



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority • Guam Waterworks Authority
P.O. BOX 2977 • Agana, Guam 96932

Regular Board Meeting

CCU Conference Room, Gloria B. Nelson Public Service Building

5:30 p.m., May 24, 2016

MINUTES

1. CALL TO ORDER

Chairman Duenas called the Regular Meeting of May 24, 2016 for GPA and GWA to order at 5:30 p.m. He announced that four (4) Commissioners were present and there was a quorum. Those present include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
George Bamba	CCU Secretary
Simon Sanchez	CCU Member

Executive Mgmt.:

John Benavente	GM / GPA
Miguel Bordallo	GM / GWA
Melinda Camacho	AGMO / GPA
Greg Cruz	CFO / GWA
John Kim	CFO / GPA
Graham Botha	Staff Attorney / GPA & GWA

Management & Staff:

Gilda Mafnas	Asst. CFO / GWA
John J. Cruz	Manager SPORD / GPA
Paul Kemp	AGM Compliance & Safety / GWA
Dave Fletcher	GWA
Geigy Salayon	GWA
Tom Cruz	Chief Engineer / GWA
Stephen Mondina	Finance / GWA
Tony Chargualaf	GWA
Vincent Pangelinan	GWA
Art Perez	Public Information Officer / GPA
Melvyn Kwek	Chief Information Technology Officer / GPA
Teresa Camacho	GWA
Vangie Lujan	Compliance / GWA
Heidi Ballendorf	Public Information Officer / GWA
Joyce Sayama	Mgmt. Analyst / GPA Ex. Office
Kathy Beleno	Mgmt. Analyst / GWA Ex. Office
Lou Sablan	Board Secretary / CCU

Guest:

Fred Horecky	PUC
Andy Niven	PUC
Anjelica Perez	AM Insurance
Juan Muna	AM Insurance
Rino Monzano	MEC
Nestor Licanto	KUAM
Kurt Bilz	Brown & Caldwell

Because Comm. Sanchez had to leave the meeting early, the Chairman changed the order of the meeting Agenda and started with discussion relative to GWA Resolution 39-FY2016. Comm. Sanchez said the Commission asked management to take a look at the rate increase. The current projected rate increase was 7% based on the 2013 5-year plan and CCU asked them to look at it again and based on the strong performance of GWA to see if there is a way to reduce this rate increase for ratepayers.

CFO Greg Cruz gave a prelude / background information on the True-up. He said that when PUC approved the 5-year rate plan along with that approval was the condition that GWA come back every year to justify the need for rate increases for the forthcoming FY, in this case FY2017. GWA is required to make this determination before June 1st of every year so GWA has been doing this for the past 3 years. This process is referred to as the True-up process. This is the first time that management is coming to the CCU to request a reduced rate - rather than 7.5% increase for next year he said GWA can live with 3.66% and will petition the PUC in its annual true-up to reduce the anticipated next rate increase accordingly. CFO Cruz reported that what drove this true-up process and the rate reduction was a review of projections from 3 years ago vs. actual updated numbers and management determined that 7% was not needed - 3.5% was sufficient to meet requirements for next FY. What drove the reduction was primarily debt service which was estimated at \$30M 3 years ago but the actual amount needed for next year is \$24M - a \$6M savings in just debt service alone. The CFO mentioned areas where he saw large variances which helped him to arrive at this conclusion / reduction which included power purchases, improved cost of capital, better interest rates due to improved credit rating for bond borrowing. He said the proposed basic and nonlife rate increase of 3.5% will result in \$113M in revenues next FY. Other areas mentioned include O&M of 81M; Salaries +10% for 59 new positions; A&G & Contract- +3%.

Relative to new hire, GM Bordallo talked about the decrease of FTE's in W&WW. He said administrative support increased by 16% while technical support saw a decline. He said this decline was lost by attrition. He confirmed that he does not feel comfortable with production and treatment staffing right now and said he will fill the 59 slots gradually not all at one time. His goal is to ramp up asset management and preventive maintenance in the course of the FY including crews in valve exercising / maintenance, hydrant maintenance. Comm. Sanchez asked- despite all this hiring the rate increase will still be 3.5% and GM Bordallo said yes.

Comm. Santos asked about the anticipated zero growth indicated in the report and said he can't believe there will be no growth; a lengthy discussion followed. CFO Cruz stated that his assumption of zero growth is based on current sales data for this year and last year. There was no growth during both these periods. He said while GWA is gaining customers it is also losing customers which offset any growth. CFO reiterated there's been no growth in customer base. Comm. Santos said management cannot project zero growth - it's just not possible. Comm. Santos asked about permits can this data help shed light on this matter and asked management to look at this to see if there is even slight growth. Comm. Sanchez said this GM is incorporating the largest amount of hires than any former GM and yet anticipates lowering the rate increase. I think what we are learning is we are getting better in controlling our expenses and overall management has been able to improve rating and key factors overall. The GM and CFO are confident that we can live with a 3.5% rate increase.

Comm. Bamba talked about agriculture rates and how the 3.5% will impact farmers... The Commissioner said he would like to see farmers continue to expand and for this sector to grow. The Commissioners asked management to explain the difference between agriculture and Irrigation; the CFO said irrigation is golf courses.

Comm. Sanchez moved to approve 39-FY2016 relative to GWA's True-Up and FY2017 budget presuming the language is the 3.5% rate increase proposed by management; Comm. Bamba seconded.

Comm. Bamba also moved to amend the resolution to keep agriculture rate status quo / existing rate; Comm. Santos seconded.

On the amendment there was no further discussion or objection and the motion passed. The vote was 4 yes and 1 absent.

On main motion there was no further discussion or objection and the motion passed 4 yes and 1 absent.

Comm. Sanchez said because he has to leave he would like to state for the record that he is happy to support the resolution relative to the LEAC adjustment which will remain the same until February next year. He also stated that he supports the IRP as presented in packet by management - a request for 180 mw of new generation.

2. APPROVAL OF MINUTES

The Minutes of April 26, 2016 was presented for approval.

Comm. Bamba motioned to approve the Minutes subject to verification and written correction; Comm. Santos seconded. There was no further discussion or objection and the motion passed. The vote was 4 yes, 1 absent.

Comm. Sanchez left the meeting.

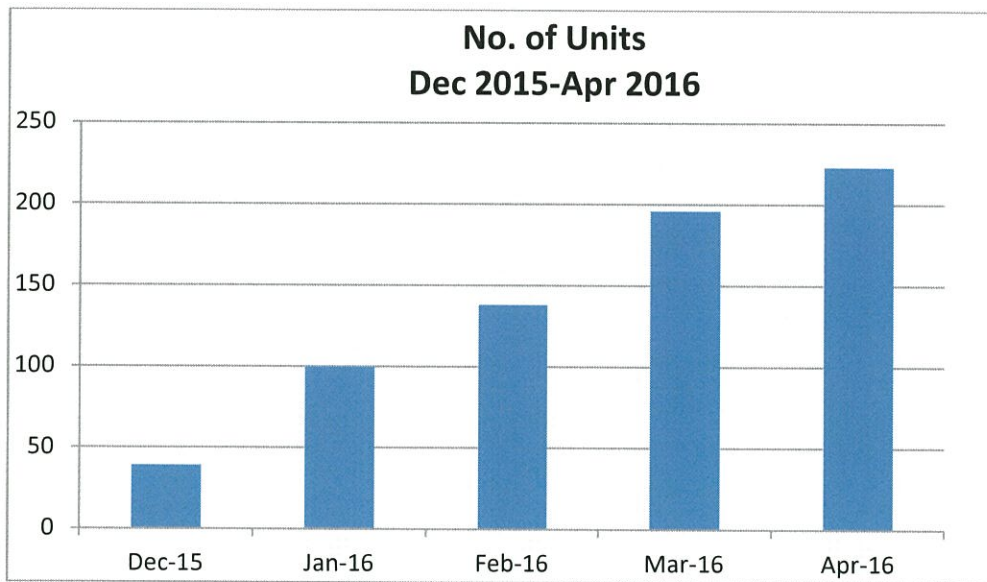
3. **GM REPORT / UPDATE**

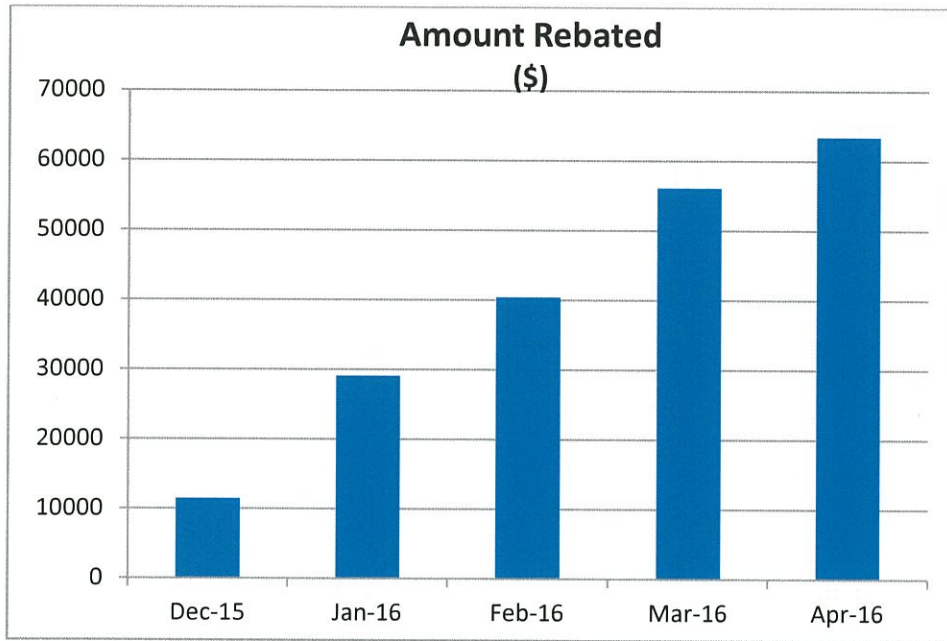
3.1 **GPA**

GM Benavente gave his GM report represented by the comments provided here.

1. Demand Side Management Program Progress: The following summarizes rebates for the period December 1, 2015 thru April 30, 2016

	Ductless Split A/C	Central A/C	Washer	Dryer	Total
No. of Applicants	170	0	14	3	187
No. of units	204	0	16	3	223
Amount	\$ 61,500	\$0	\$1,600	\$ 300	\$ 63,400



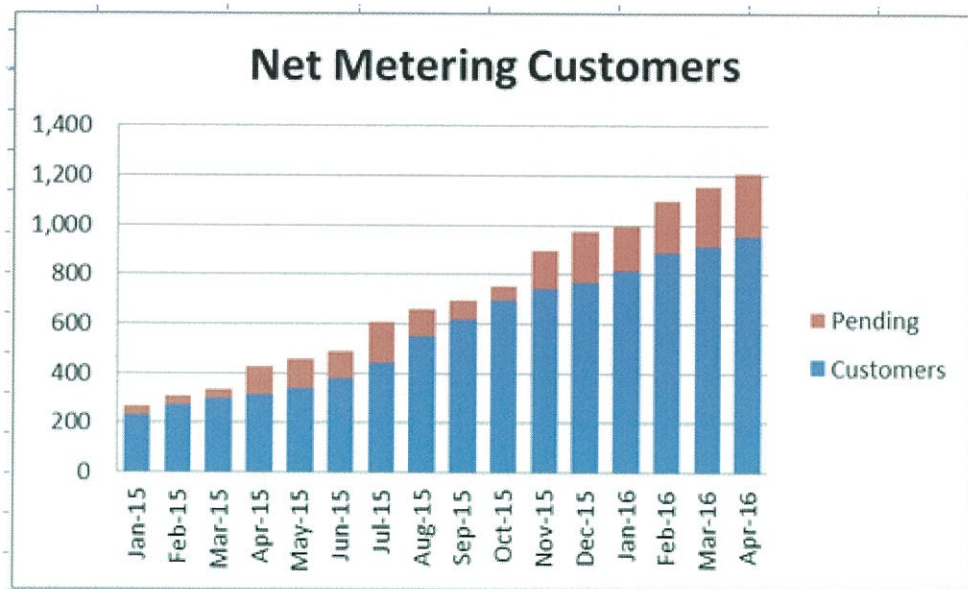


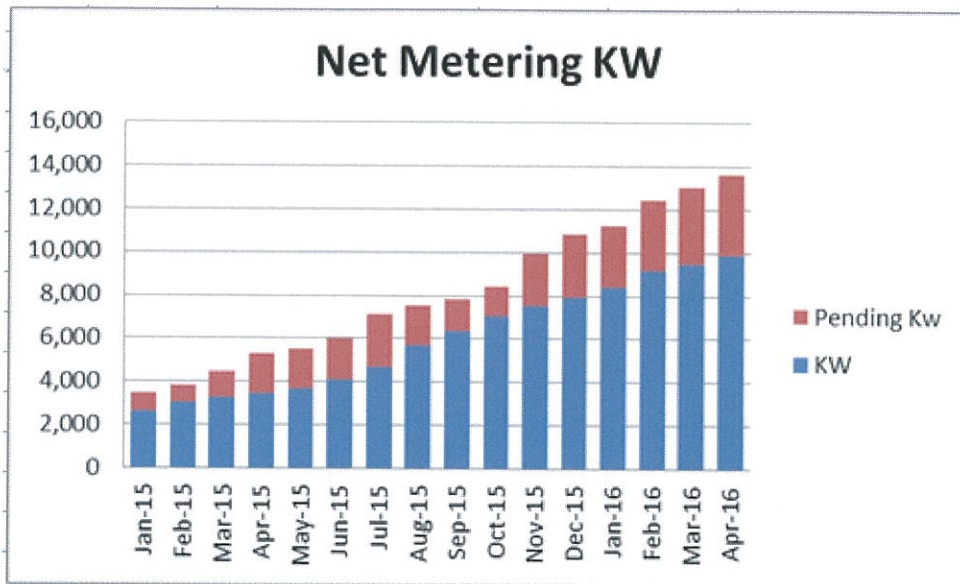
2. Net Metering:

Net Metering Summary Ending May 2, 2016

Description:	Count	Kw
Active	952	9,908
Pending	257	3,732
Totals:	1,209	13,640

Estimated Annual Non-Fuel Revenue Impact:	\$1,872,875
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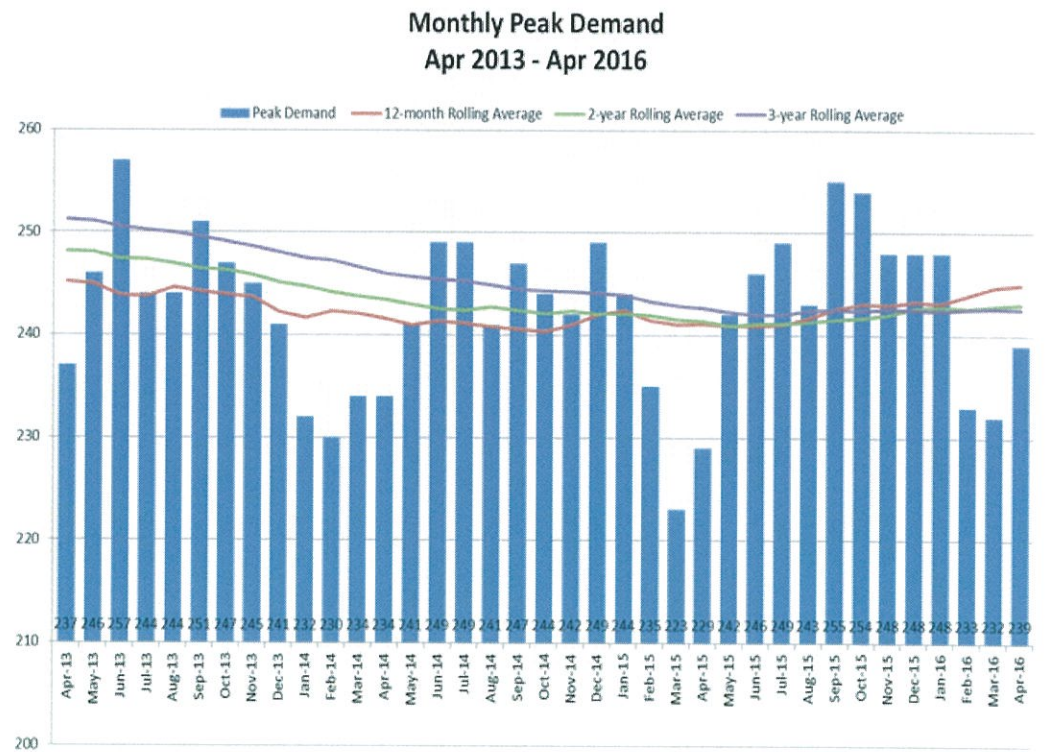
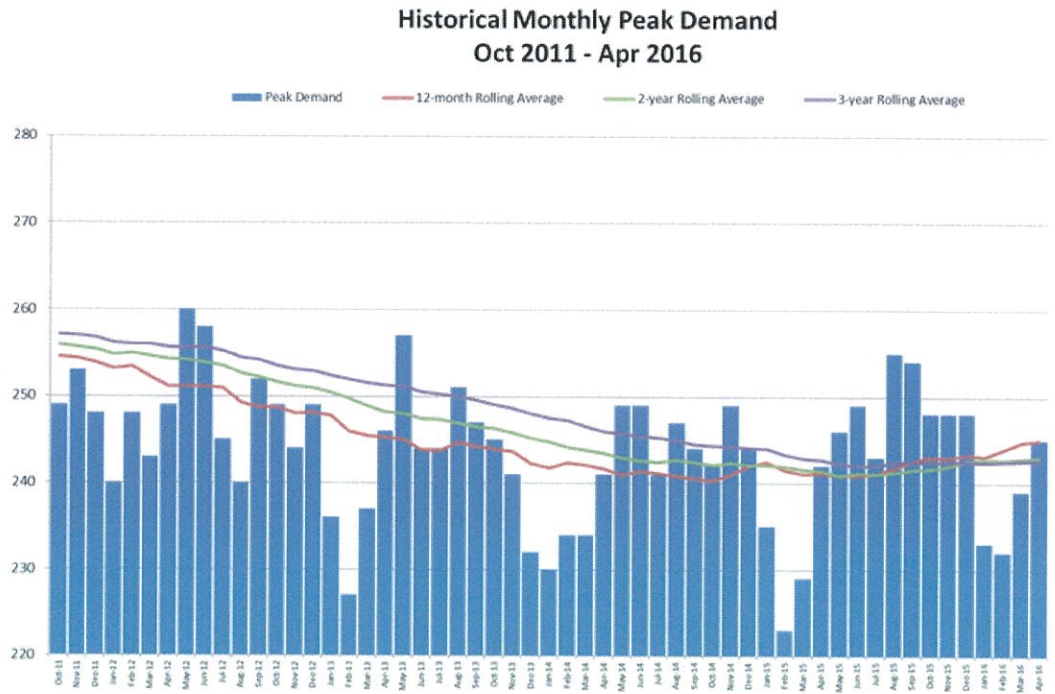




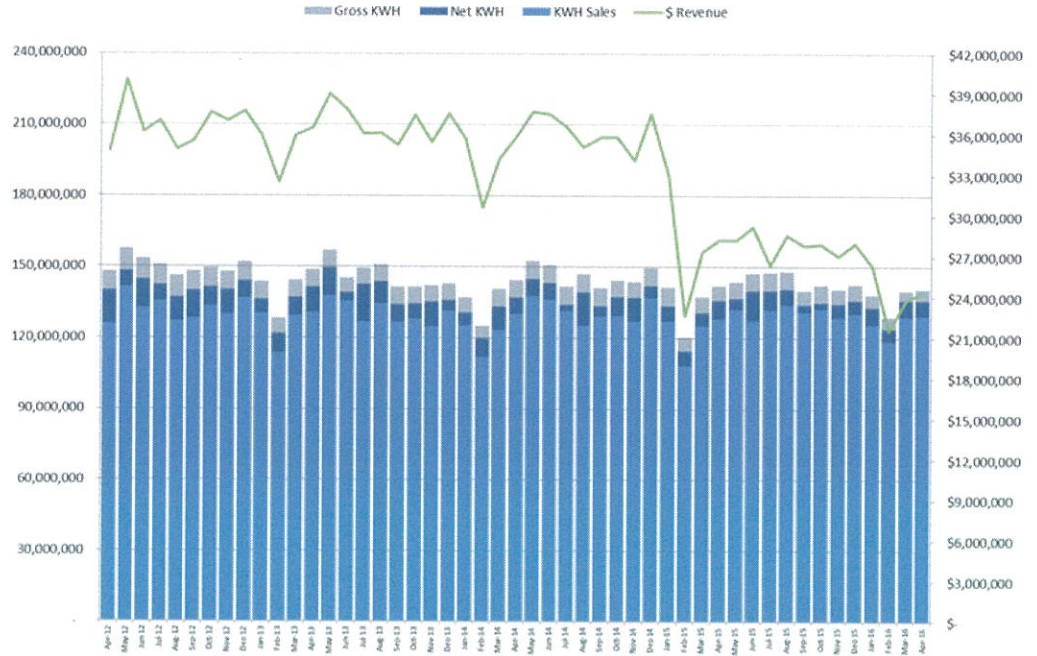
3. **Integrated Resource Plan:** The Integrated Resource Plan would be placed in next week's agenda for approval. Once approved, we plan to submit the petition to the PUC for their approval.
4. **Phase II Renewables:** The Phase II bid which includes renewable integration battery was issued on May 12th. The bid is for 60MW of renewables and the bid is open to all types of renewable energy.
5. **Phase III Renewables:** Our petition for approval of the lease of Navy land for the installation of PV systems is in the PUC agenda for next week. Once approved, GPA could proceed with bids for approximately 30MW of PV renewables.
6. **System Capacity Recovery Plan Update:** The following provides an updated system capacity recovery plan:

Capacity Recovery Plan:					
19-May-16					
Date	Description	MW Added	System MW	Peak MW	Reserve MW
19-May-16	Current		286	250	36
31-May-16	Orote Plant Commissioned	18	304	255	49
7-Jun-16	Yigo CT Turbine Changeout	20	324	255	69
1-Jul-16	TEMES 7 Overhaul Completed	40	364	255	109
8-Jul-16	Macheche CT Repaired	6	328	255	73
22-Jul-16	Cabras 1 Transformer Changeout	24	394	255	139
31-Oct-16	Dededo CT 2 Commissioned	20	414	265	149
31-Dec-16	Dededo CT 1 Commissioned	20	434	255	179

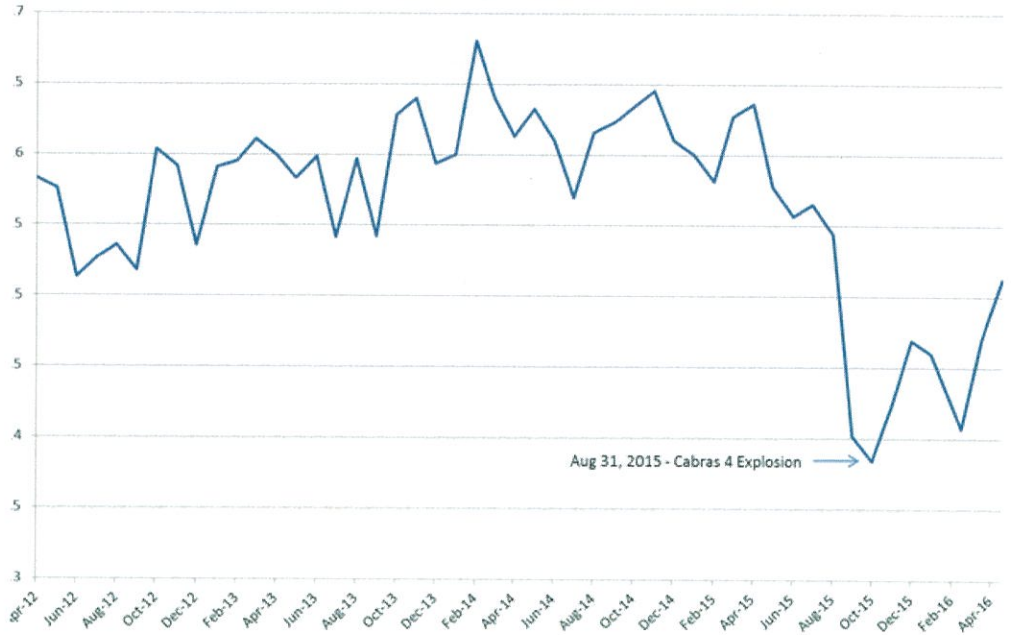
7. Key Performance Indicators: The following are graphs thru April 2016.



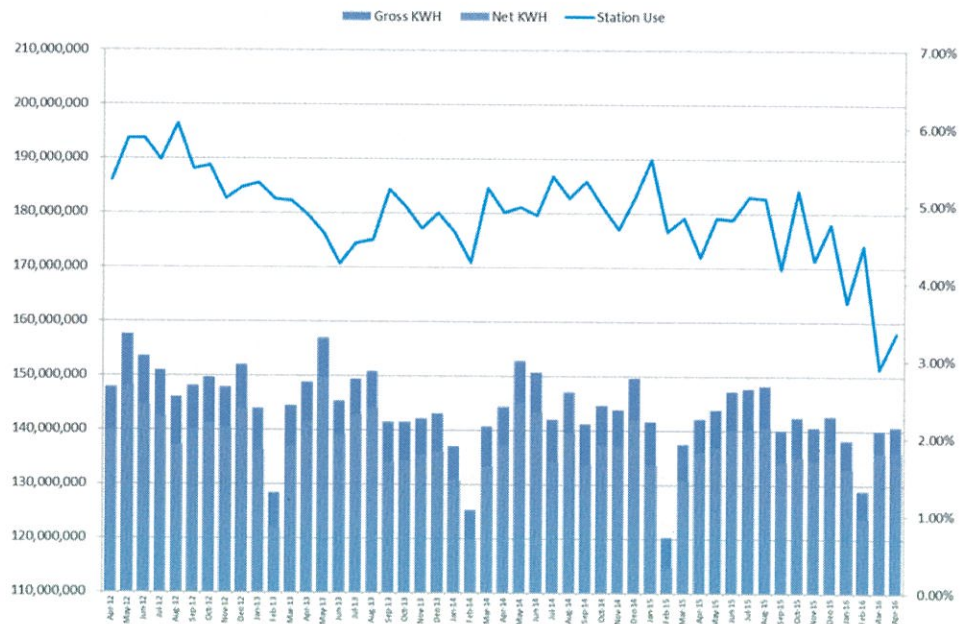
KWH Sales and \$ Revenue April 2012 - April 2016



SYSTEM GROSS HEAT RATE (KWH/Gal) April 2012 - April 2016



Gross and Net Generation (KWH) April 2012 - April 2016

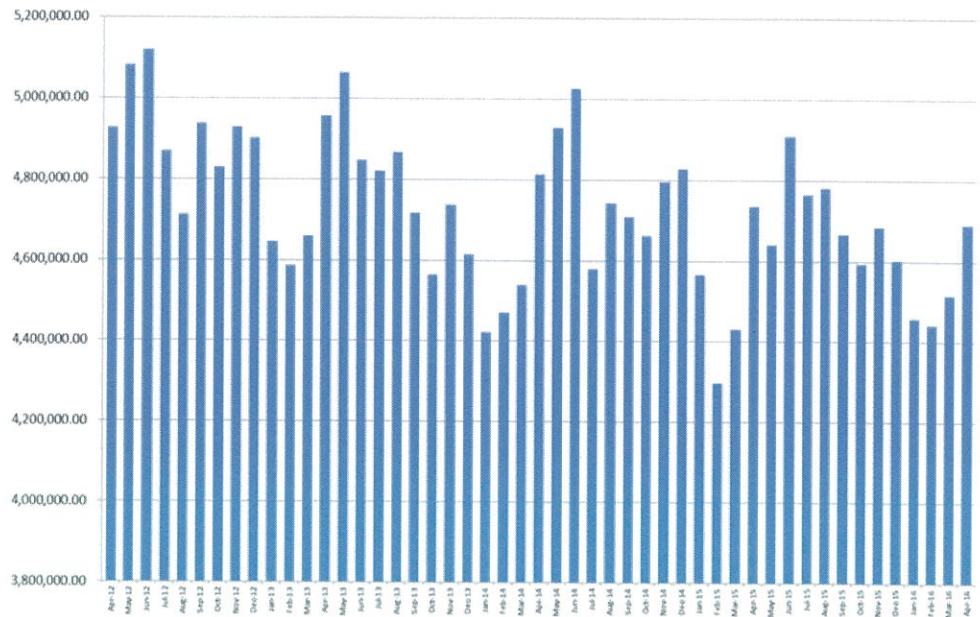


Fuel Cargo and Fuel Consumption Costs (\$/bbl) April 2012 - April 2016



**Average Daily Gross Generation (KWH)
April 2012 - April 2016**

*calculated by dividing Monthly KWH by no. of days



3.2 GWA

GWA GM said there was no further update to his report provided at the GWA Work Session.

4. COMMUNICATIONS

4.1 Public Comments - None

5. LEGAL COUNSEL - None

6. NEW BUSINESS

6.1 GPA

6.1.1 Financials

CFO John Kim reported that April revenues are higher than prior year; Kwh sales increased slightly 129k vs. 126k last year; the number of customers remain relatively flat; fuel recovery higher than budget; oil cost was 8.2M v. 4.8M; debt service is 2.38 which is high compared to prior year.

Comm. Santos asked where insurance proceeds were recorded and the CFO said it is in cash. Comm. Santos said he would like management create a report relative to the insurance proceeds showing how much was received and expended to date.

6.1.2 Resolution 2016-29 Relative to EMCE Consulting Engineers Contract for the GIAA Third Party M&V Service

Resolution 2016-29 requests CCU approval for M&V services for Guam International Airport. The Third Party M&V contract with EMCE was made through GPA-RFP-13-005 in 2013. Six (6) offerors submitted proposals for the RFP. EMCE and MBP were the selected to be the most qualified offerors. The Contract is for a base contract period of one (1) year with the option to extend additional period of time but no more than 5 years. The project's objective is to evaluate GIAA's operation and maintenance and recommend energy conservation measures (ECMs) that will help GIAA save more energy. Also, review JCI's annual measurement and verification report for the ECMs that JCI did for GIAA. It will cost \$150,365.00 for the upcoming contract year – 3rd year and will be completed at the end of 2016. Base contract year and second year were completed already. This project is completely funded by GIAA.

Comm. Santos motioned to approve Resolution 2016-29; Comm. Bamba seconded. There was no further discussion or objection and the motion passed 3 yes / 2 absent.

6.1.3 Resolution 2016-30 Requests for Property Insurance Procurement

Resolution 2016-30 requests the Commission to authorize management to proceed with procurement of property insurance. The policy coverage is \$300,000,000 to \$400,000,000 Occurrence Blanket Limit, subject to limits and deductible. It covers period November 1, 2016 to November 1, 2019, renewed annually or fixed for three years with two options to renew for an additional one-year period. The exact cost-benefit analysis is difficult within this type of cost. However, the potential for loss to GPA, such as the property loss incident at the Cabras 3&4 power plant, for example, could be in the hundreds of millions of dollars. Purchasing insurance with a limit of \$300,000,000 to \$400,000,000 seems reasonable for GPA's purposes. The only viable alternate to shifting this risk to an insurance company is to bear this risk at the utility. The GPA General Manager has determined that this procurement maintains a sufficient prioritization among other utility priorities so as to warrant funding of this procurement. The project cost is not yet available but management reported that over the last five (5) policy years, the premium averaged approximately \$5.4 million. After the August 31, 2015 property loss incident at the Cabras 3&4 power plant, the premium increased to \$6,662,309.

There was discussion on whether or not GPA should hire a risk manager to assist management with the process. Comm. Bamba said his concern is GPA does not have any risk manager. Comm. Santos said perhaps management should consider releasing another RFP to get a risk manager in place saying the Commission wants to make sure that how we assess our risk is correct because the CCU has been told that GPA assets are under insured. It was decided to proceed with this procurement and then look at contracting a risk manager

Comm. Santos motioned to approve Resolution 2016-30; Comm. Bamba seconded. There was no further discussion or objection and the motion passed 3 yes / 2 absent.

6.1.4 Resolution 2016-31 Streetlight LED Conversion Project

This resolution approves the conversion of the remaining 10,133 HPS streetlights island wide from HPS to LED. The installation work will be performed in-house by T&D personnel. The implementation of an LED Streetlight Replacement program will save on fuel expenses by nearly \$1 million annually and reduce annual maintenance costs by approximately \$400,000. The project is island-wide and will cost approximately \$2.79 million. To date, GPA has completed conversion of 4,886 streetlights from HPS to LED streetlights (1,026 ARRA and 3,860 T&D).

At their last CCU meeting, the Commission asked the GM to give a cost comparison using in-house resources vs. outsourcing. Management reported that if GPA were to issue a contract for the replacement/installation of the streetlights, labor and equipment costs are projected to increase from \$542.5K to \$2M. ARRA streetlights were installed at \$200/unit (labor and vehicular equipment only). The following cost analysis detailed comparison was provided to support their findings.

REMAINING CONVERSION							
Total Streetlight Count Less ARRA Installations and T&D Installations							
GPA In-House							
Item	Description	Qty	Material Unit	Material Cost	Installation Unit	Installation Cost	Cost
1	150HPS Equivalent	9,121	\$220.00	\$2,006,620.00	\$53.54	\$488,353.54	\$2,494,973.54
2	250HPS Equivalent	1,012	\$240.00	\$242,880.00	\$53.54	\$54,184.17	\$297,064.17
	Total:	10,133		\$2,249,500.00		\$542,537.71	\$2,792,037.71
Contractor Cost (labor/equipment)							
Item	Description	Qty	Material Unit	Material Cost	Installation Unit	Installation Cost	Cost
1	150HPS Equivalent	9,121	\$220.00	\$2,006,620.00	\$200	\$1,824,200.00	\$3,830,820.00
2	250HPS Equivalent	1,012	\$240.00	\$242,880.00	\$200	\$202,400.00	\$445,280.00
	Total:	10,133		\$2,249,500.00		\$2,026,600.00	\$4,276,100.00

GPA anticipates converting another 1,400 HPS streetlights to LED by the end of Fiscal Year 2016 and an estimated completion schedule of September 2018. The funding source would be CIP's

GM Benavente added that this procurement requires CCU and PUC approval before an RFB can be released.

Relative to in-house resources, Comm. Duenas asked if there is enough staff to complete the project and the GM said yes. His plan is to cross train and maximize human resources. Comm. Duenas asked how private streetlights are being addressed and GM Benavente said management will apply same principle.

Comm. Bamba motioned to approve Resolution 2016-31; Comm. Santos seconded. There was no further discussion or objection and the motion passed 3 yes / 2 absent!

6.1.5 Resolution 2016-32 Dededo CT Reallocation of Bond Funds

In its filing to the PUC management asked for approval to reallocate 1999 and 2010 bond funds in the amount of \$6.36M subject to the CCU ratifying this amount for the repair of the Dededo CT Plant. GPA inadvertently stated conflicting amounts in its previous filing. \$6.36M is needed to be reallocated from 1999 and 2010 bond funds instead of the \$6.032M stipulated in GPA's previous filing. PUC approved \$6.36M subject to CCU's approval. TEMES is currently fine tuning the project schedule; however, initial schedules project a completion date by December 2016.

Comm. Santos asked management to inquire if this project can be paid by insurance funds. CFO Kim said he would look into it.

Comm. Santos motioned to approve Resolution 2016-32; Comm. Bamba seconded. There was no further discussion or objection and the motion carried 3 yes / 2 absent!

6.1.6 Resolution 2016-33 Acquisition of Property for Energy Storage Facility

GPA has entered a 25 year contract with NRG for solar production at Dandan, Talofoto. The energy produced by the solar farm has been intermittent due to cloud cover dependent on the weather. This has caused power frequency and demand issues, which online generators have to compensate. The installation of an energy storage facility is required to ease the burden on existing generators/power plants. The ideal location for the energy storage is near the vicinity of the solar farm. In this case, the Talofoto Substation is a prime location. The CLTC owns property adjacent to the Talofoto Substation. GPA anticipates negotiating for the fair market value of the property, which is approximately 0.52 acres and will be funded using CIP Budget. The acquisition of the property via legislation should be completed within the next 3 to 4 months. GPA will soon be advertising the bid for the Energy Storage System, which requires GPA to identify the location of the energy storage system related strictly for renewable integration mitigation.

In discussion GM Benavente said the NRG issue of intermittency must be addressed and must be put at point of entry which is at DanDan or Talofoto Substation. This resolution addresses the land piece and management is already addressing the battery piece. Comm. Duenas asked who hires the appraiser and the GM said GPA is responsible.

Comm. Santos motioned to approve Resolution 2016-33; Comm. Bamba seconded. There was no further discussion or objection and the motion passed!

6.1.7 Resolution 2016-34 LEAC Adjustment

GPA is allowed to recover its fuel costs and fuel related costs under a factor which is reset and trued up every six (6) months through the LEAC. The worldwide cost of fuel had been declining over the last year, nearly a 53% decline in the average monthly settlement prices during FY'2015 and additional 21% declining thus far in FY'2016. The market price of fuel in the initial filing for the current period was projected to be \$46.19/bbl for the (6) six-month period ending July 31, 2016, the current projection for the same period is \$37.82/bbl and the projected price of fuel for the period ending January 31, 2017 is \$42.30/bbl. Although GPA will file the required LEAC schedules, it has determined that it will not petition for a change in the LEAC factor for secondary voltage service customers as well as alternative voltage customer for the period of August 1, 2016 to January 31, 2017. The LEAC rate will remain at \$0.086613/kWh effective for the period from August 1, 2016 thru January 31, 2017.

Comm. Santos motioned to approve Resolution 2016-34; Comm. Bamba seconded. There was no further discussion or objection and the motion carried!

6.1.8 Resolution 2016-35 Relative to Unarmed Guard Security Service

This contract is necessary in order to provide GPA with unarmed, uniformed security guard services at various GPA locations for the protection of these assets and employees during and after duty hours at GPA's Supply Warehouse and Storage Yard, T&D Service Center in Dededo, the GBN Public Service Facility, Cabras & Tanguisson Power Plants.

The overall cost for this project is \$512,494.44 for one year and \$1.025M for base year and first option year. Below is the monthly cost breakdown provided by management. Supply Warehouse - \$11,490.20, GBN Facility \$8,237.72, Cabras \$11,490.20 and Tanguisson \$11,4890.20. The funding source will be O&M Funds.

GM Benavente said this contract is for unarmed security guard services 24/7. Comm. Santos asked what we were guarding at Tanguisson (which was closed down). The GM said that one of the conditions for EPA and USEPA is the requirement to hire security; he added that GPA needs someone there 24/7 because there's a lot of value still in the plant and he is not comfortable

with just a surveillance camera. The Commission asked about other options and if there were incidents of break-ins at Tanguisson and management responded no but believe this is because it is being personally manned. GM Bordallo concurred that having a person present deters vandalism and referenced the incidents of vandalism in DOE schools saying they were equipped with surveillance cameras.

Comm. Santos motioned to approve Resolution 2016-35; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

6.1.9 Resolution 2016-36 Relative to Update of Integrated Resource Plan

The PUC ordered GPA under Docket 15-05 to update the IRP in consideration of the Cabras 3&4 power plant explosion of August 31, 2015. The results of the latest updated IRP indicate that GPA should procure up to 180 MW of combined cycle units in order to meet PUC approved reliability. GPA should continue to pursue about 120 MW of renewable energy resources while installing new conventional generation which improves efficiency through modernized technology. New combined cycle units are more efficient than the existing Base Load units and would result in the consumption of less fuel which helps offset the higher cost of Ultra Low Sulfur Diesel (ULSD). One of the key drivers of the updated IRP is the need for GPA base load generating units to comply with recently implemented environmental regulations promulgated by USEPA under the Clean Air Act. GPA plans to continue using a model in which the new generation facilities are operated and maintained by an independent power producer. In accordance with the recommendation of the updated IRP GPA continues to improve and increase renewable penetration by: reissuing the Phase II Bid with an increase capacity award potential to 60 MW for all renewable energy technologies; developing about 40 MW of Solar PV renewables on Navy Properties; Evaluating the grid capacity for increased intermittent renewable penetration; revising the GPA Energy Storage System bid to address frequency regulation for NRG PV Plant and the Net Metering installed renewable capacity; Evaluating energy storage systems for load shifting/peak shaving functions and partnering with Navy on development of an additional 120 MW of renewable projects.

GPA also continues to explore opportunities to utilize energy storage solutions for energy shifting in the grid; however, these systems are currently costly and just evolving indicating limited experience on a large scale in the electrical grid, but are expected to make a positive impact in systems at substantially lower cost in the near future. GPA will utilize the Independent Power Producer model with the option for GPA financing should GPA financing provide lower cost for ratepayers. In this IRP proposal, the General Manager will continue to execute the following: Contract for 120 MW of renewables over the next 5 years - develop a compliance plan to be submitted to USEPA as indicated above and prepare to negotiate a consent decree with USEPA; continue to evaluate a Time of Use (TOU) rate program and provide recommendations for CCU considerations within six months. Within one year, determine feasibility of and provide recommendations on - energy storage systems for shaving peak and load shifting; role of distributed generations in parts on the island; feasibility of Liquefied Natural Gas (LNG); expansion of the DSM program and ways to accelerate lowering customer consumption; permanent implementation of demand response and interruptible rate programs, effective renewables programs such as feed in tariff, a sustainable net metering program, and customer distributed generation. The IRP proposed will be funded by insurance proceeds, CIP's and bond funds.

Comm. Duenas wanted clarification if this is a plan that will be reviewed periodically and where management comes back to the Commission at different steps of the process. GM Benavente said yes and added that this is an ongoing process and a plan that is living – always changing. He also mentioned that the other thing to consider is USEPA is waiting to see what GPA is going to do about being environmentally compliant. GPA may incur fines for not doing so.

Comm. Bamba motioned to approve Resolution 2016-36; Comm. Santos seconded. On the motion there was no further discussion or objection and the motion carried.

6.2 GWA

6.2.1 Financials

This item was covered during discussion of Resolution 39-FY2016 at the onset of the meeting.

6.2.2 Resolution 35-FY2016 Relative to Diesel Fuel Oil No. 2 & Regular Unleaded Fuel for the GWA Transportation Fleet

GWA must issue a new contract before the existing supply contract expires in order to insure continuity of operations. GWA management has previously evaluated alternatives for procurement of these fuels, and determined that an open, competitive procurement for a multi-year supply contract with fixed terms and variable annual costs is appropriate and allows GWA to obtain the needed fuels at the lowest possible cost. The fuel is required for all GWA's vehicle and equipment fleet and will be used agency-wide. The estimated cost for Diesel Fuel Oil No. 2 and Automotive Gasoline under the proposed procurement would likely exceed \$300,000 annually, and likewise exceed \$1,000,000 over the life of the base contract and optional renewal terms. The Contract will be for an initial three (3) year term, with options to extend for two (2) additional one (1) year renewal terms of twelve (12) months per renewal term upon mutual agreement of both parties and will be funded through O&M

Comm. Santos motioned to approve Resolution 35-FY2016; Comm. Bamba seconded. There was no further discussion or objection and the motion passed.

6.2.3 Resolution 36-FY2016 Relative to Water Hydraulic Modeling Data Collection Barrigada Service Area

The project is part of the 2011 Court Order – Sinajana Water Transmission Line and – Storage Tank/Reservoir Repair, Replacement, and Relocation Program. As a Court Order project, it is necessary and urgent to work towards meeting Court Order deadlines. The project's main objective is to complete and deliver a design to improve GWA's water system hydraulic model accuracy and enable positive realignment of the pressure zones in the Barrigada project area. An analysis using the data collected will determine and identify specific equipment needs in the project area, PRV settings, valve locations, valve settings, and hydraulic grades. Additionally, the project objective is to improve the operational efficiencies and diurnal monitoring of the Barrigada project area. The data acquisition system collecting real-time data and alarms shall be integrated with GWA's new Supervisory Control and Data Acquisition (SCADA) system to allow real-time remote monitoring. This project will focus on the Barrigada Reservoirs, Kaiser Reservoir, Mangilao Reservoirs, Airport Reservoir, Astumbo Reservoirs, Hyundai Reservoir, Yigo Reservoirs, PRV#16 at St. Johns, PRV #30, PRV #11 at Carnation, PRV #15, PRV #71, and PRV #12. The fee proposal is Four Hundred Ninety One Thousand Four Hundred Ninety Eight Dollars and Zero Cents (\$491,498.00). With a ten percent (10%) contingency of Forty Nine Thousand One Hundred Forty Nine Dollars and Eighty Cents (\$49,149.80), the total authorized funding amount requested is Five Hundred Forty Thousand Six Hundred Forty Seven Dollars and Eighty Cents (\$540,647.80). The targeted completion is March 30, 2017, which includes a timeline to deliver services for bid support, construction, and commissioning and funding for this project will be USEPA Grant Funds awarded under USEPA and, if necessary, GWA 2013 and 2015 Bond funds.

Comm. Santos motioned to approve Resolution 36-FY2016; comm. Bamba seconded.

Comm. Bamba asked if this modeling will address low water pressure and GM bordello said this will help GWA determine what is needed and how to implement improved performance

On the motion there was no further discussion or objection and the motion passed.

6.2.4 Resolution 37-FY2016 Relative to Design Build of Northern WWTP Service Area WW Pump Station Improvements

If approved, Resolution 37-FY2016 will address design and construction improvements and rehabilitations at seven wastewater pump stations. The improvements are needed now, and the funding grant expires in September 2017. The seven existing pump stations are all in the northern wastewater district. These are the Macheche, Ypaopao, Astumbo, Santa Ana Wastewater Pump Stations including three of GWA's largest and most critical stations: Fujita (Tumon); Route 16, and Southern Link and will cost \$1,505,760. The project will be completed in September 2017 at the latest in line with the grant funding availability. Management reiterated that the funding source is EPA State Revolving Fund (SRF) grant. No financial obligation from GWA.

Comm. Santos motioned to approve Resolution 37-FY2016; Comm. Bamba seconded. On the motion there was no further discussion or objection and the motion carried.

6.2.5 Resolution 38-FY2016 Relative to Checking Account with the Bank of Hawaii for Merchant Banking Contract

Resolution 38-FY2016 is needed in order to establish bank accounts with the Bank of Hawaii relative to the Merchant Banking services contract awarded by GWA and GPA. Bank accounts are necessary for the deposit of all credit card transactions received in person, on-line and via pay-by-phone. On-line access is necessary to monitor collections and for the ease and convenience of monthly reconciliation. The fees related to this matter will be funded through revenue funds.

Comm. Santos motioned to approve Resolution 38-FY2016; Comm. Bamba seconded. On the motion there was no further discussion or objection and the motion passed.

6.2.6 Resolution 39-FY2016 Relative to GWA's 2016 True-up and FY2017 Budget

This matter was approved and acted upon at the onset of the meeting.

7. OLD BUSINESS - None

8. ANNOUNCEMENTS

8.1 Next CCU Meetings: Work Session – None; Meeting 6/7/16

The chairman announced that there will be no work session in June and only a CCU meeting on June 7th and only if needed.

The Chairman said that Legal Counsel has provided an affidavit stating the need for discussion under Executive Session and asked for a motion.

Comm. Bamba motioned to move the meeting to Executive Session; Comm. Santos seconded.

The Chairman called for a 10-minute recess. It was 7:30 p.m.

9. **EXECUTIVE SESSION**

9.1 **Personnel Matters**

This matter was discussed

9.2 **Litigation Matter**

This matter was discussed

The meeting was moved back to Regular Session at 7:58 p.m.

Chairman Duenas announced that the meeting has now moved back to Regular Session from Executive Session. He said (3) Commissioners were still present and said the chair is open to a motion to approve what was adopted in Executive Session.

Comm. Bamba motioned to approve the decisions that were made in Executive Session the details of which will be summarized by Legal Counsel, Graham Botha; Comm. Santos seconded. There was no further discussion or objection and the motion passed.

Details of Executive Session Discussion:

I, Graham Botha, Legal Counsel for the GPA and the Consolidated Commission on Utilities, hereby confirm that in Executive Session at the CCU meeting of May 24, 2016, The Commission discussed and approved the salary adjustments for GWA CFO, Mr. Greg Cruz and CCU Board Secretary, Ms. Lou Sablan. The details are that effective May 31st, the salary of Mr. Greg Cruz will increase by 4% or \$5,280 for adjusted base salary of \$137,440 and the salary of Ms. Lou Sablan will increase by 3% or 2,097 with adjusted base salary of \$72,012.

Comm. Santos moved to adjourn; Comm. Bamba seconded.

10. **ADJOURNMENT**

There was no further business to bring before the Commission.

Comm. Santos moved to adjourn; Comm. Bamba seconded. There was no objection and the meeting adjourned at approximately 8:p.m.

llsll
bls

Attested:


JOSEPH T. DUENAS, Chairman


J. GEORGE BAMBA, Secretary