Vice Speaker Therese M. Ter
34GL-18-2380
OCT 03 2018
Time: 17:18
Received by:

CONSOLIDATED COMMISSION ON UTILITIES
Guam Power Authority | Guam Waterworks Authority
P.O. Box 2977 Hagatna, Guam 96932 | (671)649-3002 | guamccu.org

RESOLUTION NO. 2018-22

RELATIVE TO THE AUTHORIZATION OF THE GUAM POWER AUTHORITY TO AWARD PROPERTY INSURANCE FOR A THREE-YEAR POLICY WITH TWO ONE-YEAR OPTION

WHEREAS, the Consolidated Commission on Utilities has determined that it is a prudent and reasonable business practice to maintain insurance coverage on GPA's assets to the extent practical; and

WHEREAS, the Guam Power Authority's Bond Indenture agreement requires GPA to "secure and maintain property insurance on all facilities constituting the system against risks of loss or damage to the extent that such insurance is obtainable at reasonable cost"; and

WHEREAS, the indenture further requires GPA to carry insurance "of a scope and nature as that usually carried in the industry"; and

WHEREAS, GPA's current Property Insurance policy is set to expire on November 1, 2018; and

WHEREAS, GPA solicited proposals under multi-step bid GPA-077-18 and received one proposal; and

WHEREAS, the insurance risk manager and the insurance broking team has configured, with the goal in mind of improving, to the greatest extent possible, the terms and conditions of GPA's property insurance policy for the next three years with two one-year options which could be exercised upon mutual agreement. GPA's premium was reduced from $6,450,000.00 per year to $4,355,000.00 per year for a savings of $2,095,000.00 for each of the first three years; and

WHEREAS, GPA recommends to award the new insurance policy to DB Insurance Co., Ltd, underwritten by Moylan's Insurance Underwriters, Inc. and brokered by AM Insurance the sole proposer for the period from November 1, 2018 to November 1, 2021 for the following premium:

CC 2018 OCT -3 AM 10:43

- The next three annual installment premiums will be billed at $4,355,000.00. There's an option to increase the limit from $200M to $300M property policy for an additional $100,000.00 annual premium.
- GPA will request CCU approval of the optional two one-year extension by November 2020 should GPA and the insurer mutually agree to the extensions.

WHEREAS, GPA now brings these matters before the Consolidated Commission on Utilities; and

NOW THEREFORE, BE IT RESOLVED BY THE CONSOLIDATED COMMISSION ON UTILITIES, SUBJECT TO THE APPROVAL OF THE GUAM PUBLIC UTILITES COMMISSION, AS THE GOVERNING BODY OF THE GUAM POWER AUTHORITY, AS FOLLOWS:

1. The GPA General Manager is authorized to accept the terms of the annual premiums offered by DB Insurance Co., Ltd and related parties at a cost of $4,355,000.00 for each of the next three policy periods covered between November 1, 2018 and November 1, 2021 with two one-year options and to exercise the option to increase the coverage from $200 million to $300 million for additional $100,000 annual premium.
2. The GPA General Manager is authorized to pay each annual premium as it becomes due without any financing arrangements.
3. The GPA General Manager will request CCU approval to any extension of this contract by November 2020.

RESOLVED, that the Chairman certifies and the Board Secretary attests to the adoption of this Resolution.

DULY AND REGULARLY ADOPTED AND APPROVED THIS 25th DAY OF SEPTEMBER, 2018.

Certified by:

JOSEPH T. DUENAS
Chairperson
Consolidated Commission on Utilities

Attested by:

J. GEORGE BAMBA
Secretary
Consolidated Commission on Utilities

SECRETARY'S CERTIFICATE

I, J. GEORGE BAMBA, Secretary for the Consolidated Commission on Utilities do hereby certify that the foregoing is a full, true, and correct copy of the resolution duly adopted at a regular meeting of the members of Guam's Consolidated Commission on Utilities, duly and legally held at a place properly noticed and advertised at which meeting a quorum was present and the members who were present voted as follows:

Ayes: 5

Nays: 0

Absent: 0

Abstain: 0