



Special Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
12:00 p.m., Sept. 6, 2018

MINUTES

1. CALL TO ORDER

The Chairman called the CCU regular meeting of September 6, 2018 to order at 12:02 p.m. He said four (4) Commissioners were present and that there was a quorum; Comm. Guthertz is absent and excused. The Chairman announced that this is a special meeting and only for one (1) agenda item - the FY2019 budget. Chairman addressed CFO Kim saying to please be more timely next time because the Commission would prefer not to be doing special meetings like today.

Others in attendance include:

Commissioners:

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

Executive Mgmt.:

John Benavente	GM / GPA
Melinda Mafnas	AGMO / GPA
John Cruz	AGMET / GPA
Tricee Limtiaco	AGMA / GPA
John Kim	CFO / GPA
Graham Botha	Staff Attorney / GPA

Management & Staff:

Patti Diego	Communications / GPA
Art Perez	PIO / GPA Communication
Pam Aguigui	Budget Officer / GPA Finance
Lorraine Guerrero	Budget Office / GPA
Roman Sablan-Cruz	Budget Office / GPA
Monica Calvo	Budget Office / GPA
Lou Sablan	Board Secretary / CCU

Guest:

Nestor Licano	KUAM
Manny Cruz	PDN

2. **COMMUNICATIONS**

2.1 **Public Comments - None**

3. **GPA**

3.1 **New Business**

3.1.1 **Resolution 2018-19 Relative to FY2019 Budget**

Section 8117 of Chapter 8 of Title 12 of Guam Code Annotated authorizes the Consolidated Commission on Utilities (CCU) to adopt an annual budget for the Authority; and Section 6.11 of the GPA Bond Indenture Agreement requires the Authority to provide a copy of an approved budget to the Bond Trustee prior to the beginning of each fiscal year. The General Manager of the Guam Power Authority has created and thoroughly reviewed the budget for Fiscal Year 2019 totaling \$439,033,000. Additionally the General Manager has carefully scrutinized each line item of the budget and made substantial and significant reductions to the budget document as a whole to ensure that all budget expenditures are consistent with the strategic goals of the Authority.

The Consolidated Commission on Utilities has held a working session in which budget items were reviewed and discussed with the General Manager and his staff.

The Fiscal Year 2019 Budget is \$439,033,000 and is based on a Non-Fuel Revenue forecast of \$165,002,000, miscellaneous revenues of \$2,020,000 and a Fuel Revenue forecast of \$272,011,000 for total revenues of \$439,033,000. Total Operations and Maintenance budget includes Labor and Retiree's benefit costs of \$47,740,590; Non-Labor cost of \$34,949,412 less Capitalized O&M of \$5,825,198 for total O&M Budget of \$76,864,804; Bad debt expense of \$1,098,000; Independent Power Producers costs plus Aggreko and MEC of \$34,005,000; Debt Service of \$44,158,000; Production Fuel of \$272,011,000 and revenue Funded Capital Improvement Projects of \$26,473,000 as expressed in the attached summary of Revenue Requirements is hereby adopted. Funds pledged for the Bond Reserves are not included in the overall budget amounts.

Other key items included in the FY2019 budget include the authorized level of positions within the Authority not exceed 500 FTEs excluding personnel in the GPA Apprenticeship Program for FY2019; that the General Manager is authorized to transfer within the overall approved GPA budget, with the exception that there shall be no transfer into the personnel account. In addition, there is no transfer authority for funds budgeted for debt service payment or IPP payments; that the General Manager is authorized to petition the Public Utilities Commission (PUC) for approval of the Revenue Funded Capital Improvement budget of \$26,473,000

In discussion the Chairman commented that this hinges on 2 things - in 3 months actual numbers will be clearer and in December, the LEAC rates may be adjusted. He said he considers today's number as placeholders

The Chairman said to CFO Kim that he would like to see regular monthly LEAC under recovery updates.

Comm. Santos asked about the vegetation management program - it's budget and how many villages have opted to participate in the program. Management responded the budget is about \$800k on the contractual side about \$400k and for mayors about \$250k; internal FTE's on the project is about 8-10 personnel. It was mentioned that only 11 villages are participating in the pilot project and if any other will be interested and to make sure all mayors are updated of the program because the Commission does not want any complaints from mayors that they were not aware.

Comm. Santos asked if anymore equipment purchases are anticipated and the GM said yes mowers & excavators.

Chairman asked about the full time employee (FTE) count and the CFO responded that the current FTE count is 465 and the FY2019 budget is 500.

Relative to transfer authority Comm. Santos wants an update on how much of this was actually used in FY2018? The CFO said he will get back to the Commission.

It was proposed that anytime there is any transfer that management must notify the CCU within 30 days after the transfer. The Chairman asked that this notification policy be drafted in resolution form by the Sept. meeting. He added that he does not want to micromanage but wants to be informed.

Comm. Sanchez motioned to approve Resolution 2018-19 second by Comm. Bamba. There was no further discussion or objections and the motion carried. The vote was 4 ayes and 1 absent.

4. **ANNOUNCEMENTS**

4.1 **Next CCU Meetings**

The Chairman announced that the next CCU meeting would be a GWA work session on Sept 18 and GPA on Sept. 20 followed by the Sept. CCU meeting on Sept. 25.

5. **ADJOURNMENT**

With nothing further to discuss, the meeting adjourned at @ 12:29 p.m.

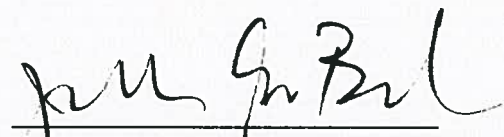
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Attested:



JOSEPH T. DUENAS, Chairman



J. GEORGE BAMBA, Secretary