



Special Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
9:00 a.m., July 18, 2019

MINUTES

1. CALL TO ORDER

The Chairman called the CCU / GWA Special Meeting of the Consolidated Commission on Utilities for July 18, 2019 to order at 9 a.m. He said four (4) Commissioners were present and that Comm. Santos was running late. This meeting was recessed several times, reconvening at these dates and times July 24, 2019 at 5 p.m., July 30, 2019 at 8 a.m., August 1, 2019 at 4:30 p.m. August 6 at 4:30 p.m. and was finally adjourned on August 9, 2019.

Others in attendance include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer

Executive Mgmt.:

Miguel Bordallo	GM / GWA
Kelly Clark	Legal Counsel / GWA

Management & Staff:

Zina Pangelinan	Personnel Admin / GWA HR
Lou Sablan	Board Secretary / CCU

At the onset of the July 18, 2019 meeting, the Chairman announced that the purpose of the meeting is to conduct interviews and working towards the appointment of the Chief Financial Officer [CFO] for Guam Waterworks Authority. A written recommendation prepared by GWA Counsel Kelly Clark; the Chairman noted that the recommendation cited the relative law and then asked for a motion to move to Executive Session to proceed with the interviews of the CFO candidates.

Comm. Santos motioned to move to Executive Session second by Comm. Limtiaco. The vote was unanimous 4 ayes, 1 absent.

[For the record, Comm. Sanchez arrived sometime during executive session]

2. **COMMUNICATIONS**
 - 2.1 **Public Comments** – None
3. **NEW BUSINESS** – None
4. **ANNOUNCEMENTS**
 - 4.1 **Next CCU Meetings**: GPA WS; Thurs., July 18 @ 4:30 p.m.; July 23 – CCU Regular Monthly Mtg. @ 5:30 p.m.
5. **EXECUTIVE SESSION**
 - 5.1 **Personnel Matter: GWA CFO Interviews / Appointment**

At the end of executive session, the meeting was moved back to regular session where it was discussed to recess the meeting until 5 p.m., Wednesday, July 24th. The chairman called for a motion to recess.

Comm. Sanchez motioned to recess this meeting until 5 p.m., Wed., July 24th, second by Comm. Santos. The vote was unanimous – 5 ayes.

**CONTINUATION of Special Board Meeting of July 18, 2019
CCU Conference Room, Gloria B. Nelson Public Service Building
Reconvened at 5:00 p.m., July 24, 2019**

The Chairman called the meeting to order at 5:45 p.m. He said this meeting is a continuation meeting from July 18th which was recessed until today. He asked for a motion to move to executive session to conduct the last CFO interview

Comm. Santos motioned to move to executive session; second by Comm. Sanchez. The vote was unanimous.

Those present include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer
Simon A. Sanchez	Commissioner

Executive Mgmt.:

Miguel Bordallo	GM / GWA
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Management & Staff:

Lou Sablan	Board Secretary / CCU
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After executive session, the meeting moved back to open session where the Chairman asked for the pleasure of the Commission.

There was discussion on the next steps. The Commission all agreed that they would like the GM's opinion on ranking of all the CFO candidates, in writing. It was noted that GM Bordallo was scheduled to go off island for

meetings next week. Comm. Limitaco also mentioned that he would like to request for a 2nd Skype interview with the off-island candidate. After more discussion, it was decided to ask GM Bordallo to prepare his written opinion of the all the CFO candidates and provide it to the CCU for review in his absence. It was also decided to recess this meeting and to reconvene at 8 a.m., Tues., July 30th and asked management to schedule the 2nd interview with the off-island candidate at that meeting. The Chairman called for a motion to recess.

Comm. Sanchez motioned to recess this meeting and to reconvene at 8 a.m., Tues., July 30th, second by Comm Guthertz. The motion was unanimous.

CONTINUATION of Special Board Meeting of July 18, 2019
CCU Conference Room, Gloria B. Nelson Public Service Building
Reconvened at 8:00 a.m., July 30, 2019

The Chairman called the meeting to order at 8:47 a.m. He welcomed the off island CFO candidate who was waiting to be interviewed via Skype. The Chairman said that this is a continuation of a Special Meeting of July 18, 2019 which was recessed and resumed on July 24th and then recessed and reconvened again today, July 30 .

Comm. Sanchez stated, for the record, that GWA Counsel Clark has provided at the July 18th meeting, a written recommendation, citing 5 G.C.A, Section 8111 as a basis for his recommendation to move the meeting to executive session for the purpose of the CFO interviews and that this legal recommendation is still in effect.

Comm. Sanchez motioned to move the meeting to executive session, second by Comm. Guthertz. All were in favor 4 ayes and 1 absent and the meeting moved to executive session.

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer
Simon A. Sanchez	Commissioner

Management & Staff:

Lou Sablan	Board Secretary / CCU
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After executive session, the meeting was moved back to open session. Comm. Sanchez said that he recommends that Legal Counsel Clark be called to join the meeting for further guidance going forward.

Comm. Santos moved for a brief recess second by Comm. Sanchez. The vote was unanimous.

After the brief recess, the meeting continued in regular session and the Chairman confirmed that all CFO candidates have been interviewed and discussion followed relative to next steps. The Chairman said we should set a date for our next continuation, where rankings will be done in executive session, with absolutely no discussion on compensation. And, for the record, the Chairman said Counsel Clark will provide a statement signed by all Commissioners to attest that compensation was not discussed in the various executive sessions related to this special meeting. Further, he said after the ranking process

held in executive session, the meeting will then move back to open session where the Commission will work on a draft proposed contract to determine terms and compensation. The Chairman said this is the methodology that will be followed and if everyone was comfortable with it. Comm. Sanchez said he had questions.

Comm Sanchez said the most important piece is the potential compensation which will be discussed in open session for any or all of the candidates. If the CCU obtains an acceptance then the CCU can work on a contract. He added that this can be the beginning of creating a standardized contract that can be used for all other (7) CCU employees. His thought re the process is to rank, reach a consensus on a leading candidate in executive session and then in open session discuss a dollar figure to offer and then authorize the Chairman to reach out to the leading candidate. The Chairman will then report back to the Commission, in a subsequent open session, to advise the body whether or not the candidate accepted, rejected or made a counter offer. Comm. Santos recommended that perhaps the Chairman could be equipped with a salary range for each of the candidates and the term of the contract/s. Comm. Limtiaco asked confirmation if the salary range to be offered the same as the one noted with the published range at the job posting and the Commissioners said it could be different. There was discussion on the salary range and the rationale for offering a different salary range for each candidate dependent on their ranking and outcome of their respective interviews – each candidate have unique strengths and experience which should tie in to the salary range being offered.

Counsel Clark said he already has a template of the contract with blanks for the salary and terms. It was mentioned that CEU's are ok to include to enable candidates to maintain their professional status, as needed. Relative to relocation costs, Comm. Sanchez said that usually this is offered only to off-island candidates and the cost is the responsibility of GWA. The discussion continued covering different aspects of the contract i.e. leave and benefits, including retirement. Relative to leave the standard offer is 30 working days. Comm. Guthertz asked if the Commission is within the law with these benefits and the response was yes with exception of health benefit which is optional. Relative to retirement, the candidate needs to participate.

It was mentioned that GM Bordallo has provided his written opinion / feedback already.

There was discussion on setting the meeting for the next continuation of this meeting. It was decided to recess this meeting and reconvene this Thurs., Aug. 1 at 4:00 p.m. for the purpose of ranking the candidates and then work on the contract.

Comm. Santos motioned to recess this meeting and reconvene on Thursday, 8/1/19 at 4 p.m., second by Comm. Guthertz.

CONTINUATION of Special Board Meeting of July 18, 2019
CCU Conference Room, Gloria B. Nelson Public Service Building
Reconvened at 4:00 p.m., August 1, 2019

The Chairman called the meeting to order at 4:09 p.m. and said that this is a continuation meeting for the CCU Special Meeting of July 18, 2019, that has been recessed and reconvened several times.

Comm Sanchez said today we will evaluate and discuss ranking with review of resume's and interviews with absolutely no discussion of any level of compensation in executive session. The ranking will develop an order of candidates where the #1 candidate will be identified.

There was discussion on the procedure to determine what to offer the leading candidate and that the chairman would approach the leading candidate with the offer and the lead time for a response. It was mentioned that the job announcement did mention a salary range. Comm. Sanchez said what if he wanted to offer the candidate more and Comm. Duenas said then this option can be discussed.

Comm. Guthertz asked that when working on the contract that what ever is noted there is conforms with the law in all aspects.

Comm. Sanchez motioned to move the meeting to executive session, second by Comm. Guthertz. The vote was unanimous.

Those present included:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer
Simon A. Sanchez	Commissioner

Executive Mgmt.:

Miguel Bordallo	GM / GWA
Kelly Clark	Legal Counsel

Management & Staff:

Zina Pangelinan	Personnel Admin. / GWA HR
Lou Sablan	Board Secretary / CCU

After executive session, the meeting was moved back to open session. The Chairman announced that the meeting is now back in regular session said that the Commission has a leading candidate for CFO for GWA. The next phase will now be to discuss salary and contract.

Comm. Sanchez said the job announcement listed the pay at \$129,762 min. - \$135,031 max per annum at the 10th percentile. The Chairman pointed to a sheet provided by HR that indicates the 15th, 20th and 25th percentile. The chairman said that both GPA and GWA has committed to move to the 50th percentile but there was never a timeframe defined. Comm. Sanchez said back in 2008 GWA was at the 5th percentile. The policy goal was that over an unspecified time and balancing the need to keep rates affordable for ratepayers, and be able to attract and retain professionals, the Commission wanted to create a wage plan and a path forward. Today, 10 years later, we have migrated the average wage to the 10th percentile at GWA and 15th percentile for GPA. Getting to the 50th percentile is a migration process – wage surveys are done periodically and the process is a policy call. That said, we do have a wage plan. Chairman said for the record that the former CFO for GWA was slightly over the 25th percentile at \$147, 950k.

Comm. Guthertz asked how much time does it take to gravitate to these percentiles. Comm. Sanchez said it's been creeping up since 2008. He said pay for performance was the basis initially and what's morphed is that after the annual review an adjustment was initiated and added to their base pay. Having done this, we have since migrated from the 5th to the 10th percentile by just having these periodic reviews. Many of the senior management is way above the 10th percentile and some others were way below. For FY2019 the Commission then asked GWA management to bring everyone below 10th percentile; those at the 10th percentile remained. With GPA everyone below 15th percentile was brought up; everyone at the 15th percentile stayed.

Comm. Guthertz asked why can't we offer the minimum and the response was this is an option.

Comm. Limtiaco said re GWA's 5-year rate plan, what was the salary range indicated there and the Chairman responded that the former predecessors base pay of \$147,950 was budgeted for this position, base pay only, not including benefits.

Discussion followed on the salary range for the lead CFO. Comm. Guthertz recommended to begin with the 15th percentile; Comm. Limtiaco said another consideration could be the high end of the 10th percentile. Comm. Guthertz asked what level was the GPA CFO the response was \$137k.

Comm. Guthertz moved to offer the advertised minimum of \$129,762, second by Comm Limtiaco. Vote was taken by show of hands. There were 2 ayes and the motion failed.

Comm. Sanchez said he is looking at the high end of the 15th percentile at \$137,745. This moves this position to the 15th percentile.

Comm. Sanchez motioned to offer the lead CFO candidate \$137,745, second by Comm. Santos

In discussion Comm. Limtiaco said that these positions had job announcement and there was a known range of salaries noted there. That said, the expectation of something other than this range does not exist. Comm. Sanchez said he picked \$137.745 because it is close to GPA's CFO.

On the motion, by show of hands, there were three (3) ayes and the vote was in favor. The motion to offer the lead CFO candidate \$137,745 passed.

The Commission then discussed the contract for the lead candidate. The body worked with the template of a contract section by section. Some Key parts of the contract that were discussed include the following:

Term of contract – 3 years and may be renewed subject to mutual consent and could be terminated by the parties.

Employee agrees to give 40 hours a week minimum to the business of GWA

The CFO will manage the day to day financial operations of GWA and help set the priorities of GWA in coordination with the General Manager

The employee shall take the Ethics in Government Class every two (2) years

The employee serves at the pleasure of the CCU and shall receive direction and report administratively to the General Manager

CFO benefits include compensation, incentives and the standard government benefits as provided by law

Personal leave is 30 working days

All leave requests must be approved by the General Manager with concurrence of the Chairman of the CCU

Termination of contract may be by mutual agreement, early termination or for cause

Severance is negotiable

Upon termination, any breach of work products proprietary to GWA will forfeit severance

Effective start date is 30 days

It was decided that a letter of offer will be drafted by Legal Counsel for the Chairman to present to the lead candidate. Counsel will also amend the contract as discussed for ratification at the next meeting.

Comm. Limtiaco motioned to recess this meeting until 4:30 p.m., August 6th; second by Comm. Sanchez. There was no further discussion or objection and the meeting was recessed.

**CONTINUATION of Special Board Meeting of July 18, 2019
CCU Conference Room, Gloria B. Nelson Public Service Building
Reconvened at 4:30 p.m., August 6, 2019**

The Chairman called the meeting to order at 4:43 p.m. He stated for the record that this is a continuation of the Special Meeting of July 18, 2019 which has been recessed and reconvened several times.

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer
Simon A. Sanchez	Commissioner

Executive Mgmt.:

Miguel Bordallo
Kelly Clark

GM / GWA
Legal Counsel / GWA

Management & Staff:

Lou Sablan

Board Secretary / CCU

The Chairman said that he presented an offer letter to the GWA CFO lead candidate which he sent to all 5 commissioners. He reported that the candidate has accepted the offer and with one specific request – to report to work on Sept. 30 – the start off the pay period for GWA. The offer letter noted the report date as 30 days. He told the candidate that a contract was being drafted and there was an offer and an acceptance but nothing is binding until contract is signed.

There was discussion on how to proceed. Comm. Sanchez said today the Commission will outlay the final terms of the contract and any changes to the offer.

At this point Legal Counsel presented the amended draft based on the discussion from the last meeting. The Commission reviewed the contract section by section to ensure that all the requested changes are correctly made.

Relative to the start date of the lead candidate, Comm. Guthertz moved to accept the counter offer by the lead candidate of Sept. 30; second by Comm. Limtiaco.

In discussion, Comm. Sanchez said he agrees that this is reasonable that even if the Commission considers to move to the next highest candidate, that candidate would not be able to be on Guam before Sept. 30th anyway. He asked if management can wait for Sept. 30th as the start date for the new CFO. Discussion followed on the pending financial matters at GWA the GM confirmed that waiting until Sept 30 will not jeopardize any financial matters at GWA.

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

The Commission continued to review the contract and made other minor changes.

Comm. Limtiaco motioned to add to the section under salary that any adjustment to the salary of the employee shall be based on annual performance evaluation to be conducted in open session of the CCU as prescribed by CCU Policy and shall be documented by this agreement; second by Comm. Sanchez.

Comm. Guthertz said she has a problem with this amendment and thinks this may be against the law because evaluations are private and should not be released to the public.

Comm Sanchez said if the candidate agrees to waive their right then this will satisfy any issues relative to law. He said he wants the public to know the reasons why we think our managers deserve a raise or if no raise, why.

Legal Counsel said he spoke to outside counsel about this they are of the opinion that the waiver clause should not be in the contract because it infringes on one's statutory privacy right.

There was very lengthy discussion relative to evaluations and whether they should be released in open session at the end of the discussion the Commission did not reach a consensus. It was decided to finish review of the draft contract and resume relative discussion at another meeting.

Comm. Chairman said he withdrew his amendment to the motion relative to waiving of employee statutory rights.

On the main motion the vote was 2 yes, 3 no and the motion failed.

Upon completion of the review of the contract, Legal Counsel was tasked to make the additional amendments to the contract.

Comm. Guthertz motioned to recess meeting until 5:00 p.m., August 9; second by Comm. Sanchez. There was no objection and the motion passed unanimously.

**CONTINUATION of Special Board Meeting July 18, 2019
CCU Conference Room, Gloria B. Nelson Public Service Building
Reconvened at 5:00 p.m., August 9, 2019**

Chairman Duenas called the meeting to order at 5:10 p.m. He said that this is the continuation of the July 18th Special Meeting. He called for a motion to move the meeting to executive session to discuss a matter that has come up since the last meeting.

Those present include:

Commissioners:

Joseph T. Duenas	CCU Chairman
Francis E. Santos	CCU Vice Chairman
Michael T. Limtiaco	CCU Secretary
Judith P. Guthertz	CCU Treasurer
Simon A. Sanchez	Commissioner

Executive Mgmt.:

Miguel Bordallo	GM / GWA
Kelly Clark	Legal Counsel

Comm. Santos motioned to move the meeting to Executive Session, second by Comm. Guthertz. There was no objection.

After executive session discussion the meeting moved back to regular session. It was 5:27 p.m. The Chairman said all suggested changes were made to the contract as discussed and needs a motion to adopt contract for the GWA CFO.

Comm. Guthertz moved to adopt the contract as amended, second by Comm. Santos. On the motion there were 4 ayes and 1 absent. The motioned carried.

The contract was adopted and the Chairman said he would get it signed by the CFO candidate tomorrow and make the announcement shortly thereafter.

6. ADJOURNMENT

There being no other business to bring before the Commission, the meeting adjourned at 5:28 p.m.

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Attested


JOSEPH T. DUENAS, Chairman


MICHAEL T. LIMTIACO Secretary