funding gap as per the Amended Fiscal Plan. Inclusive of this amount, the total funding from related junior creditors is \$416mm. PRASA Identified Funding Gap would be \$999 gross of this adjustment

(2) Illustrates Resolution 2794 rate increase for FY18 implemented by year-end 2017 and full year for FY19 with 2.5% p.a. rate increases thereafter as per Amended Fiscal Plan. Further supported by Resolution 2167 (2005) and Resolution 2937 (2015)

Source: PRASA Restructuring Proposal, PRASA AFP, Select Additional Disclosure Documents

## Additional Revenue / Expense Opportunities Identified

(\$ in millions)	Ten Year Gap	Key Drivers of Variance
Federal Funds (Post-Restructuring)	\$135	• Ability to reborrow State Revolving Fund principal and interest repayments (\$343mm through FY26E on a pre-restructuring basis)
Frozen Funds at GDB	195	• Recover frozen SRF funds at GDB on a priority basis within Public Entity Trust as per GDB RSA
Pension Benefit Adjustments	111	• 10% pension reduction per CWFP
Electricity Cost Savings	TBD	• Additional electricity cost savings resulting from PREPA Fiscal Plan and PROMESA Board requested rate reduction
Hydroelectric Transfer	TBD	• Improvement in hydro terms amid ongoing discussions with PREPA
Rate Increases	462	• Resolution 2794 increases through FY 2022E <sup>(1)</sup>
Reprioritizing CIP	312	• Reduced renewal and replacement CapEx for a limited period <sup>(2)</sup>
Electronic Billing	90	• Removal / phase-out of electronic transfer incentive for residential customers
Workforce Attrition	49	• Headcount in line with V2A and 2016 Raftelis report
Benefit Standardization to Central Government Levels	TBD	• Benefit reduction of ~\$8,000 per employee across current headcount of 4,900 in line with CWFP <sup>(3)</sup>
P3	TBD	• P3 assumptions subject to diligence
<b>Subtotal</b>	<b>\$1,355</b>	

(1) Incremental to Resolution 2794 rate increases in FY18 and FY19. Rate increases at levels consistent with Resolution 2794 through FY26 would result in an additional \$282mm

(2) Assumes FY 2026E renewal and replacement capex represents 1.0%, capturing annual excess above 0.5% as potentially identifiable reductions

(3) Incremental to Act 26 savings

Source: PRASA Board Materials, PRASA CERs, PRASA Filings, PRASA Plan Decenal, Raftelis Professional Opinion Report, PRASA AFP, Select Additional Disclosure Documents



# WORKING DRAFT

PRASA

September, 2017





# Restructuring proposals

## Select economic terms (Senior Revenue Bonds)

	AAFAF / FOMB Proposal (June 20)	AHG Counter (August 18)	AAFAF / FOMB Response <sup>1</sup>															
<b>Framework</b>	<ul style="list-style-type: none"> <li>Exchange outstanding amounts at par into new Convertible Capital Appreciation Bonds</li> </ul>	<ul style="list-style-type: none"> <li>Exchange outstanding amounts at par into new Convertible Capital Appreciation Bonds</li> </ul>	<ul style="list-style-type: none"> <li>2008 and 2012 outstanding amounts exchange into CIBs (50%) and CCABs<sup>2</sup> (50%)</li> </ul>															
<b>Debt service deferral</b>	<ul style="list-style-type: none"> <li>2 year debt service deferral</li> <li>Deferral at 5.0% accretion</li> </ul>	<ul style="list-style-type: none"> <li>2 year debt service deferral</li> <li>2.0% cash pay through 2019</li> <li>Additional 4.0% PIK accretion through 2019</li> </ul>	<ul style="list-style-type: none"> <li>2 year debt service deferral for CCABs<sup>2</sup> only</li> <li>No debt service deferral for CIBs</li> </ul>															
<b>Interest Rate</b>	<ul style="list-style-type: none"> <li>CCAB cash pay at 5.0%</li> </ul>	<ul style="list-style-type: none"> <li>CCAB 5.5% cash pay post 2019 through 2027, 6.0% thereafter</li> </ul>	<table border="1"> <thead> <tr> <th>2008 Series</th> <th>2012 Series</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li>5.1% CIBs</li> <li>5.35% CCABs<sup>2</sup></li> </ul> </td> <td> <ul style="list-style-type: none"> <li>5.0% CIBs</li> <li>5.25% CCABs<sup>2</sup></li> </ul> </td> </tr> </tbody> </table>	2008 Series	2012 Series	<ul style="list-style-type: none"> <li>5.1% CIBs</li> <li>5.35% CCABs<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>5.0% CIBs</li> <li>5.25% CCABs<sup>2</sup></li> </ul>											
2008 Series	2012 Series																	
<ul style="list-style-type: none"> <li>5.1% CIBs</li> <li>5.35% CCABs<sup>2</sup></li> </ul>	<ul style="list-style-type: none"> <li>5.0% CIBs</li> <li>5.25% CCABs<sup>2</sup></li> </ul>																	
<b>Maturity</b>	<ul style="list-style-type: none"> <li>40 year final maturity (2057)</li> </ul>	<ul style="list-style-type: none"> <li>30 year final maturity (2047 final maturity)</li> </ul>	<ul style="list-style-type: none"> <li>40 year final maturity (2057 final maturity)</li> </ul>															
<b>Amortization schedule</b>	<ul style="list-style-type: none"> <li>Level debt service year 3 onwards</li> </ul>	<ul style="list-style-type: none"> <li>35YR through 2027</li> <li>Mortgage-style pay stepping up to 35YR in 2028, 34YR in 2029, 33YR in 2030, 32YR in 2031, 31YR in 2032, 30YR through maturity</li> </ul>	<ul style="list-style-type: none"> <li>No amortization years 1-7</li> <li>Level debt service years 8 onwards</li> </ul>															
<b>No call</b>	<ul style="list-style-type: none"> <li>Not specified</li> </ul>	<ul style="list-style-type: none"> <li>No-call 10, 102, 101, par thereafter</li> </ul>	<ul style="list-style-type: none"> <li>No-call 10, par thereafter</li> </ul>															
<b>DSRF</b>	<ul style="list-style-type: none"> <li>No DSRF</li> <li>No consideration to 2008 Bonds</li> </ul>	<ul style="list-style-type: none"> <li>No DSRF</li> <li>2008 Bonds compensated through \$38m additional notes</li> </ul>	<ul style="list-style-type: none"> <li>No DSRF</li> <li>2008 Bonds compensated through increased coupon (see above)</li> </ul>															
<b>Rate plans</b>	<ul style="list-style-type: none"> <li>Per Certified Fiscal Plan</li> </ul>	<ul style="list-style-type: none"> <li>Rate increases in 2018 and 2019 as approved under Resolution 2794</li> <li>Increases per Fiscal Plan thereafter</li> </ul>	<ul style="list-style-type: none"> <li>Per Certified Fiscal Plan</li> </ul> <table border="1"> <thead> <tr> <th></th> <th>FY16 billings distrib.</th> <th>Sector rates incr.</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td>63%</td> <td>2.5%</td> </tr> <tr> <td>Commercial</td> <td>20%</td> <td>2.8%</td> </tr> <tr> <td>Industrial</td> <td>5%</td> <td>3.5%</td> </tr> <tr> <td>Government</td> <td>12%</td> <td>4.5%</td> </tr> </tbody> </table>		FY16 billings distrib.	Sector rates incr.	Residential	63%	2.5%	Commercial	20%	2.8%	Industrial	5%	3.5%	Government	12%	4.5%
	FY16 billings distrib.	Sector rates incr.																
Residential	63%	2.5%																
Commercial	20%	2.8%																
Industrial	5%	3.5%																
Government	12%	4.5%																
<b>Effective date</b>	<ul style="list-style-type: none"> <li>Not specified</li> </ul>	<ul style="list-style-type: none"> <li>Not specified</li> </ul>	<ul style="list-style-type: none"> <li>Treatment of accrued interest between July 1, 2017 and effective date to result in equivalent treatment as if transaction is effective June 30, 2017</li> </ul>															

**Notes**

- 1 Reflects FOMB advisor feedback. Formal FOMB approval pending
- 2 CCABs or CIBs with capitalized interest commitments



# Restructuring proposals (cont'd)

## Additional terms (Senior Revenue Bonds)

	AHG Counter (August 18)	AAFAP / FOMB Response <sup>1</sup>
<b>Statutory lien</b>	<ul style="list-style-type: none"> <li>Statutory lien on revenues and the creation of a trust on the ability to raise rates</li> </ul>	<ul style="list-style-type: none"> <li>No statutory lien or trust; rates addressed by covenant set forth below</li> </ul>
<b>Flow of Funds</b>	<ul style="list-style-type: none"> <li>Implementation of a lock box structure facilitated by a new trustee or agent, whereby all customer payments are made to an account maintained by a bank approved by the bondholders and are distributed to junior debtholders and PRASA only after payments then due to the New Senior Bondholders are paid in full and only if PRASA is not in default of its obligations</li> </ul>	<ul style="list-style-type: none"> <li>Construct to be consistent with existing trust agreement structure</li> </ul>
<b>Court approval</b>	<ul style="list-style-type: none"> <li>Federal final and non-appealable court order approving the rate mechanism and minimum rate increases, which will also include an injunction requiring adherence to the rate mechanism and the retention of jurisdiction to enforce the order in the PROMESA court or if it no longer exercises jurisdiction, the United States District Court, District of Puerto Rico</li> </ul>	<ul style="list-style-type: none"> <li>Specific court legislatives to be determined</li> </ul>
<b>MAT rate covenant</b>	<ul style="list-style-type: none"> <li>Rate covenant to be modified to incorporate language and ratios satisfactory to the Group, including net revenue debt service coverage requirements with a mechanism to incorporate capital expenditures, and modified to shorten timing for compliance</li> </ul>	<ul style="list-style-type: none"> <li>Agreed; rate covenant for senior lien to be calculated on a net revenue basis similar to other W&amp;S utilities and set to 1.20x coverage of senior lien current fiscal year service</li> </ul>
<b>FOMB agreement</b>	<ul style="list-style-type: none"> <li>Agreement from FOMB to enforce the agreed upon rates and to use its statutory powers to prevent the Commonwealth and its instrumentalities from taking actions inconsistent with the agreed upon rate structure</li> </ul>	<ul style="list-style-type: none"> <li>FOMB to ensure PRASA compliance with certified PRASA Fiscal Plan, subject to FOMB's rights and duties regarding fiscal plans under PROMESA</li> </ul>
<b>Limits on Senior Debt Incurrence</b>	<ul style="list-style-type: none"> <li>Provision prohibiting the issuance of any debt with terms that dilute or impair in any way the New Senior Bonds</li> </ul>	<ul style="list-style-type: none"> <li>PRASA will be permitted to issue additional pari passu indebtedness provided it is in compliance with its MAT additional bonds test (ABT), which is based on a net revenue basis and set to 1.20x coverage of senior lien maximum annual debt service (MADS)</li> </ul>
<b>Events of default</b>	<ul style="list-style-type: none"> <li>Customary Events of Default, including a payment default, a rate covenant default, other covenant defaults that remain uncured for 30 days or the commencement of a Title III case</li> </ul>	<ul style="list-style-type: none"> <li>Agreed; commencement of the cure to occur within 30 days, with full cure period to reflect regulatory and legislative processes</li> </ul>



# Restructuring proposals (cont'd)

## Additional terms (Senior Revenue Bonds)

	AHG Counter (August 18)	AAFAP / FOMB Response <sup>1</sup>
<b>Current expense</b>	<ul style="list-style-type: none"> <li>Limit the categories of expenses that qualify and exclude all capital expenses other than those needed to maintain the system as it is then constituted</li> </ul>	<ul style="list-style-type: none"> <li>No changes to the definition of current expense as described in the MAT language</li> </ul>
<b>Acceleration</b>	<ul style="list-style-type: none"> <li>Acceleration at the direction of 25% of the New Senior Bonds upon the occurrence of any Event of Default. Automatic acceleration upon a bankruptcy or Title III filing</li> </ul>	<ul style="list-style-type: none"> <li>Subject to 50% threshold</li> </ul>
<b>Legislative Initiatives</b>	<ul style="list-style-type: none"> <li>Eliminate potential of Act 26-2017 potential surplus claw-back and impact on rate setting</li> <li>Eliminate potential effective subordination or dilution of collateral by securitization of other debt</li> <li>Amendments to Act 40-1945 with respect to Statutory Lien, Rate Schedule and Flow of Funds</li> </ul>	<ul style="list-style-type: none"> <li>Any legislative reforms necessary to implement the agreed-upon transaction to be agreed in advance</li> </ul>
<b>Rating agencies</b>	<ul style="list-style-type: none"> <li>Agreement to cooperate on an accelerated schedule to meet with rating agencies and incorporate modifications consistent with investment grade issuer ratings</li> </ul>	<ul style="list-style-type: none"> <li>Agreed; PRASA, Financial Advisors and Counsel will present the updated security package for review and consideration as part of the solicitation and marketing process</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>Provide for the establishment of a new governance structure for PRASA, with the purposes of promoting long-term planning and sustainability, reducing political interference and encouraging use of industry best practices</li> </ul>	<ul style="list-style-type: none"> <li>Governance structure to be modified as outlined in the Certified Fiscal Plan</li> </ul>
<b>Professional fees</b>	<ul style="list-style-type: none"> <li>Payment of professional fees</li> </ul>	<ul style="list-style-type: none"> <li>The parties shall discuss the payment of professional fees and expenses</li> </ul>



# Restructuring proposals (cont'd)

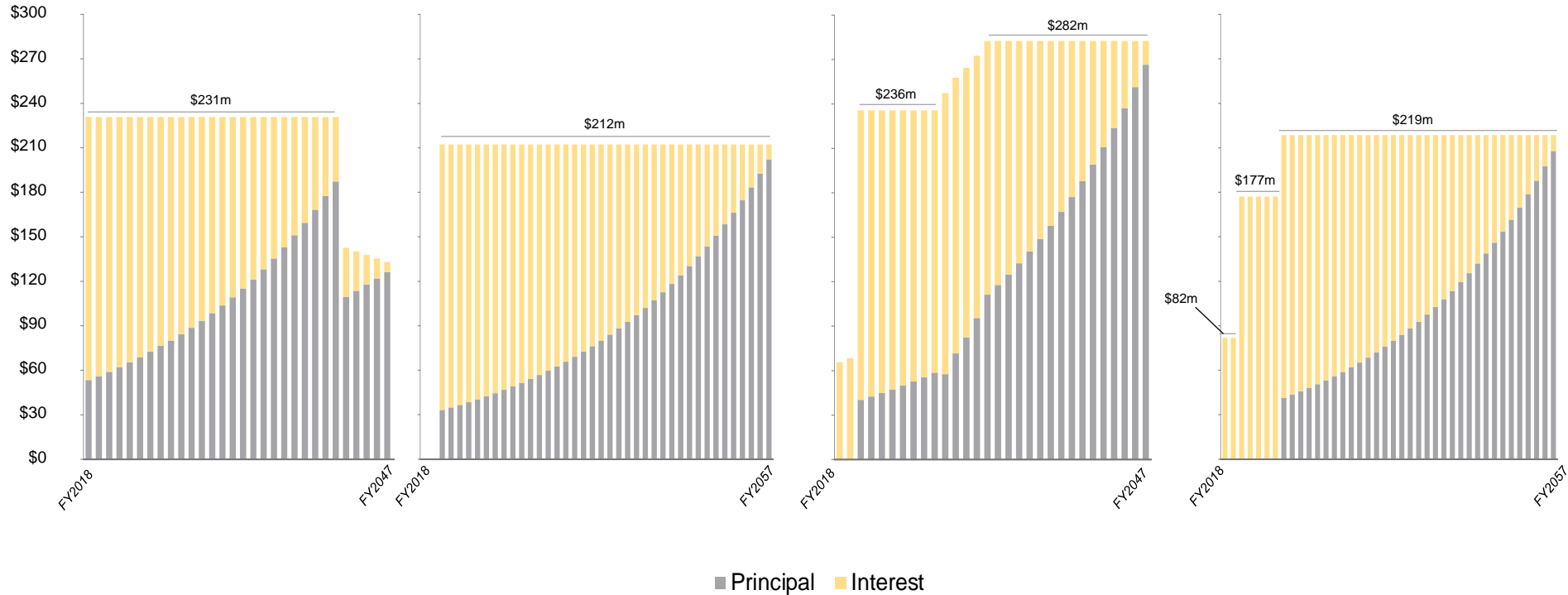
## Comparison of debt service (\$m)

Legacy Debt Service

AAFAF / FOMB Proposal (June 20)

AHG Counter (August 18)

AAFAF / FOMB Response<sup>1</sup>



Select additional disclosure documents

July, 2017

# Disclaimer

---

## **FORWARD-LOOKING STATEMENTS**

*The information included in this presentation contains certain “forward-looking” statements. These forward-looking statements may relate to the fiscal and economic condition, economic performance, plans and objectives of the Puerto Rico Aqueduct and Sewer Authority (the “Authority”). All statements contained herein that are not clearly historical in nature are forward-looking, and the words “anticipates,” “believes,” “continues,” “expects,” “estimates,” “intends,” “aims,” “projects,” and similar expressions, and future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” “can,” “may,” or similar expressions, are generally intended to identify forward-looking statements.*

*These statements are not guarantees of future performance and involve certain risks, uncertainties, estimates, and assumptions by the Authority that are difficult to predict. The economic and financial condition of the Authority is affected by various financial, social, economic, environmental, and political factors. These factors can be very complex, may vary from one fiscal year to the next, and are frequently the result of actions taken or not taken, not only by the Authority, but also by entities such as the government of the Commonwealth of Puerto Rico, the United States of America or other nations that are not under the control of the Authority. Because of the uncertainty and unpredictability of these factors, their impact cannot, as a practical matter, be included in the assumptions underlying the Authority’s projections.*

*The projections set forth in this presentation were not prepared with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information, but, in the view of the officers of the Authority responsible for the preparation of such information, were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of such officers’ knowledge and belief, the expected course of action and the expected future financial performance of the Authority, as applicable. However, this information is not fact and should not be relied upon as being necessarily indicative of future results, and readers of this presentation are cautioned not to place undue reliance on the prospective financial information. Neither the Authority independent auditors, nor any other independent auditors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability and disclaim any association with the prospective financial information. Neither the Authority independent auditors, nor any other independent auditors, have been consulted in connection with the preparation of the prospective financial information set forth in this presentation, which is solely the product of the Authority, and the independent auditors assume no responsibility for its content.*

## **NOT AN OFFERING OF SECURITIES**

*This presentation does not constitute, nor does it form part of, an offer to sell or purchase, or the solicitation of an offer to sell or purchase, any securities or an offer or recommendation to enter into any transaction. This presentation has been prepared for informational purposes only. Any offer or sale of any security may only be made pursuant to the relevant offering documents and binding transaction document and is subject to the detailed provisions therein, including risk considerations. Prospective purchasers should obtain a copy of the relevant offering materials prior to making any investment decisions.*

# Exhibit 1

## Pension Pay Go

	2018	2019	2020	2021	2022	2023	2024	2025	2026
Payroll & Related	246,579,079	234,109,178	233,355,999	232,612,825	235,654,554	239,793,548	243,943,473	248,104,659	252,277,442
Pension Pay Go	107,030,000	111,100,300	115,211,303	119,363,416	123,557,050	127,792,621	132,070,547	136,391,252	140,755,165
<b>Total Payroll Cost</b>	<b>353,609,079</b>	<b>345,209,478</b>	<b>348,567,302</b>	<b>351,976,241</b>	<b>359,211,604</b>	<b>367,586,169</b>	<b>376,014,020</b>	<b>384,495,911</b>	<b>393,032,606</b>

# Exhibit 2

## Federal funds at GDB

---

Please elaborate on the status of the \$190mm of funds at GDB and the inclusion of these funds in the Amended Fiscal Plan

No additional details to provide – the \$190mm of funds at GDB are not included in the Fiscal Plan



# Exhibit 3

## PREPA rate assumptions

---

Project Estado - DRAFT - Fiscal Plan Follow-Up Diligence (7.6.2017)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Average
PREPA Rate	0.202	0.229	0.256	0.256	0.277	0.286	0.308	0.314	0.311	0.319	<b>0.276</b>

PREPA April Plan

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Average
PREPA Rate	0.210	0.227	0.248	0.262	0.275	0.283	0.278	0.284	0.283	0.294	<b>0.264</b>

# Exhibit 4

## CIP

Class	2017	2018	2019	2020	2021	2022	2023	2024	2025	2,026	2017-2026
Renewal & Replacement	16,116,827	84,156,608	71,116,480	89,709,840	91,729,720	139,007,200	158,218,610	165,286,060	145,058,860	196,753,790	1,157,153,996
Mandatory Compliance	17,354,758	68,597,214	59,780,654	29,841,272	17,817,783	23,259,526	32,999,162	22,424,863	19,399,636	21,960,958	313,435,826
Meter Replacement	146,347	4,982,855	4,578,291	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	4,500,000	41,207,494
Non Mandatory Compliance	9,228,587	23,519,587	40,702,295	39,756,009	29,682,323	16,691,287	8,301,320	6,393,680	6,051,558	3,531,907	183,858,552
Optimization & Emergencies	5,533,341	22,220,542	22,537,762	20,854,982	19,123,863	20,533,731	20,709,964	19,229,603	18,454,176	17,150,048	186,348,013
Others	1,300,881	10,712,724	18,166,459	25,455,459	27,328,250	11,808,803	8,203,368	8,090,764	4,613,816	2,938,337	118,618,863
Fleet & IT	9,710,688	20,494,953	18,352,918	18,209,447	16,961,255	16,129,126	16,000,003	16,000,003	16,000,003	13,848,003	161,706,399
Quality & Growth	2,834,763	9,615,161	24,923,964	28,921,287	37,004,437	23,374,124	19,794,805	30,391,217	22,811,320	7,690,225	207,361,305
<b>Grand Total</b>	<b>62,226,192</b>	<b>244,299,644</b>	<b>260,158,823</b>	<b>257,248,296</b>	<b>244,147,631</b>	<b>255,303,798</b>	<b>268,727,233</b>	<b>272,316,190</b>	<b>236,889,370</b>	<b>268,373,270</b>	<b>2,369,690,447</b>

# Exhibit 5

## Contractual junior debt service

Date	Rural Development Bonds			State Revolving Fund <sup>1</sup>		
	Principal	Interest	Debt service	Principal	Interest	Debt service
6/30/2017	\$9,861	\$15,432	\$25,293	\$26,187	\$11,211	\$37,398
6/30/2018	10,258	15,001	25,258	27,221	10,696	37,917
6/30/2019	10,570	14,553	25,123	29,200	10,128	39,328
6/30/2020	10,004	14,122	24,126	29,757	9,541	39,299
6/30/2021	9,726	13,682	23,408	29,660	8,943	38,603
6/30/2022	8,955	13,282	22,236	29,553	8,354	37,907
6/30/2023	9,420	12,735	22,156	29,746	7,762	37,507
6/30/2024	9,339	12,767	22,105	29,815	7,166	36,982
6/30/2025	9,981	12,149	22,130	30,369	6,568	36,937
6/30/2026	10,091	11,741	21,832	30,027	5,960	35,987
6/30/2027	10,535	11,324	21,859	28,587	5,367	33,954
6/30/2028	10,981	10,906	21,887	27,638	4,800	32,438
6/30/2029	11,501	10,433	21,934	21,983	4,273	26,257
6/30/2030	11,621	9,961	21,582	20,602	3,839	24,441
6/30/2031	12,102	9,484	21,586	15,934	3,455	19,390
6/30/2032	12,650	9,002	21,652	15,811	3,135	18,946
6/30/2033	13,197	8,466	21,663	13,692	2,828	16,520
6/30/2034	13,737	7,922	21,659	11,841	2,560	14,402
6/30/2035	13,894	7,358	21,252	9,005	2,340	11,344
6/30/2036	13,678	6,814	20,492	7,860	2,170	10,030
6/30/2037	13,875	6,246	20,121	8,018	2,012	10,030
6/30/2038	14,294	5,686	19,980	8,179	1,851	10,030
6/30/2039	14,838	5,105	19,943	8,344	1,686	10,030
6/30/2040	13,950	4,519	18,469	8,511	1,519	10,030
6/30/2041	12,644	3,981	16,625	8,682	1,347	10,030
6/30/2042	13,199	3,483	16,682	8,857	1,173	10,030
6/30/2043	12,814	2,962	15,775	9,035	995	10,030
6/30/2044	12,060	2,488	14,547	9,217	813	10,030
6/30/2045	11,431	2,016	13,447	9,402	628	10,030
6/30/2046	10,680	1,601	12,281	9,591	439	10,030
6/30/2047	10,186	1,196	11,381	9,784	246	10,030
6/30/2048	7,460	839	8,299	4,965	50	5,015
6/30/2049	5,950	611	6,561	-	-	-
6/30/2050	5,549	420	5,969	-	-	-
<b>Total</b>	<b>\$381,030</b>	<b>\$268,284</b>	<b>\$649,314</b>	<b>\$567,075</b>	<b>\$133,854</b>	<b>\$700,929</b>

**Note**

<sup>1</sup> SRF debt service projections assume construction loans start amortization on FY 2019; actual construction loans amortization will commence upon transfer to permanent loans by AFI