



**GUAM SOLID WASTE AUTHORITY
BOARD OF DIRECTORS' MEETING MINUTES
Thursday, July 09, 2020
1:00 pm-2:00 pm
Guam Solid Waste Authority Teleconference**

I. Call to Order

The Guam Solid Waste Authority (GSWA) Board of Directors' meeting was called to order by Chairman Gayle at 1:05 p.m.

II. Roll Call

Board Members:

Andrew Gayle	Chairman
Minakshi Hemlani	Vice Chairwoman
Margaret Denney	Secretary
Jim Oehlerking	Member

Management & Staff:

Larry J. Gast	General Manager
Katherine Kakigi	Comptroller
Alicia Fejeran	Chief of Administration
Keilani Mesa	Administrative Assistant
Roman Perez	Operations

Guests:

Charlene Flores	Senator Perez's Office
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III. Approval of Minutes

IV. The Board reviewed the minutes for the meeting held on May 22, 2020. Member Margaret Denney requested to correct the spelling of the word "bailed" to "baled". Vice Chairwoman Minakshi Hemlani made a motion to approve the minutes' subject to the requested change. Member Oehlerking seconded the motion. The motion was passed unanimously. The Board reviewed the draft minutes for the June 4, 2020 Board meeting. Member Denney requested to change the word "account" to "accounts" in Section IV. Vice Chairwoman Minakshi Hemlani made a motion to approve the minutes' subject to the requested change. The motion was seconded by member Jim Oehlerking. The motion was passed unanimously.

V. Reports

a. Management Report

i. Operational Report

a. COVID Impact

General Manager Gast pointed out that the Board may see a slight increase in the tonnage for June. He concluded that the increase was due to businesses anticipating to be open in July and that prompted them to prepare for that opening. He stated that management was expecting a higher deficit.



Board Chairman Gayle stated he saw a slight decrease of about 2% in the tonnage at the Hauler Station. General Manager Gast stated that the decrease in residential tonnage does not have much of an impact. Chairman Gayle asked if this decrease was due to the trucks being directed to Layon instead of the Hauler Station. General Manager Gast stated that by directing the trucks directly to Layon this decreases the costs for the Hauler Station. Chairman Gayle inquired on the impact of operations. General Manger Gast stated that there have been truck issues which caused delays to the collections; however, he anticipates that GSWA will be putting out an RFP for new vehicles before the end of this year; however, GSWA will be pulling from the funding for the trucks to cover the shortfall for this fiscal year.

Board Chairman Gayle inquired about the Trash Talk report and whether one will be provided. Comptroller Kakigi stated one will be produced for the next Board meeting.

Comptroller Kakigi provided the accounts receivable financial status as of June but reminded the Board that she would not be able to provide the financial statements for June as there are still late invoices being received. Comptroller Kakigi highlighted that she used the conservative percentage of 1.8% for the financial impact. Comptroller Kakigi discussed the revenue shortfall of approximately \$600,000. She stated she prepared the actuals and then made projections for June through September and is projecting a \$1.4M shortfall. Comptroller Kakigi stated that for the GSWA personnel costs, GSWA should remain on track by the end of the year. She stated that although GSWA is tracking savings from Mr. Rubbishman and Pyramid Recycling due to the Household Hazardous Waste Facility, there will still be a deficit between \$40k-\$50k. She also stated that there are also high costs associated with the personnel employed with Pacific Human Resources (PHR). She stated that she is concerned about how long GSWA can operate before running out of cash. Member Denney inquired as to why GSWA is still continuing with hiring through PHR instead of in-house. General Manager Gast stated that he did not want to make any changes until GSWA was out of Receivership. Member Oehlerking inquired as to why the expenses have gone up for the personnel. General Manager Gast stated that he would have to look further into the reason as to why; however, he believes two GSWA employees were on active duty leave and their positions needed to be filled by contractual employees. Chairman Gayle stated that personnel issues would be one of the subjects reviewed by the management audit, but that the legislation allows GSWA to continue with the PHR contractual employees. Member Denney inquired as to whether there is a high turnover with the contractual employees and General Manager Gast stated that there is no high turnover and GSWA has a relatively good relationship with the employees.

Member Oehlerking inquired as to what measures GSWA can take to cut back on expenditures. General Manager Gast explained that GSWA took several cost reduction measures where it could. He stated that he started directing trucks directly to Layon and got rid of contracts that were not necessary. Chairman Gayle discussed expenditures with the Board members and stated that he and management have reached out to see if GSWA can receive financial assistance. Vice Chairwoman Hemlani and Member Denney inquired about financial relief or assistance for COVID-19 related impacts and the recycling program. Comptroller Kakigi stated there are no grants for recycling; however, it



is her understanding that GSWA is seeking assistance from the Revolving Recycling Fund or Zero Waste Fund. Chairman Gayle stated he has had a discussion with Senator Perez and reminded her that GSWA's main duty is municipal solid waste disposal and that GSWA can be involved with the recycling but cannot be a funder of the recycling program because of the financial burden that comes with the recycling costs. Management and Board members discussed that the costs of recycling were not considered with the current rates for the trash collection and the impact it is having on the financial position of the Authority. The Board discussed that the management audit may recommend a rate increase to support the operations of GSWA. Chairman Gayle stated that the management and the Board members need to figure it out because tapping into the unrestricted reserves is a temporary fix; however, GSWA cannot continue to do that moving forward. He stated that Comptroller Kakigi is working with the Governor's fiscal team with regard to receiving assistance, but GSWA needs to figure out all options.

ii. 2020 Budget Update (Account Balances over 120 days past due)

Comptroller Kakigi provided the Board with a policy and standard operating procedure for writing-off customer balances. She reminded the Board that this only applies to the residential accounts. She informed the Board that she reached out to the Office of the Public Auditor and was told that some companies write off as early as 120 days; however, the number of days is up to the Board. Member Oehlerking clarified that GSWA is cleaning up the numbers for the past 12 years. Chairman Gayle stated that management is asking for approval for two things: approval of the Resolution and approval of the Write-off Policy. A motion to approve the Write-off policy was made by member Denney and seconded by member Oehlerking. The motion was passed unanimously. A motion to approve the Board Resolution 2020-001 was made by Vice Chairwoman Hemlani and seconded by member Denney. The motion was passed unanimously.

iii. PUC Management Audit Update

General Manager Gast stated that the contractor conducting the management audit is not sure when they will be arriving on Guam to meet with the Public Utilities Commission. He stated that due to COVID-19 everything is on hold. He stated that he believes the contractors were planning to present the final recommendations to the PUC in person during a PUC meeting. Member Denney inquired as to whether the contractors would be quarantined if they decided to come to Guam. General Manager Gast stated yes and it would come as an expense. Chairman Gayle recommended that the Board members become familiar with the draft report that was provided to them. Chairman Gayle stated he will speak with Fred Horecky from the PUC for more information.

b. Committee Reports

i. Legal Counsel Procurement Update

Comptroller Kakigi informed the Board that the Memorandum of Agreement with the Attorney General's Office has been encumbered and recorded and can be removed from the agenda. Chairman Gayle stated he would like someone from the AG's office to attend the Board meetings.

ii. Revolving Recycling Fund / Recycle Response Group Update

Chairman Gayle stated he spoke with Senator Perez this morning and is hoping that GSWA can be a recipient of the Revolving Recycling Funding. He stated he also had an interesting conversation with Bob Perron and Walter Leon Guerrero about a program called the Closed



Loop Partner Fund that would help subsidize the costs of the recycling. General Manager Gast stated that most of the funding is in the marketing and the subsidizing of the physical recycling of the product and not in the collecting and sorting. Member Denney stated that the biggest challenges are finding entities that will accept the recyclable material. She stated that the I*recycle Program has no problems with the recycling of the aluminum cans; however, the other recyclables are more difficult. Member Denney stated that GSWA needs to look at the mission of extending the life of the landfill. General Manager Gast stated that a more efficient way to extend the life of the landfill is to explore a waste conversion program and not just the things you are taking out for recycling or reuse. Member Denney stated that those options should be explored as long as they are environmentally sound.

VI. Unfinished Business

a. Cell 3 Construction Update

General Manager Gast stated that the new access road should be finished by the end of July. He stated all the liner material has been delivered and stockpiled. CTI is pushing to start in the rainy season. He does not foresee any major issues or obstacles at this time. He stated they are currently on track to finish on time. He stated there is about 354 days until final completion.

b. Court Hearing Update

i. Post Closure Plan update and timeline

Chairman Gayle stated that a joint report to the court was submitted and that due to COVID-19 the court has postponed the end of receivership to November 2020.

ii. Trustee Agreement review and approval

Chairman Gayle stated a Request for Proposal was sent out and the Bank of Guam was the selected institution.

VII. New Business

Member Denney and General Manager Gast discussed the costs of recycling and how it affects GSWA. Member Denney stated she was hoping that GSWA can reduce other expenditures rather than cutting out the recycling program. General Manager Gast informed her that currently the contamination rate is high and people use the recycling bin as a second trash bin. He stated most of the expenditures are set and GSWA currently spends \$90.00 per ton on waste being sorted from the recycling material.

Chairman Gayle informed the Board that former Secretary Dana Gutierrez has resigned from her position on the Board and the Board needs to elect a new Secretary. Vice Chairwoman Hemlani nominated Member Denney to fill the Secretary Position. Member Oehlerking seconded the nomination. Member Denney accepted the nomination and was elected as the Secretary for the GSWA Board.

VIII. Open Discussion

None.

IX. Public Forum

None.

X. Next Meeting

The next Board meeting is scheduled for Thursday, August 6, 2020 via teleconference at 1 p.m.



XI. Adjournment

Member Oehlerking moved to adjourn meeting at 2:45 p.m. The motion was seconded by Vice Chairwoman and passed unanimously.