

1 **GUAM CONSOLIDATED COMMISSION ON UTILITIES**

2 **RESOLUTION NO. 26 - FY2015**

3 **RELATIVE TO APPROVING THE EXTENSION OF THE JUNE 15, 2010 BANK OF**
4 **GUAM SHORT-TERM LOAN IN THE PRINCIPAL AMOUNT OF \$25M**

5
6 **WHEREAS**, under 12 G.C.A. § 14105, the Consolidated Commission on Utilities
7 ("CCU") has plenary authority over financial, contractual and policy matters relative to the
8 Guam Waterworks Authority ("GWA"); and

9
10 **WHEREAS**, as authorized by 12 G.C.A. Section 14235, CCU Resolution No. 20 –
11 FY2009 dated July 1, 2009 and PUC Order dated July 27, 2009, GWA is authorized to issue
12 short-term financing in the maximum amount of \$30 million dollars and not to exceed ten (10)
13 years; and

14
15 **WHEREAS**, GWA, by and through the Guam Economic Development Authority
16 issued Request for Proposal No. 09-011 for a \$30 million dollar loan to GWA as authorized set
17 forth above; and

18
19 **WHEREAS**, GWA, following approval by the CCU and Guam Public Utilities
20 Commission (PUC), finalized and executed a \$30 million dollar Loan Agreement with the
21 Bank of Guam; and

22
23 **WHEREAS**, the Loan Agreement is divided into two (2) Promissory Notes in the
24 principal amount, interest rate and maturity as follows; (1) \$5 million dollar, 7.75%, 5-Year
25 Promissory Note dated June 15, 2010; (2) \$25 million dollar, 7.75%, 5-Year Promissory Note
26 dated June 15, 2010; and

27
28 **WHEREAS**, principal and interest payments on the \$5 million dollar Promissory Note
29 was determined and based on a five (5) year payback and will be fully paid upon maturity on
30 June 15, 2015; and

31

32

1 **WHEREAS**, principal and interest payments on the \$25 million dollar Promissory
2 Note was determined and based on a ten (10) year payback and thus will require a final
3 payment of approximately \$15 million dollars upon maturity on June 15, 2015, subject to final
4 confirmation of the amount to be refinanced in June of 2015; and

5
6 **WHEREAS**, GWA is seeking CCU approval to enter into an extension of the \$25
7 million dollar Promissory Note on the following terms and conditions: (1) the extension of the
8 Note must not interfere with GWA's ability to issue bonds or other necessary financings during
9 the term of the extension; (2) the final maturity shall be no later than June 15, 2020; (3) the
10 interest rate shall be reduced from the current fixed rate of 7.75% to 5.25% per annum and
11 shall remain fixed at such rate for the term of the extension period ; (4) the terms and
12 conditions shall not conflict with the original Loan Agreement except as stated herein; (5) the
13 terms of the extension do not conflict with Guam law and prior approvals provided by the CCU
14 and; (6) the adoption by the PUC is obtained on the final terms and conditions of extension;
15 and

16
17 **WHEREAS**, a proposed Extension Agreement containing the aforementioned terms
18 and conditions is attached hereto as Exhibit A; and

19
20 **WHEREAS**, the CCU does hereby approve the terms set forth in the Extension
21 Agreement and authorizes the GWA General Manager to execute the Extension Agreement
22 with the Bank of Guam contained within Exhibit A subject to the approval of the Guam Public
23 Utilities Commission.

24
25 **NOW BE IT THEREFORE RESOLVED** the Consolidated Commission on Utilities
26 do hereby find, authorize and approve the following:

- 27
28 1. The CCU finds that terms of the Extension Agreement contained in Exhibit A for the
29 \$25 million dollar loan maturing on June 15, 2015 is reasonable and is duly
30 authorized by law.
31 2. The General Manager, Legal Counsel and the Chief Financial Officer are further
32 authorized to execute and deliver all documents required to finalize the extension
with the Lender subject to PUC approval.

1 amendment will also provide management, leadership and sound fiscal guidance and practices
2 within the Fiscal Department benefiting the entire Authority.

3
4 **WHEREAS**, there is no change in the job evaluation points and compensation
5 allocated to the position;

6
7 **NOW BE IT THEREFORE RESOLVED**, the Consolidated Commission on Utilities,
8 as the Governing Body of the Guam Waterworks Authority, does hereby approve and authorize
9 the following:

- 10
11 1. The recitals set forth above hereby constitute the findings of the CCU.
12 2. The amendment of the classification standard for Controller (GWA),
13 unclassified position is hereby approved to read attached herein as Exhibit
14 A.
15 3. The Controller position is hereby added to the certified, technical and
16 professional list of positions at GWA.
17 4. The Guam Waterworks Authority is authorized to employ the Controller
18 (GWA), unclassified position attached herein as Exhibit A.

19
20 **RESOLVED**, that the Chairman certified and the Board Secretary attests to the
21 adoption of this Resolution.

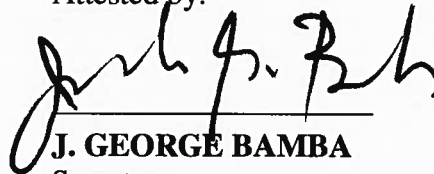
22
23 **DULY AND REGULARLY ADOPTED**, this 26th day of May, 2015.

24
25 Certified by:

26 

27
28 **JOSEPH T. DUENAS**
Chairperson

Attested by:

29 

30
31 **J. GEORGE BAMBA**
Secretary

32
30 **I, J. George Bamba**, Board Secretary of the Consolidated Commission on Utilities as
31 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: _____ 5 _____
NAYS: _____ 0 _____
ABSTENTIONS: _____ 0 _____
ABSENT: _____ 0 _____



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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 26-FY2015

Relative to Approving the Extension of the June 15, 2010 Bank of Guam Short-Term Loan in the Principal Amount of \$25M

What is the project's objective? Is it necessary and urgent?

The objective is for GWA to seek CCU approval to enter into an extension of the \$25M (5-Year) Promissory Note that is due upon maturity on June 15, 2015 from a \$30M short-term financing loan to GWA authorized by 12 G.C.A. Section 14235, CCU Resolution No. 20-FY2009 dated July 1, 2009 and PUC Order dated July 27, 2009.

The terms and conditions are:

- 1) the extension of the Note must not interfere with GWA's ability to issue bonds or other necessary financings during the term of the extension;
- 2) the final maturity shall be no later than June 15, 2020;
- 3) the interest rate shall be reduced from the current rate of 7.75% to 5.25% per annum and shall remain fixed at such rate for the term of the extension period;
- 4) the terms and conditions shall not conflict with the original Loan Agreement except as stated herein;
- 5) the terms of the extension do not conflict with Guam law and prior approvals provided by the CCU and;
- 6) the adoption by the PUC is obtained on the final terms and conditions of extension.

EXHIBIT A

REVISION AGREEMENT

Lender: BANK OF GUAM

Commercial Banking Group
P.O. Box BW, Hagatna, Guam 96932

Loan No. 1501-186871

This refers to the loan evidenced by Promissory Note (Note) dated June 16, 2010, executed by Guam Waterworks Authority, upon which the original note amount was \$25,000,000.00 and the current principal balance is \$ _____ and which interest is paid to June 15, 2015.

Request is hereby made that you revise the terms of said note and that you accept payment thereof at the time, or times, and in the manner following:

Interest. The principal outstanding upon this Note shall bear interest at the rate of five and one-quarter percent (5.25%) per annum.

All interest hereunder shall be computed based upon a year of 365 days and actual number of days elapsed to date of payment.

Payment. This Note shall be paid on the 15th day of July, 2015 and the 15th day of the fifty-eight (58) months thereafter, in payments of principal and interest combined each of \$293,550.00 with a final payment of all principal and interest outstanding on June 15, 2020. All payments shall be applied first to interest accrued to the date payment is received, then to principal, and then charges other than principal and interest.

Maturity. All remaining principal and outstanding interest and other charges upon the Note shall be due and payable five (5) years from the date of this Revision Agreement.

ALL OTHER TERMS AND CONDITIONS SHALL REMAIN UNCHANGED.

In consideration of your acceptance of such revision, and your forbearance to enforce payment except as herein above revised, the indebtedness evidenced by said note is hereby acknowledged and admitted and the undersigned, jointly, severally, and unconditionally, promise and agree to pay the same with the interest thereon within the time and in the manner provided for in said revision, together with attorney's fees, costs of collection, and any other sums provided for in said note.

Any and all security held by you said note and/or for any other obligation(s) of the undersigned may be enforced by concurrently or independently in such order as you may determine; and with reference to any such security, you may, without consent of or notice to any of the undersigned, exchange, substitute or release such security without affecting the liability of the undersigned, or any of them, and you may release any one or more parties hereto or to the above obligation, or permit the liability of said party or parties to terminate without affecting the liability of any other party or parties liable thereon.

This agreement is a revision only, and not a novation; and except as herein provided, all the terms and conditions of said note and of any deed of trust, security agreement or other document of lien or encumbrance shall remain in full force and effect.

Executed at Hagatna, Guam, this ____ day of _____ 2015.

Guam Waterworks Authority

By: _____

General Manager

The foregoing revision is accepted this ____ day of _____ 2015.
BANK OF GUAM Headquarters, Hagatna

By: _____
Its Authorized Representative
LN-405