



CONSOLIDATED COMMISSION ON UTILITIES

Guam Power Authority | Guam Waterworks Authority

P.O. Box 2977 ~~Hagatna~~, Guam 96932 | (671) 648-3002 | guamccu.org

Regular Board Meeting
CCU Conference Room, Gloria B. Nelson Public Service Building
5:30 p.m., June 23, 2020

MINUTES

1. CALL TO ORDER

The CCU Chairman called the regular meeting of June 23, 2020 to order at 5:32 p.m. He said all five [5] Commissioners were present. 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
Simon A. Sanchez	Commissioner

Executive Mgmt.:

Miguel Bordallo	GM / GWA
John Benavente	GM / GPA
Melinda Mafnas	AGMP / GPA
Tricee Limtiaco	AGMA / GPA
Chris Budasi	AGMA / GWA
John Kim	CFO / GPA
John J. Cruz	AGMET / GPA
Taling Taitano	CFO / GWA
Graham Botha	Legal Counsel / GPA
Kelly Clark	Legal Counsel / GWA

Management & Staff:

Gilda Mafnas	Asst. CFO / GWA
Melvyn Kwek	IT Manager / GPA
Vien Wong	IT Support / GPA
Lou Sablan	Board Secretary / CCU, GPA, GWA
Joyce Sayama	Mgmt. Analyst, Ex. Office / GPA
Ann Borja	Mgmt Analyst, Ex Office / GWA

Guest:

Tricia Granillo	AM Insurance
Annmarie Muna	AM Insurance
Rino Manzano	Marianas Energy Corp

2. APPROVAL OF MINUTES

The Minutes of April 28, 2020 was presented for approval.

Comm. Guthertz motioned to approve the Minutes subject to verification and correction, second by Comm. Limtiaco. There was no further discussion or objection and the motion passed.

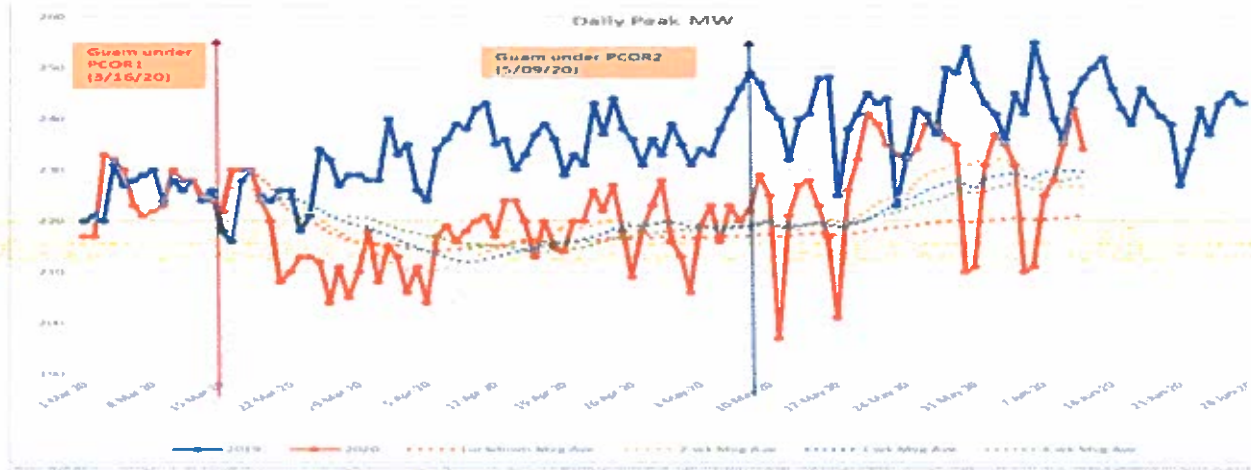
3. GPA

3.1 GM Report

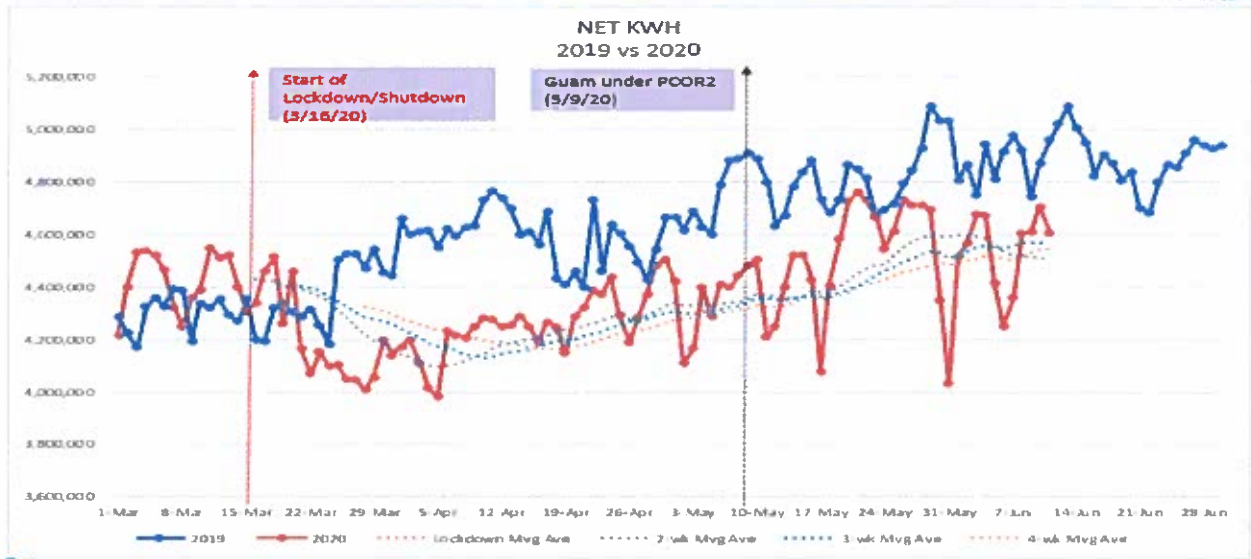
GM Benavente gave his usual GM Summary. Highlights noted below.

PEAK DEMAND RECOVERING TOWARDS 2019 LEVEL

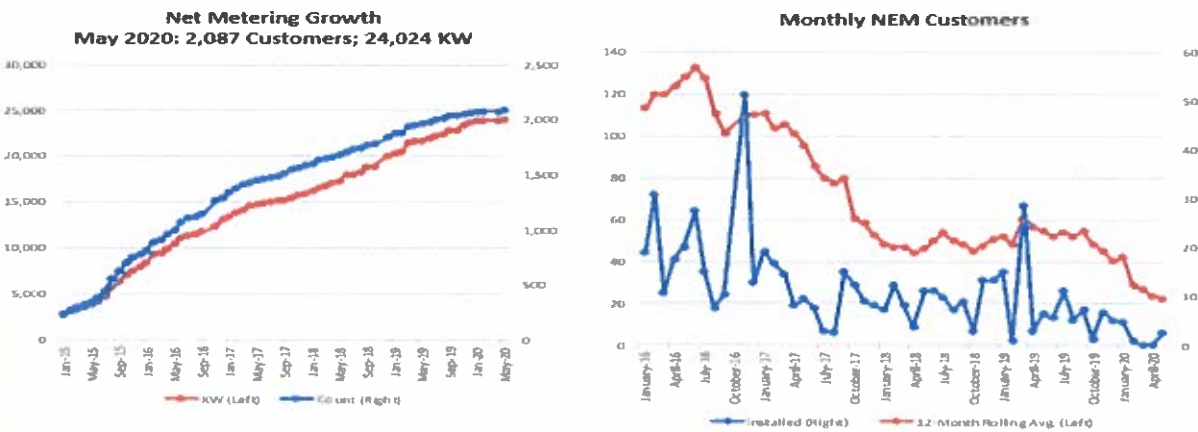
- 1. Generation System: Generation forecast for June 2020:**
Projected Available Capacity: 356 MW
Projected Demand: 245 MW
Anticipated Reserve Margin: 111 MW



NET ENERGY PRODUCTION RECOVERING GOOD INDICATOR FOR SALES



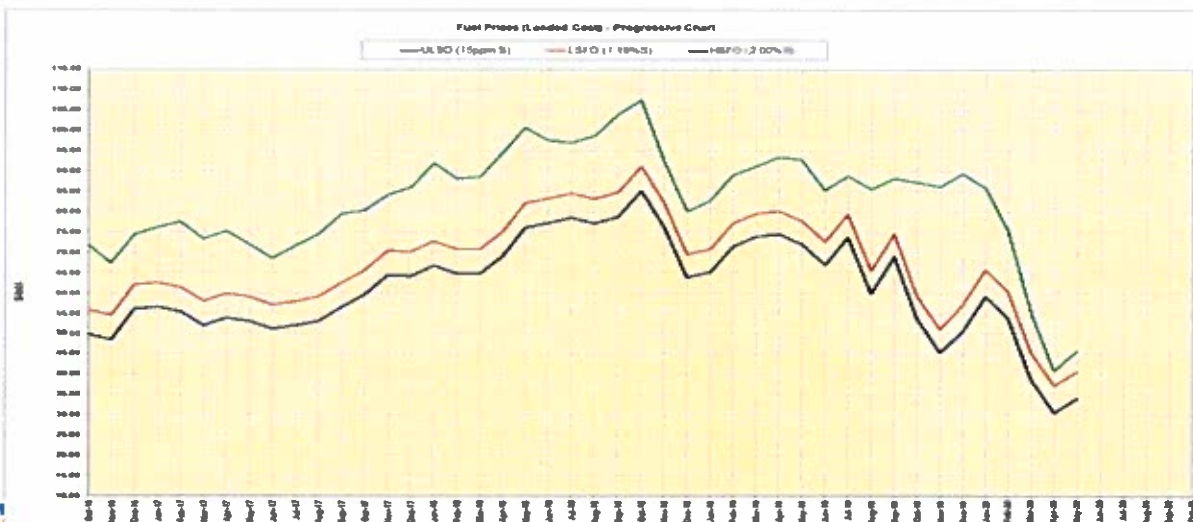
2. Net Metering (NEM) Growth Thru May 2020:



3. Demand Side Management Program:

Description	FY16	FY17	FY18	FY19	FY20	Total to Date
					As of 5/31/20	
Regular/OT Pay	\$11,348.80	\$22,256.00	\$26,121.83	\$30,715.19	\$18,026.66	\$128,468.48
Other Contractual	\$28,278.50	\$85,550.05	\$116,977.50	\$3,025.00		\$233,831.05
Ads & Radio Announcements				\$7,500.00		\$7,500.00
Paid Rebates-Split AC	\$154,700.00	\$557,275.00	\$1,349,825.00	\$1,374,650.00	\$317,575.00	\$3,754,025.00
Paid Rebates- Central AC	\$3,400.00	\$8,200.00	\$4,400.00	\$6,500.00	\$500.00	\$23,000.00
Paid Rebates-Washer/Dryer	\$2,800.00	\$7,425.00	\$57,200.00	\$110,800.00	\$28,400.00	\$206,625.00
Total Expenses	\$200,527.30	\$680,706.05	\$1,554,524.33	\$1,553,190.19	\$364,501.66	\$4,353,449.53
Bank Interest (+)	\$1,676.42	\$1,722.74	\$1,222.29	\$730.05	\$320.87	\$5,672.37
Bank Fees	\$155.00	\$1,032.06	\$1,085.08	\$1,247.54	\$240.00	\$3,759.68

4. Fuel Purchases (Per Barrel) Ending May 2020



5. PUC Dockets:

- Approved Reverting Net Metering Rider eliminating payments of excess energy produced . Effective Jan 2021
- Reduced LEAC rate to \$0.086/kWh beginning June 1, 2020. LEAC rate for period Aug 2020 to Jan 2021 to be set in July.
- Approved inclusion of Demand Side Management program funding in LEAC rate beginning June 1st. Rate to generate \$3M annually and adds additional rebate programs.

6. Phase III Renewables Project:

- Public auditor to continue hearings this month on the protest of GPA's intent to award to Engie 40MW of load shifting solar PV renewables on land leased from the Navy. The two projects totaling 40MW with storage batteries are priced at \$0.11/kWh.

7. Suspension of Disconnections:

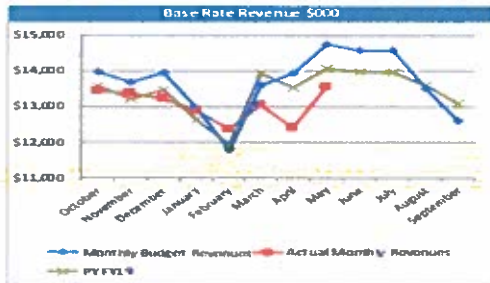
- Disconnections have been suspended until after June 30th in line with the Governor's executive order which extended the pandemic period to the end of June.

8. Generation KPI's:

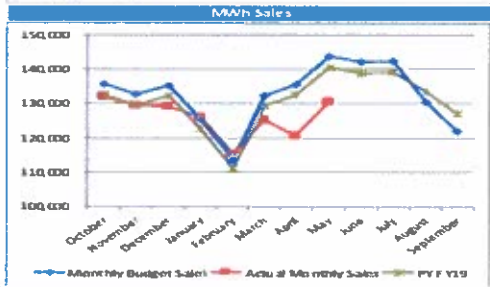
- The following graphs show the updated system information through May 2020:

3.2 Financials

May 2020 Monthly Financial Highlights

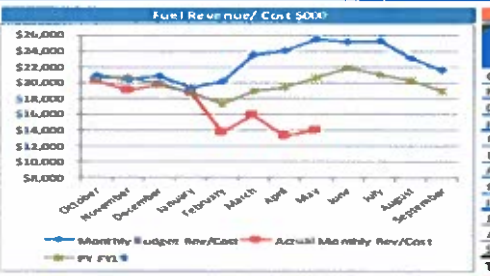


Month	Monthly Budget Revenue (\$000)	Actual Monthly Revenue (\$000)	Variance	PY FY19	CY vs PY Variance
October	\$ 13,968	\$ 13,440	\$ (528)	\$ 13,564	\$ (125)
November	13,082	13,358	\$ (276)	13,203	\$ 155
December	13,940	13,216	\$ (724)	13,467	\$ (251)
January	12,940	12,888	\$ (52)	12,616	\$ 272
February	11,772	12,357	\$ 585	11,915	\$ 442
March	13,587	13,039	\$ (548)	13,926	\$ (887)
April	13,915	12,385	\$ (1,530)	13,530	\$ (1,135)
May	14,755	13,550	\$ (1,205)	14,057	\$ (507)
June	14,558			13,977	
July	14,563			13,951	
August	13,499			13,595	
September	12,585			13,073	
Total	\$ 163,763	\$ 104,233	\$ (4,326)	\$ 160,865	\$ (2,036)

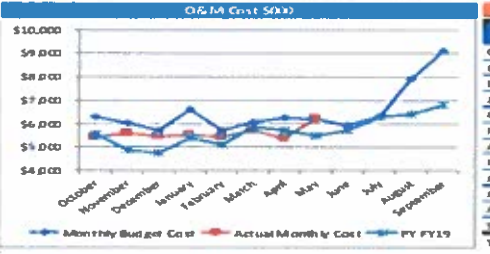


Month	Monthly Budget Sales	Actual Monthly Sales	Variance	PY FY19	CY vs PY Variance
October	135,650	131,953	(3,697)	132,489	(3,601)
November	132,721	129,421	(3,300)	129,537	(1,164)
December	135,343	128,958	(6,385)	132,190	(3,232)
January	125,456	126,130	674	122,590	3,540
February	113,726	115,346	1,620	111,159	4,187
March	132,206	125,185	(7,021)	129,170	(3,035)
April	135,521	120,688	(14,833)	132,396	(11,708)
May	143,721	130,531	(13,191)	140,413	(9,881)
June	142,093			138,704	
July	142,383			139,204	
August	130,434			133,422	
September	121,840			127,050	
Total	1,591,092	1,008,212	(46,131)	1,568,322	(21,791)

May 2020 Monthly Financial Highlights (Continued)



Month	Monthly Budget Rev/Cost (\$000)	Actual Monthly Rev/Cost (\$000)	Variance	PY FY19	CY vs PY Variance
October	\$ 20,923	\$ 20,165	\$ (758)	\$ 20,550	\$ (385)
November	20,471	19,088	\$ (1,383)	20,711	\$ (1,622)
December	20,876	19,697	\$ (1,179)	19,969	\$ (272)
January	19,351	18,820	\$ (531)	18,822	\$ (2)
February	20,219	13,701	\$ (6,518)	17,368	\$ (3,667)
March	23,505	15,968	\$ (7,537)	19,017	\$ (3,049)
April	24,094	13,254	\$ (10,840)	19,442	\$ (6,188)
May	25,552	14,001	\$ (11,551)	20,711	\$ (6,708)
June	25,263			21,922	
July	25,314			21,082	
August	23,190			20,331	
September	21,662			18,935	
Total	\$ 270,418	\$ 134,685	\$ (40,296)	\$ 238,864	\$ (21,894)



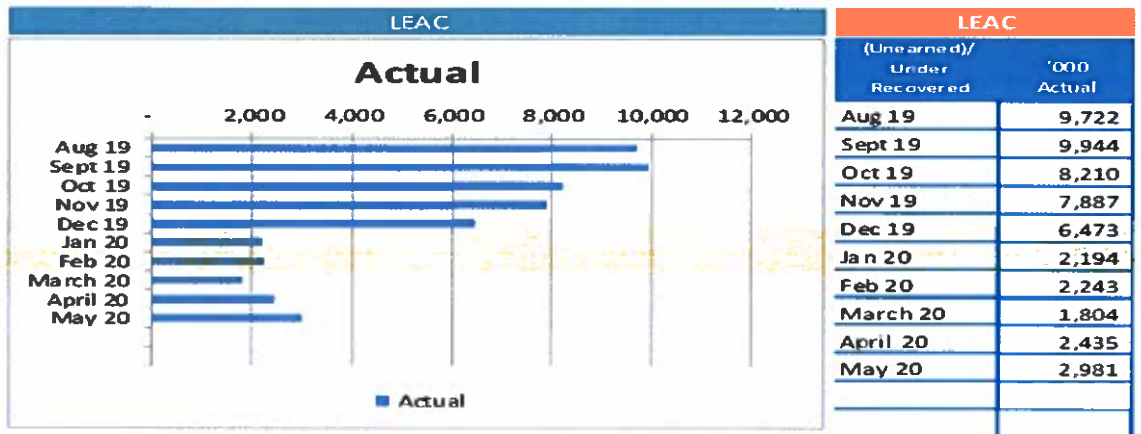
Month	Monthly Budget Cost (\$000)	Actual Monthly Cost (\$000)	Variance	PY FY19	CY vs PY Variance
October	\$ 6,290	\$ 5,411	\$ 879	\$ 5,351	\$ 340
November	6,016	5,572	444	4,875	(697)
December	5,725	5,460	265	4,762	(698)
January	6,607	5,521	1,086	5,999	(121)
February	5,701	5,417	284	5,114	(301)
March	6,050	5,723	327	5,869	145
April	6,258	5,357	900	5,704	346
May	6,179	6,215	(36)	5,485	(731)
June	5,922			5,703	
July	6,321			6,276	
August	7,908			6,421	
September	9,103			6,797	
Total	\$ 78,079	\$ 44,678	\$ 4,148	\$ 67,956	\$ (1,919)

May 2020 Monthly Financial Highlights (Continued)

Through May 31, 2020								
	4Q2018	1Q2019	2Q2019	3Q2019	4Q2019	1Q2020	2Q2020	3Q2020
Residential	43,887	43,920	44,144	44,329	44,479	44,203	44,509	44,940
Commercial	5,261	5,273	5,291	5,303	5,289	5,154	5,352	5,323
Government	1,077	1,090	1,074	1,075	1,070	1,072	1,059	1,064
Streetlights	1,152	1,151	1,152	1,138	1,138	1,135	1,128	1,128
Navy	1	1	1	1	1	1	1	1
Total	51,378	51,435	51,662	51,846	51,977	51,565	52,049	52,456

Debt service coverage (DSC) calculation indenture	2015	2016	2017	2018	2019	2020
Senior lien coverage	3.62	3.28	2.65	2.53	1.97	1.69
Aggregate debt service coverage	2.62	3.28	2.65	2.53	1.97	1.69
Debt service coverage (DSC) calculation-IPP as O&M						
Senior lien coverage	2.56	2.45	1.79	1.65	1.64	1.51
Aggregate debt service coverage	1.85	2.45	1.79	1.65	1.64	1.51

May 2020 Monthly Financial Highlights (Continued)



3.3 Resolution 2020-13 Authorization of Cabras 1&2 PMC Contract

GPA's current PMC contract expires on September 30, 2020 and no options for extension are available.

GPA's new Ukudu power plant and new renewable energy contracts are not expected to be online until about calendar year 2023. Therefore, GPA would need to continue operating and maintaining the Cabras Power Plant Units #1 and #2 until the new power plant is commissioned.

The term of the new contract is to start in October 2020, for a base period of three years, with options to extend for two (2) additional 1-year extensions. The last year of the contract will be designated as the commencement of de-activation and/or decommissioning planning and activities.

The anticipated cost for the Performance Management Contract is noted below and the funding source would be Revenue Funds [O&M].

Contract Year	Annual Management Fee	O&M Budget
1	\$ 1,915,037.00	\$ 1,350,000.00
2	\$ 1,972,488.00	\$ 1,350,000.00
3	\$ 2,031,663.00	\$ 1,350,000.00
TOTAL	\$ 5,919,188.00	\$ 4,050,000.00
Base Period Total Cost		\$ 9,969,188.00

Extension Year Option	Annual Management Fee	O&M Budget
1	\$ 2,092,613.00	\$ 1,350,000.00
2	\$ 2,155,391.00	\$ 1,350,000.00
TOTAL	\$ 4,248,004.00	\$ 2,700,000.00
Extension Period Cost		\$ 6,948,004.00
Base + Extension Periods		\$ 16,917,192.00

These exclude Inventory Cost (currently approximately \$120,000 annually), Cost for Critical Repairs, CIPs and Cost for De-activation and De-commissioning activities, which shall be budgeted by GPA separate from the PMC Annual Management Fee and O&M budget.

The anticipated contract schedule is as follows:

Contract Commencement:	October 1, 2020
Contract Base Period End:	September 30, 2023
Optional Extension Year 1:	Oct 2023 – Sept 2024
Optional Extension Year 2:	Oct 2024 – Sept 2025

Comm. Guthertz motioned to approve Resolution 2020-13 second by Comm. Santos. There was no further discussion or objection and the motion passed. The vote was unanimous.

3.4 Resolution 2020-14 Authorization the Retirement of Piti 8&9 Slow Speed Diesel Units

As part of the requirements for GPA's Consent Decree and GEPA's State Implementation Plan, GPA is required to contract for conversion of the units to burn ultra-low sulfur diesel (ULSD) by July 1, 2020 and full conversion to ULSD-firing by December 31, 2021. GPA will be subject to further penalties unless the Piti #8 and #9 Slow Speed Diesel Units are converted to ULSD. However, initial cost from contractor's proposal show that the conversion will cost about \$20,645,925 in capital expenses and an additional \$2,506,744 in annual O&M costs. With the award of a new 198-MW power plant and 120-MW Solar PV Energy, GPA anticipates that the Piti 8&9 units will be operating as peak load or back-up units instead of baseload units, with a capacity factor of less than 15%. With the anticipated award of a 40-MW Contract for Renewable Energy with Peak-shaving Energy Storage Systems at Department of Defense Properties (GPA's Phase III Renewable Resource Acquisition), as well as plans for acquisition of another Independent Power Producer contract for Renewable Energy with Peak-shaving Energy Storage Systems (Phase IV Renewable Resource Acquisition), GPA has decided that it is more prudent to retire the Piti 8&9 units.

GPA has not commenced discussion of the scope of work and estimated costs for deactivation or retirement of Piti #8 and #9 with MEC. This information will be determined later. The deactivation / retirement phase of Piti #8 & #9 will be scheduled after the New Power Plant at Ukudu has commenced operation. The funding source for related expenses would come from O&M Funds [revenue].

Comm. Guthertz motioned to approve Resolution 2020-14 second by Comm. Limtiaco. The vote was 4 ayes / 1 absent [Comm. Santos was not in the room when vote took place]. The motion passed.

4. GWA

4.1 GM Report

GM Bordallo gave is usual GM Summary at the GWA work session last week and highlights are presented below.

Management Update

Series 2020A Bonds – Transaction Summary

- Par Amount: \$134,000,000
- Final Maturity: January 1, 2050
- Ratings:
 - Standard & Poors: A- (Stable)
 - Moody's: Baa2 (Negative Outlook)
- Construction Fund Deposit: \$123,590,268.95
- Cost of Issuance: 1.48% of Par
- Sale Date: May 28, 2020
- Closing Date: June 4, 2020

Market Conditions

- COVID-19 pandemic closed the municipal bond market for several weeks
- April saw signs of market stabilization, but all issuances were "AA" rated credits or higher
- Limited new issue supply in credits rated below the "A" category, but Citi worked with GWA/GEDA/BBMR to pursue pricing at end of May

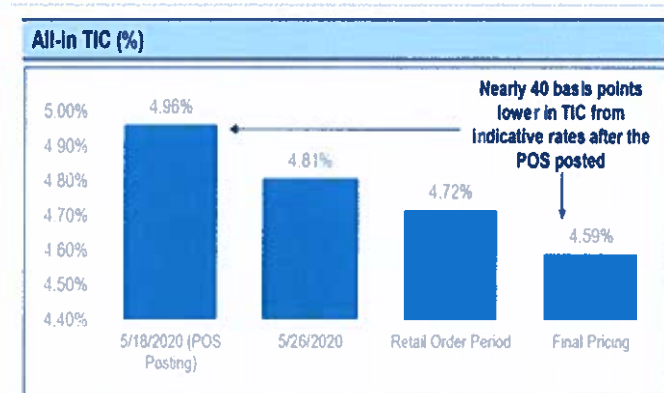
Pricing Results

- Early EMMA announcement allowed pre-POS marketing coordination
- Extensive marketing: roadshow presentation, 14 one-on-one investor calls after POS posted
- Strong demand during pricing with \$2.9 Billion in orders, 22x oversubscribed
- Final rates lowered nearly 100 basis points from most recent secondary market trade
- 4.0% Yield to the 10-year call date
- All-in TIC of 4.59% was second lowest TIC ever for GWA new money issuance

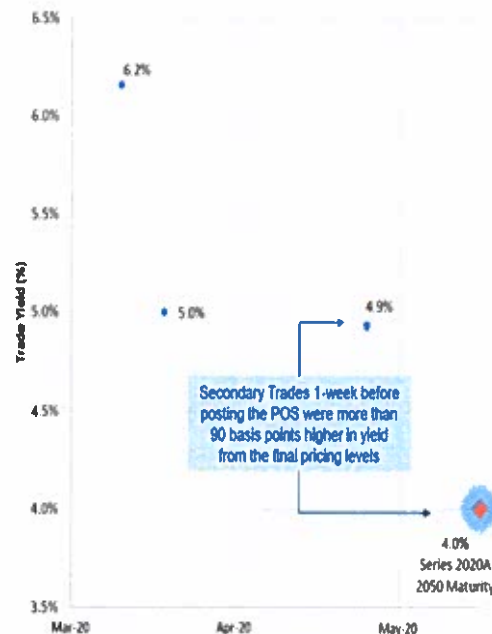
Highlights

- Nearly 70 investors placed \$2.9B in orders, including several for full \$134M in par
- 85% success rate on marketing efforts with 12 of 14 investors placing orders
- \$15M additional deposit to Construction Fund over initial estimates

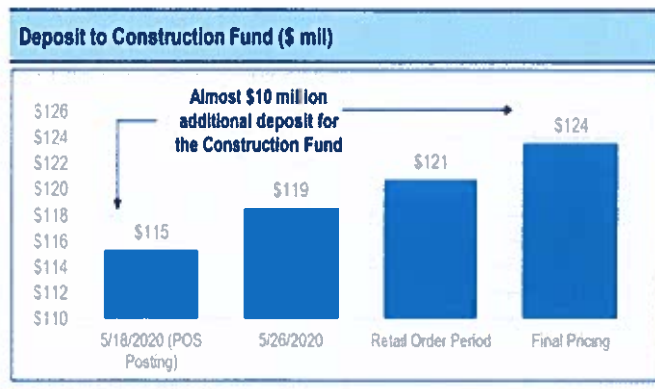
As a result of the financing team's significant investor outreach efforts, GWA was able to lower rates by 40 basis points and add nearly \$10 million to the construction fund



GWA Secondary Market Trading¹ vs. Primary Market Pricing



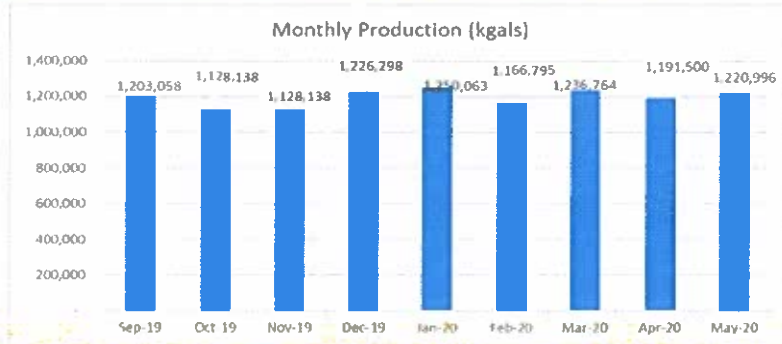
¹ Source: EMMA, Trades >\$1 million. Secondary trades are GWA Series 2018 Bonds, 5.0% 2048 maturity, callable 1/1/28



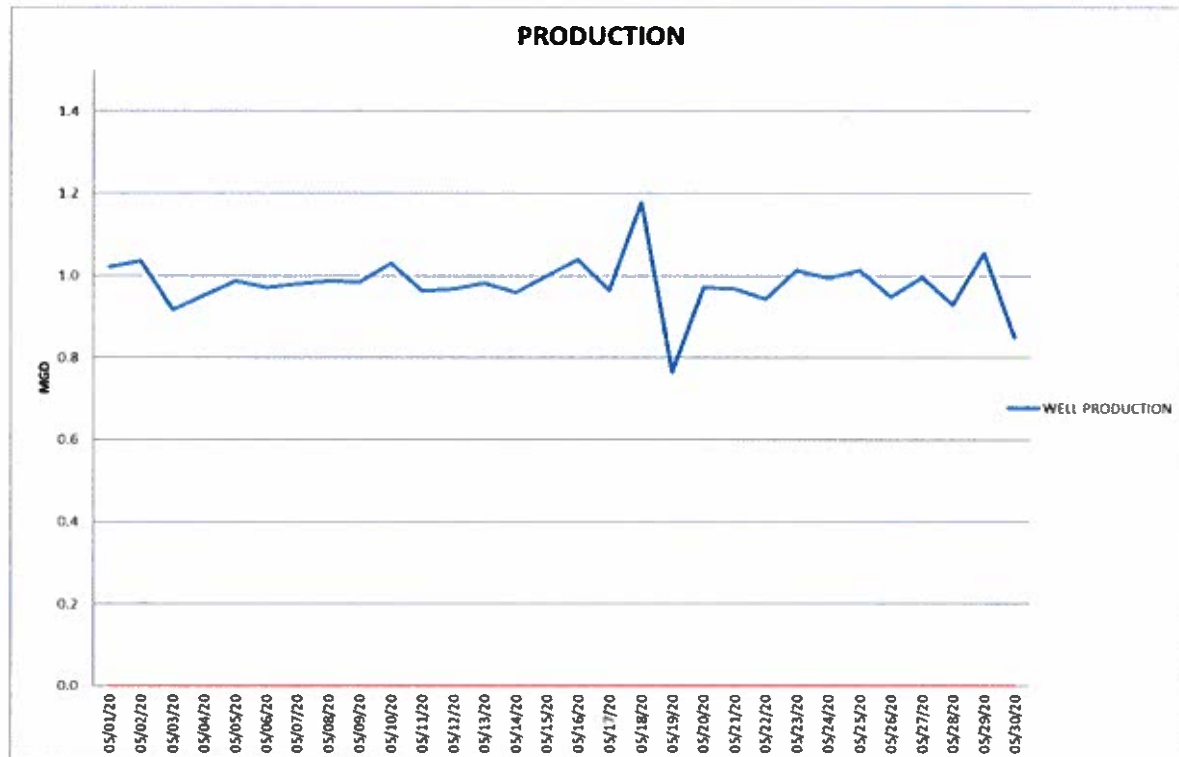
Operations Update
Production (May 2020)

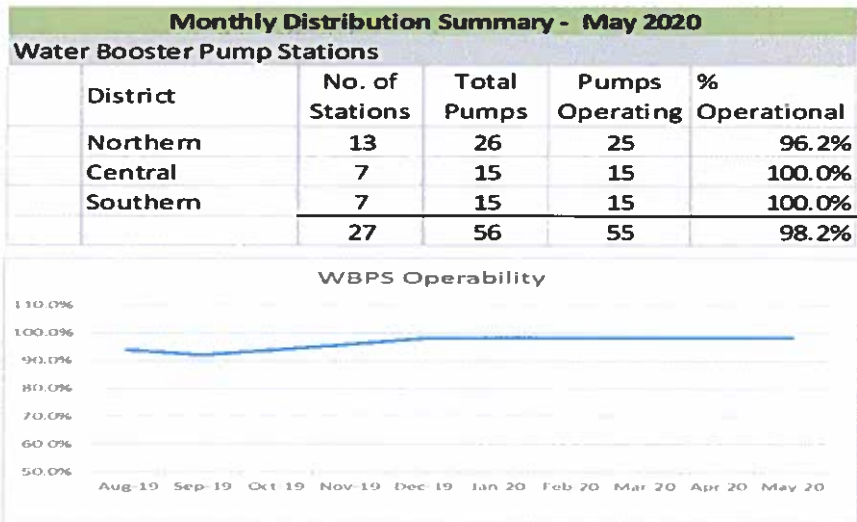
Monthly Production Summary - May 2020		
Deep Wells		36.0 MGD
Active wells =	94 of 120	
Avg days in operation =	31 days	
Total Production =	1,115,880 Kgals	
Springs		0.18 MGD
Avg days in operation =	31 days	
Total Production =	5498 Kgals	
Ugum Surface Water Plant		2.2 MGD
Avg days in operation =	31 days	
Total Production =	69,360 Kgals	
Tumon Maui Well		0.98 MGD
Avg days in operation =	31 days	
Total Production =	30,258 Kgals	
	1,220,996 Kgals	39.4 MGD

DW Status as of 5/31/2020	
Active	94
Grounded motor or Pump Failure	6
Out of commission	8
Temporarily Secured	3
Standby	9
TOTAL	120

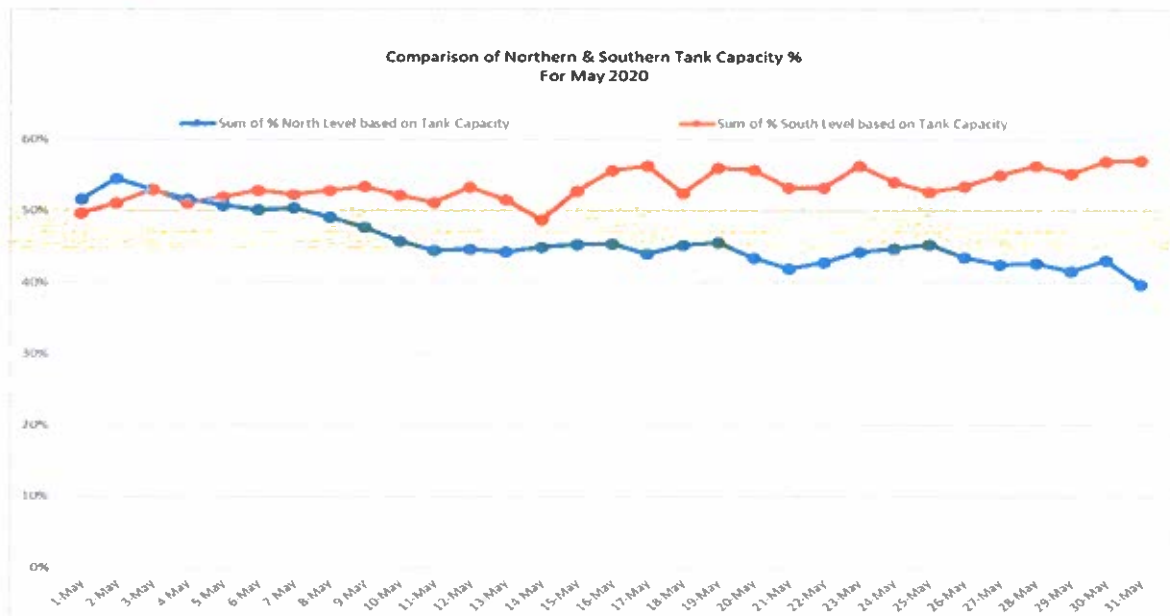


Tumon Maui Well Production (May 2020)

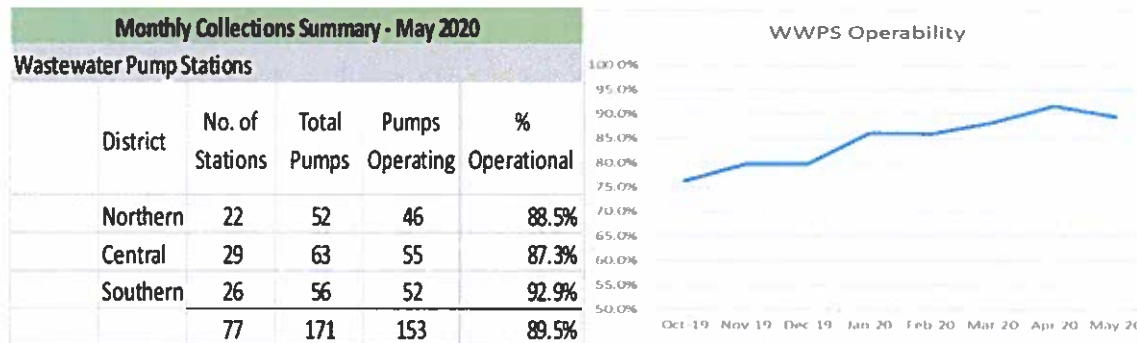




Distribution – Tank Levels (May 2020)

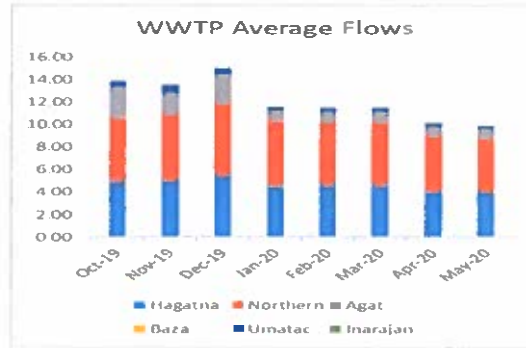


Wastewater Collections (May 2020)



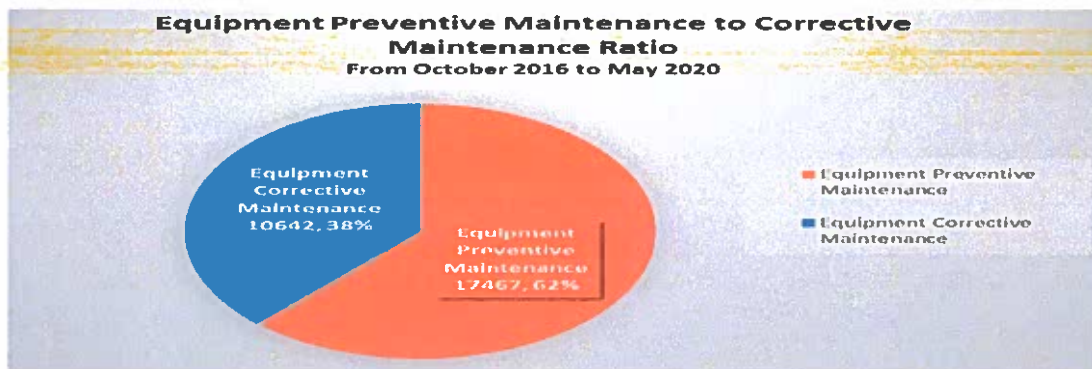
CCTV work is on hold as part of COVID-19 cost containment at this time.

Monthly Wastewater Treatment Summary - May 2020			
WW Treatment Plants - Flows			
Facility	Avg. Daily Flows	Sludge (lbs)	Sludge Disp. (\$)
Hagatna	3.94	332,840	\$ 29,956
Northern	4.68	1,097,280	\$ 98,755
Agat	1.05	61,580	\$ 8,825
Baza	0		
Umatac	0.20		
Inarajan	0.06		
	9.93	1,491,700	\$ 137,536

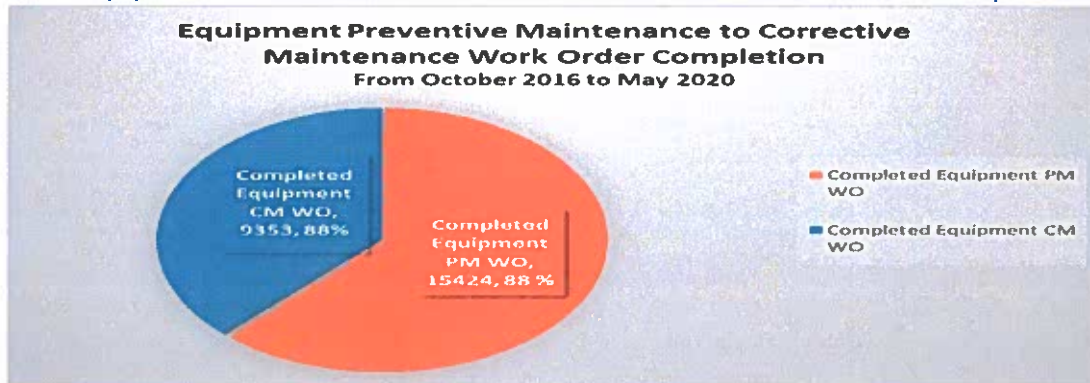


Asset Management (May 2020)

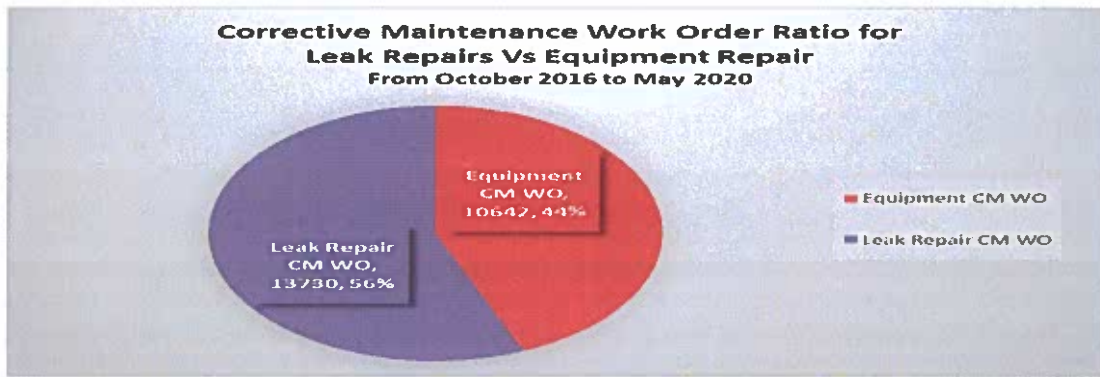
I. Equipment Preventive Maintenance to Corrective Maintenance *Ratio*



II. Equipment Preventive Maintenance to Corrective Maintenance *Work Order Completion*



III. Corrective Maintenance Work Order **Ratio** for Leak Repairs vs. Equipment Repair



IV. Corrective Maintenance Work Order **Completion** for Leak Repairs vs. Equipment Repair



Meters from January 2017 through June 8, 2020

COMPLETED FIELD ACTIVITY											COMPLETED FIELD ACTIVITIES (IN PROCESS) TO BE POSTED IN CIS
JAN 2017 THRU JUNE 08 2020 (POSTED IN CIS)	2017	2018	2019	Jan-20	Feb-20	Mar-20	04/18/20	05/12/20	06/08/20	TOTAL:	
GWA - Meter Exchange	6437	13353	10850	1079	714	548	117	44	59	33251	0

# OF METERS TESTED AS PER METER TEST FACILITY REPORTS:	6079	12259	9275	749	908	1116	341	662	635	32027
AVG # OF FIELD STAFF PERFORMING CHANGE OUTS (MON THRU FRI):	19	16	7	7	7	7	7	1	1	
# OF ADMIN STAFF TO CREATE AND POST FIELD ACTIVITIES IN CIS:	30	63	5	5	5	2	1	1	1	
TOTAL:	29	22	12	12	12	9	8	2	2	

*Project is dependent effective 04/13/20

REMAINING ACTIVE BADGER LP MODELS TO BE REPLACED AS OF 06/08/20:

462

3/4" BADGER METERS IN STOCK AS OF June 05, 2020.

Size	Meter Description	New Meters Passed	New Meters Untested	Passed Field Meters	MIMP	Meters Available
3/4"	METER, Badger AMR 5/8" X 3/4" RCDL Model M25 Disc Meter	309	0	278	0	587
3/4"	METER, Badger AMR 5/8" x 3/4" **WARRANTY** RCDL Model M25	0	0	0	0	0
3/4"	METER, Badger 5/8"x3/4" NSF61-G RCDL M25LL Disc Meter Integral	2	0	3	0	5
3/4"	METER, Badger AMR 5/8" x 3/4" RCDL Model M25 ***RIM***	0	0	0	0	0
3/4"	METER, Badger E-SERIES 5/8"X3/4" ULTRASONIC	960	0	1	0	961

Guam Waterworks Authority
 Collections Report¹ on Accounts Backbilled thru May 31, 2020
 For fiscal years 2015 thru 2020 (May)

Accounts Billed			Collection Status											
			Amounts Collected ¹			Amounts Adjusted			Total Uncollected (Active)			Total Uncollected (Inactive)		
FY Billed	No. of Accounts	Amount	No. of Accounts	Amount	%	No. of Accounts	Amount	%	No. of Accounts	Amount	%	No. of Accounts	Amount	%
FY2015	17	\$ 882	17	\$ 882	100%									
FY2016	537	\$ 397,450	467	\$ 298,572	75%	17	\$ 22,418	6%	27	\$ 51,780	13%	26	\$ 24,681	6%
FY2017	1,374	\$ 742,109	1,196	\$ 561,928	76%	54	\$ 65,585	9%	73	\$ 73,152	10%	51	\$ 41,444	6%
FY2018	8,324	\$ 3,064,384	7,488	\$ 2,431,696	79%	163	\$ 141,864	5%	460	\$ 378,145	12%	213	\$ 112,679	4%
FY2019	1,875	\$ 519,391	1,517	\$ 260,081	50%	22	\$ 7,764	1%	300	\$ 242,101	47%	36	\$ 9,446	0%
Total	12,127	\$ 4,724,216	10,685	\$ 3,553,158	75%	256	\$ 237,632	5%	860	\$ 745,178	16%	326	\$ 188,249	4%

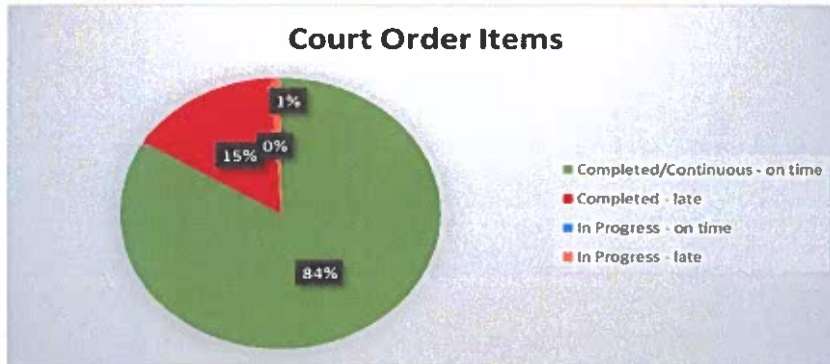
¹ Collections thru June 10, 2020

One Guam Update (May 2020)

- Tumon Maui Well – Inspection for TMW is scheduled for the beginning of June. A checklist will be used so that both parties agree on what is to be inspected. At the end of the inspection, both GWA and DOD will sign off on the inspection report.
- OEA Projects
 - Observation Wells/NGLA
 - FONSI has been signed by OEA
 - B&C is preparing the bld documents for construction of the new monitoring wells
 - Sewer Interceptor Line
 - CIPP work completed; SMH rehabilitation nearly complete
 - Project closeout is on-going
- Property Transfer
 - BPM1 – NAVFAC Marianas will not be able to clear the title on the property before it is transferred to GWA. If GWA is interested in the property, NAVFAC will start the process to transfer. If GWA is not interested in the property, NAVFAC will start the process to transfer to Government of Guam Ancestral Lands Commission.
 - Transfer of Navy Laterals at Murry Road
 - Approval package under review
- Umatac / Cetti Bay Easement Project
 - DOD requires an extension to the 2008 Conservation and Construction Easement Agreement for Use of Cetti Bay Parcel Lot 275 for approximately 10 years.
 - GWA submitted its requirements for the requested extension to DOD
 - DOD is still reviewing the request.
- America's Water Infrastructure Act – Water Agency Response Network
 - DOD and GWA are looking for opportunities to share resources in times of emergency that is beneficial
- Defense Community Infrastructure Pilot Program (DCIP): Federal funding assistance for shovel ready project is available for projects that can benefit GWA and Military Bases. GWA Planning is preparing the grant package. Navy's CO is interested in the list of projects. GWA will share the finalized list with DOD.

Court Order Summary (May 2020)

	Total Items	On-time Items Completed / Continuous	In Progress - late	Completed - Late	In Progress - on time	Performance %
Court order total	93	78	1	14	0	98.90%



	Court Order Items	%	Performance (on-time or completed)
Completed/Continuous - on time	78	84%	98.9%
Completed - late	14	15%	
In Progress - on time	0	0%	
In Progress - late	1	1%	
Totals	93	100%	

Court Order – Status Information (May 2020)

- 1 item delayed - The Court Order is down to one item remaining, § II, (C), (29) – Storage tank Repair, Restoration, Replacement or Relocation – which is the item that will take longer than the “end” of the court order. That makes us 98.9% done with the CO.
- Final Date to complete all Court Order items will be delayed past December 31, 2020.
 - CO 29(b) has been expanded by 31% beyond the original Court Order Requirements
 - General Counsel is reviewing filing requirements and content
 - Additional impact from 2020 Bond issuance delay is being assessed
- Overflow or Bypass events reported to USEPA:
 - 05-18-2020 Rt 2A Across Agat 76 gas station Rec#146 WO#20-05-1013 - FOG
 - 05-21-2020 Chalan Binadu Laguna Estates Rec#147 WO#20-05-1232 - Debris
 - 05-24-2020 East O'Brien, Mongmong, OF – FOG
 - 05-31-2020 Ramona Street, Asan MH overflow – Rain.
 - 05-31-2020 Vietnam Veterans Highway, Barrigada, MH overflow – pump station control failure
 - 06-02-2020 Hernan Cortez, Anigua, MH overflow – FOG

Land Acquisition Summary (May 2020 – no change in status)

GWA Facility	Location	Gov. or Private Property	Land Acquisition Status
Tanks	Astumbo	Gov't. - CLTC	Petition of Land Registration package forwarded to Attorney General by DLM 11/04/19. Follow up update status request emailed to DLM 05/14/2020.
	Piti	Private	SHPO sect. 106 response received 1/2/20. GEPA Environmental Impact Review received 1/3/20. USFWS Environmental Consultation response received 12/12/19. Environmental Consultation from DOAg Aquatics and wildlife received 3/4/20. Response from DOAg Forestry & soils still pending.
	Airport	Private	Letter of 1 st offer to property owner mailed out on May 8, 2020.
Deep Wells	AG-12	Dept. of Agriculture/Manhita Farms	Right of Entry Agreement sent to Dept of AG for signature 05/24/18. 2 nd follow up sent on 09/12/18. 3 rd follow up sent on 04/10/19. Retracement Survey Property Map filed and recorded at DLM 7/10/19.
Booster Pump Station	Agfayan	Private	TGE working on structural design for pump station area for L28, B19, T3734, Inarajan 11/07/19.
Asan Springs	Asan	Federal	Received remaining comments from Federal and GovGuam agencies in regards to Section 106 on 12/16/19. GWA and Designer negotiated on a Revised Change Order No. 2 submitted on 2/26/2020. CO. No. 2 is to address Federal and Local agencies concerns, specifically on developing an Environmental Assessment and performing Biological Survey work. Pending approval for revised CO. No.2 as of 3/3/2020. Negotiations with NPS on a ROW agreement is ongoing.

4.2 Financials

Comm. Guthertz asked if people are responding to the payment plans and asked for an update. AGMA Budasi responded saying that since its launch 119 payment plans have been entered into of this 80% are residential and 20% commercial. The average residential is \$110 and for business its \$526. Comm. Limtiaco asked the total number of outstanding ratepayers since the payment plan was announced; the GM said he does not have this information at this time and will get back to the Commission. Comm. Guthertz said more publicity must be distributed. AGMA said there will be ads in the newspaper and social media with this information. Comm. Sanchez said he saw the print ad on the GPA side and there was a change in emphasis on the print ads to encourage ratepayers to come in and make arrangements. The corrected ad begins with a very positive message and emphasizes when the disconnections will begin. It was a softer approach.

Comm. Limitaco asked details on large government receivables status that make up 19% of aging receivables. CFO said GDOE just paid \$207k and GMH also made a large payment. Chairman said GIAA is still working with GWA to resolve outstanding balances.

Also, Comm. Sanchez said GWA presented their financial results at the GWA work session including an excellent summary report; the Commissioner referenced page 155 of Board Books saying GWA financials remain strong & profitable. We have ability to withstand challenges that GWA is facing at this unprecedented time. He wanted to state this for the record – more detailed financial highlights noted below.

On Sunday, May 10, 2020, Governor Leon Guerrero placed Guam in PCOR2, allowing certain additional businesses and government offices to open to the public. GPWA reopened the Fadian and Juale offices to take payments and offer limited services on May 14. Additionally, a second drive thru in Fadian was opened. COVID-19 stimulus checks began circulating the economy as the island went into PCOR2. A number of Guam businesses received SBA loans and GovGuam has funded additional relief programs for low income individuals and small businesses. Department of Labor opened registration for unemployment checks, but those payments may not be available for weeks.

Year to Date consumption is about the same as last year (water consumption 0%, wastewater consumption +1%) as is May 2020 consumption compared to May 2019 (water consumption 0%, wastewater consumption -1%). However, because of the shift in consumption from commercial to residential, wastewater revenues continue to see double digit decreases for the month. We continue to monitor bills as they drop in June to determine the impact of the reopening of the economy while hotels largely remain closed due to the lack of tourists and the return of the USS Roosevelt sailors to duty. See Schedule K for Water Demand for FY2015 to FY2020.

Revenues are being continuously monitored and a cost containment plan has been put into effect. However, the public health emergency has required additional outlays for emergency pay and other COVID-19 related expenses partially offset with CARES funding. While sufficient cash reserves are in place, management will continue to assess the situation and make any course corrections required to ensure continuity of services to our customers while keeping the safety of our staff the highest priority.

Balance Sheet

- Total Assets & Deferred Outflows of Resources of \$915.7M in September 2019 grew by \$17.9M or 2% to \$933.6M in May 2020. Current Assets decreased by \$4.5M, Property, Plant and Equipment increased by \$34.3M, and Other Noncurrent Assets decreased by \$11.3M. Note that Schedule F contains a schedule of restricted and unrestricted cash and investments.
- Liabilities & Deferred Inflow of Resources of \$714.2M in September 2019 decreased by \$12.7M or 2% to \$701.5M in May 2020 primarily due to decreases in Current Liabilities of \$11.7M.
- Accounts Receivable days were 50 in May 2020 as compared to 50 in September 2019 and Accounts Payable days were 36 in May 2020 as compared to 38 in September 2019.

Statement of Operations and Retained Earnings

- Total Operating Revenues for May 2020 of \$8.3M were 8% or \$731.9K less than budget and 10% or \$914.2K less than May 2019 due to the impact of the COVID-19 public health emergency.
- Year to Date Operating Revenues as of May 2020 of \$72.1M were \$190K less or .3% less than budget and were \$1.7M or 2% less than last year. Note that the budget, was adjusted in April to reflect the effects of the public health emergency.
- Total Operating Expenses for May 2020 of \$6.7M were \$293.6K or 4% below budget, with most expenses coming in below budget except for Power, Depreciation, and Retiree Expenses; double pay related to the public health emergency ended on April 25, 2020. Total Operating Expenses for May 2020 were 7% or \$476.6K less than May 2019 with decreases in most expense categories.
- Year to Date Operating Expenses at May 2020 of \$59.4M were \$3.2M more than budget of \$56.3M with most expenses coming in below budget expect for Utility Costs, Bad Debts, Depreciation and Retiree Costs. Year to Date Operating Expenses at May 2020 were \$3.8M or 7% more than last year's \$55.6M with increases in Utilities of \$1.1M, Salaries and Benefits of \$851.1K, Administrative & General Expenses of \$391.6K, and Depreciation of \$2.2M offset by decreases in Contractual Expenses of \$511.6K, and Retiree Benefits of \$196.5K.
- Earnings from Operations for May 2020 of \$1.6M were 22% or \$438.4K less than budget and 22% or \$437.6K less than May 2019. Change in Net Assets for May 2020 of \$3.8M were \$1.1M more than the \$2.7M budget mainly due \$980.6K more in Grants and \$766.0K more than May 2019 due to \$2.7M more in Grants offsetting the \$1.5M decrease in Non-operating Revenues and Expenses.
- Year to Date Earnings from Operations as of May 2020 of \$12.7M were 21% or \$3.4M less than budget and 30% or \$5.5M less than YTD Earnings as of May 2019. Year to Date Change in Net Assets as of May 2020 of \$30.6M were \$8.9M or 41% more than budget mainly due \$7.0M more in Grants from US Government and \$4.5M less in interest expense than projected. Year to Date Change in Net Assets as of May 2020 were \$5.8M or 23% more than YTD as of May 2019 mainly due to \$22.4M more in US Government Grants and \$9.3M less in AFUDC.

Key Financial Indicators

Indicator	Target	April 2020	May 2020
DSC YTD			
• Per Section 6.12 of Ordinance	1.25	1.32	1.28
• Per PUC / CCU	1.40	1.32	1.28
YTD Month to Month Change in Net Assets		80%	10%
Days - Cash on Hand	120 days	280 days	298 Days
Collection Ratio			
• Month to Date	98%	90%	100%
• Year to Date	98%	97%	97%
Days Billed	30	30	30
Account Receivable Days	45	48	50
Account Payable Days	45	38	36
Employee Count	400 FTE	379 FTE	384 FTE
Water Demand			
• Month to Date	467,615	445,961	465,477
• Year to Date	3,740,923	3,372,195	3,837,672
Wastewater Demand			
• Month to Date	382,224	313,912	335,721
• Year to Date	2,775,095	2,382,630	2,718,351
Water Customers	42,644	42,893	42,889
Wastewater Customers	29,687	29,644	29,673

4.3 Resolution 28-FY2020 Relative to Approval of Amendment for the Indefinite Delivery/Indefinite Quantity Professional Project/Construction Management Services Contract

GWA currently has an Indefinite Delivery Indefinite Quantity (IDIQ) contract with Brown and Caldwell. The task to prepare a Consulting Engineer's Report (CER) as required in GWA's pursuit of a Bond issuance to fund numerous water and wastewater system improvements has been finalized and the IDIQ was amended according to Resolution No. 21-FY2020. Resolution No. 21-FY2020 included a contingency for the PUC-required Cost of Service / Rate Design Study (COS/RDS) that was not included in the total contract amount.

At this time, continuing work on three on-going tasks under the IDIQ will extend beyond the current Task Order completion date. These projects have been delayed due to a number of factors including, right-of-way acquisition, wetland delineation and permits, construction constraints, reduction in working hours per DPW permit requirements, and numerous existing buried utilities interfering with trenching activities. Hence, the Task Orders must be amended and an accompanying amendment to the IDIQ contract is required.

In addition, GWA is moving forward with the second phase of the Rt.1 Sewer Rehabilitation project from Adelup to Hagatna and plans to continue using project and construction management services under the IDIQ for this phase. This additional scope of work must be added to the Task Order for Rt.1 by Change Order following authorization by this Resolution.

The three Task Orders are for project and contract management for the Rt.4 Relief Sewer Rehabilitation project (TO#2), the Rt.1 Sewer Rehabilitation project (TO#3), and the SSES Phase 2 project (TO#4). All three of these efforts are necessary and critical to complete sewer improvements serving three areas.

The amendment is associated with water and wastewater system improvements on Rt.4 in Hagatna, Rt.1 between Asan and Adelup, and at the Hyundai Subdivision in Santa Rita.

The current authorized contract amount is \$1,294,485.00, which includes:

- Task Order 1 for the CER (\$274,555.00, as amended, bond-funded)
- Task Order 2 for the Route 4 Sewer Rehabilitation Project (\$148,348, USEPA grant-funded)
- Task Order 3 for the Route 1 Asan-Adelup Sewer Rehabilitation Project Phase 1 (\$209,780, USEPA grant-funded)
- Task Order 4 for the Southern SSES Sewer Project (\$181,924, USEPA grant-funded)
- Anticipated task order to complete the COS/RDS (\$458,420.00)

It is the intent that this resolution would approve increasing the total contract amount to \$1,742,860.00 for the Orders noted below which will be funded by EPA SRF grant funds:

- Additional work on the Rt.4 Task Order for an additional \$48,959.00
- Additional work on the Rt.1 Task Order for an additional \$266,270.00
- Additional work on the SSES Task Order for an additional \$87,304.00
- Addition of the \$45,842.00 contingency (approved in 21-FY2020 resolution for the COS/RDS) to the total contract amount.

The resolution approval also would authorize GWA management to execute change orders as needed up to the maximum authorized contract amount.

The CER is complete. The COS/RDS will be completed prior to March 31, 2021.

The Rt.4 project completion date is anticipated to be September 30, 2020, with the intersection of Rt. 4 and East O'Brien Drive anticipated to be open by the end of July 2020.

The Rt.1 project completion date is anticipated to be December 31, 2021.

The SSES project completion date is anticipated to be December 31, 2020.

Comm. Guthertz motioned to approve Resolution 28-FY2020 second by Comm. Santos. There was no further discussion or objection and the motion passed unanimously.

4.4 Resolution 29-FY2020 Relative to Approving the Guam Waterworks Authority's "2020- 2024 Capital Improvement Plan (CIP) Supplement"

The objective of "2020-2024 Capital Improvements Plan (CIP) Supplement" is to present to the CCU the updated funding allotments within the CIP given GWA was able to obtain additional 2020 bond proceeds in the amount of Fourteen Million Six Hundred Sixty-Four Thousand Two Hundred Sixty-Eight Dollars and Sixty-Five Cents (\$14,664,268.65). The additional funding was spread in various CIP line items that are intended to address non-revenue water loss, reduction in sanitary sewer overflows, remaining USEPA Court Order project, projects that address pending USEPA consent decree requirements and general GWA facility improvements.

The additional funding allotments are intended for water and wastewater projects throughout the island.

The additional funding allotments Fourteen Million Six Hundred Sixty-Four Thousand Two Hundred Sixty-Eight Dollars and Sixty-Five Cents (\$14,664,268.65) and funded by 2020A Bond Series fund.

Comm. Guthertz motioned to approve the resolution and Comm. Santos second. There was not further discussion or objection and the motion passed unanimously.

5. OTHER DISCUSSION

5.1 Past Actions Relative to Pay Adjustments

Chairman Sanchez said this meeting has been noticed and this section of the meeting is being presented to address any potential issues regarding pay adjustment to Guam Power Authority and Guam Waterworks Authority employees that were discussed and decided in past executive sessions. To resolve these issues once and for all, the Commission will use procedures to provide a remedy for the defective meetings and finalize the salary adjustments in open session.

He added that there is a line of cases out of the Alaska Supreme Court which have interpreted an open government statute nearly identical to Guam's Open Government Law in 5 GCA Chapter 8. These instructive cases present a well-reasoned guideline for governmental bodies wishing to rectify earlier decisions that were found to be flawed due to a procedural or other defect. The ultimate goal in the application of the guideposts set out in the case law is to promote public participation and input into the operation of this Commission.

For those meetings we will reconstruct tonight the Commission will provide for a substantial reconsideration of the original decision in a properly noticed and open meeting- which is what is taking place tonight. The reconsideration will be full, fair and when possible, a reconstruction of the status quo or conditions surrounding the decision to be remedied.

With respect to the earlier decisions that were determined to be sufficiently flawed and to be void, there are 4 meetings that we will hold de novo. The meetings to be reconstructed or held de novo and affecting GPA and GWA employees, cover past and present employees. The meetings are as follows: February 24, 2015; November 24, 2015; April 26, 2016; and June 7, 2016. The Commission had previously addressed other actions during a Special Meeting held on February 11, 2020.

MEETING OF FEBRUARY 24, 2015

In the meeting of February 24, 2015, it appears the discussion of salary was made in open discussion after the executive session. To err on the side of caution, the Commission will now address the hiring of Mark Miller as Interim General Manager of GWA at the salary of \$140,000. Comm. Sanchez added that at that time Mr. Tom Cruz was acting General Manager of GWA and acting as a result of the resignation of Mr. Martin Roush. Mr. Cruz expressed his desire to return to his position of Chief Engineer which he still held and based on his desire to vacate the position of General Manager, the Commission decided it was important to select an Interim General Manager and this person was Mr. Mark Miller. His salary at the time was commensurate with stateside combined water and wastewater companies in the value and sales range of GWA.

Comm Sanchez motioned to hire Mark Miller at \$140,000 per annum effective February 25, 2015 for the position of Interim General Manager for the Guam Waterworks Authority, second by Comm Santos.

In discussion Comm. Limtiaco said he was not present at the Feb. 24 2015 meeting. He said he knows that the attempt is to reconstruct to the best extent as possible that meeting. Also, he asked if this salary increase is currently under suit. Legal Counsel Botha responded yes. Comm. Sanchez asked Counsel if he is comfortable with the action now being taken de novo to approve the salary increase despite the fact that the matter is currently under litigation. Counsel responded yes.

Comm. Limtiaco asked the Commission's indulgence to abstain from the vote because he was not a Commissioner at that time; Comm. Guthertz voiced the same. Both Commissioners Limtiaco and Guthertz were granted abstentions.

On the motion, the Chairman asked for the vote by the raising of right hands. The vote proceeded with 3 raised hands from Commissioners Sanchez, Santos and Duenas; the motion carried.

MEETING OF NOVEMBER 24, 2015

In the meeting of November 24, 2015, it appears the discussion of salary was made in open discussion after a discussion in a preceding executive session. The Commission addressed the formal hiring of Miguel Bordallo as the General Manager of GWA, and in the interim the hiring of Greg Cruz as Interim General Manager of GWA, and Gilda Mafnas as the acting CFO of GWA.

To err on the side of caution, the Commission will now address the hiring of Miguel Bordallo as General Manager of GWA at the salary of \$175,000. This salary at the time was commensurate with stateside combined water and wastewater companies in the value and sales range of GWA, and in reality, is a little on the low side.

Comm Sanchez moved to hire Miguel Bordallo at \$175,000 per annum effective Jan. 4, 2016, for the position of General Manager for the Guam Waterworks Authority, second by Comm Santos. On the motion, the Chairman asked for a raise of hands. The vote was unanimous with 5 raised hands.

To err on the side of caution, the Commission will now address the hiring of Greg Cruz as Interim General Manager of GWA at the salary of \$140,000 effective November 2015. This salary at the time was commensurate with stateside combined water and wastewater companies in the value and sales range of GWA.

Comm Sanchez moved to hire Greg Cruz at \$140,000 per annum for the position of Interim General Manager for the Guam Waterworks Authority effective Nov. 25, 2015, second by Comm Santos.

In discussion Comm. Limtiaco asked the Chairman to help him reconstruct the circumstances with regard to the hiring of Greg Cruz. The main issues with these de novo votes was the fact that these salaries were discussed in both Executive Session and open session and that no other circumstances was ever under dispute. The Chairman confirmed yes and basically relative to procedural issues. Comm. Sanchez clarified that there were a

number of Interim General Managers between the resignation of Mr. Roush and the hiring of Mr. Bordallo. Several people were hired as interim GM during this period i.e. CFO Greg Cruz as Interim GM and Asst. CFO Gilda Mafnas as Acting CFO in absence of Greg Cruz and so on.

On the motion the Chairman called for the question by the raising of hands – the vote was 5 ayes and the motion passed.

To err on the side of caution, the Commission will now address the hiring of Gilda Mafnas as acting CFO of GWA at the salary of \$111,709. This salary at the time was commensurate with stateside combined water and wastewater companies in the value and sales range of GWA.

Comm Sanchez moves to hire Gilda Mafnas at \$111,709 per annum for the position of acting CFO for the Guam Waterworks Authority effective Nov. 25, 2015, second by Comm Sanchez. The vote was 5 ayes and unanimous.

MEETING OF APRIL 26, 2016

In the meeting of April 26, 2016, it appears the discussion of severance pay was made in open session after the discussion in executive session. To err on the side of caution, the Commission will address the end of paid services for Sam Taylor, GWA Legal Counsel, as of April 30, 2016, and an additional payment of \$10,000 severance contingent upon a release of all claims against GWA.

Comm Sanchez moved to pay Sam Taylor, GWA Legal Counsel, \$10,000 for severance pay contingent upon a release of all claims, second by Comm Santos.

In discussion, Comm. Limtiaco asked Counsel to opine whether the Commission has the right to issue severance pay. Counsel Botha said to be clear, he confirmed that this was not a bonus as bonuses are not allowed. This was an arrangement that the previous CCU in negotiation in exit with Mr. Taylor felt was appropriate after lengthy service with GWA. There was several potential claims that Mr. Taylor could have had which he signed off on in exchange for severance pay. Comm. Sanchez said this is a good example of someone who serves at the pleasure of the Board. For the record, Counsel Botha added that there are several contracts that do allow that if for some reason that the employee parts ways there is a condition of a 3-month severance pay adding that this is something the Commission has done in the past.

Comm. Limtiaco asked if this was part of Mr. Taylor's contract and it was noted that he had no contract. Comm. Sanchez said some employees serve at the pleasure for the Commission and their pay is set by the Commission.

Comm. Limtiaco said he feels his questions were not adequately addressed and requested to abstain from this vote. Comm. Guthertz also asked the same and both were granted abstentions.

On the motion, the chairman asked for a show of hands and the vote passed with 3 raised hands from Commissioner Duenas, Santos and Sanchez.

MEETING OF JUNE 7, 2016

In the meeting of June 7, 2016, it appears the discussion of salary was made in open discussion after a discussion in executive session. To err on the side of caution, the Commission will now address the hiring of Kelly Clark at Legal Counsel of GWA at the salary of \$115,000. This salary at the time was commensurate with stateside combined water and wastewater companies in the value and sales range of GWA.

Comm Sanchez moved to hire Kelly Clark at \$115,000 per annum effective June 7, 2016, for the position of Legal Counsel for the Guam Waterworks Authority, second by Comm Santos.

Comm. Limtiaco clarified if this matter was discussed in Executive Session and also in open session. The response was yes.

On the motion there were 5 raised hands and the vote passed unanimously.

5.2 Proposed CCU Rules

Rules Committee Chairman Limtiaco said several iterations and amendments to this document has been ongoing overing the course of the past 3 weeks. The last piece to be decided on by the Commission was relative to performance evaluations and whether or not hold them in open session and basically outside counsel has opined that under 5GCA, 43202, the law requires that all performance evaluation for the two (2) General Managers must be done in open session. It also requires these evaluations be published and performed annually. Another discussion that took place was whether or not the five (5) positions that are under the purview of the Commission, namely the CFO's, Legal Counsels and CCU Secretary should be added and their evaluations also be discussed in open session. Because the law does not speak to this specifically, as it is for the GM's, the Commission has decided that for these five (5) positions, the rules be amended and to discuss their evaluation in executive session and then release their evaluation in open session with prior written consent. The root of this request is such that should there be any related pay increase / decrease that there be substantial information as to the CCU's rationale / action for any adjustment. With that, the rules have been completed and all the performance evaluation templates for 6 of 7 positions have been included with exception of the GWA General Manager and believe we are ready to adopt the rules.

Comm. Limtiaco motioned to adopt the Guam Consolidated Commission Standing Rules Version 7 as discussed in working sessions.

In discussion Comm. Guthertz commended Comm. Limtiaco for his leadership and the 7 drafts that resulted from his efforts. She said she has not seen rules such as these in any board or commission [at least those that she has served]. This shows complete transparency and commitment to good governance. She said enjoyed working with the other members of the Commission to finalize these rules. Comm. Santos also thanked and applauded Comm. Limtiaco for his patience and good work and asked for the rules, once approved, to be posted at the CCU websites.

On the motion there were 5 ayes and the vote passed unanimously.

6. ANNOUNCEMENTS

6.1 Next CCU Meetings

The Chairman said due to the Liberation Holiday on Tues., 7/21, the next CCU meeting would be a work session for GWA on Wed., July 22, a work session for GPA on July 23 and the regular monthly CCU meeting on July 28.

7. ADJOURNMENT

There being no other business to bring before the Commission, Comm. Guthertz motioned to adjourn the meeting second by Comm. Limtiaco. There was no objection or discussion and the meeting adjourned at 8:20 p.m.

Bls

Bls

Attested


JOSEPH T. DUENAS, Chairman


MICHAEL T. LIMTIACO Secretary