

*Chris Lorie*  
*Fax: 477-1276*

**DEPARTMENT OF THE NAVY**

OIC CARETAKER SITE OFFICE  
PACNAVFACENGCOM  
FSC 488 BOX 38  
FPO AP 96336-0051

11000  
Ser C/7065  
10 April 97



Mr. Ricardo S. Unpingco  
General Manager  
Guam Power Authority  
P.O. Box 2977  
Agana, Guam 96910

Dear Mr. Unpingco:

This concerns your request to acquire the Agana Power Plant facility under the Customer Services Agreement.

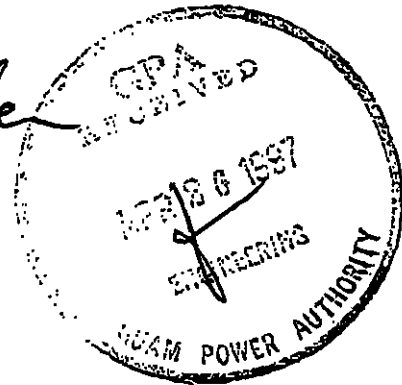
It is understood that you desire to acquire use of this facility at this time. Unfortunately, we cannot insert it into the Customer Services Agreement lease until environmental documentation is completed. However, to provide for your interim use of this facility, we are forwarding herewith a signed copy of License Agreement No. N5704397RP00003 for your records.

Request you submit the insurance documentation required under the provisions of the license. Please ensure that the documentation conforms with the requirements of General Provisions 10.h through 10.j of the agreement.

Thank you for your cooperation.

Sincerely,

*W.O. Walker*  
W. O. Walker  
Officer in Charge



Encl:  
(1) License No. N5704397RP00003

Blind copy to:  
PACNAVFACENGCOM  
PWC Guam  
CSO, Agana

Post-It® Fax Note	7671	Date	# of pages ▶
To	<i>Chris Lorie</i>	From	<i>Johnny Cheng</i>
Co./Dept.		Co.	
Phone #		Phone #	
Fax #	<i>(808) 477-4519</i>	Fax #	

*(FYI)*

**LICENSE FOR NONFEDERAL USE OF REAL PROPERTY**

NAVFAC 11011/23 (8-78) (Supersedes NavDocks 2260)

LICENSE NUMBER

N5704397RP00003

THIS LICENSE TO USE THE U.S. GOVERNMENT PROPERTY HEREIN DESCRIBED IS ISSUED BY THE DEPARTMENT OF THE NAVY TO THE LICENSEE NAMED BELOW FOR THE PURPOSE HEREIN SPECIFIED UPON THE TERMS AND CONDITIONS SET FORTH BELOW AND THE GENERAL PROVISIONS ON THE REVERSE SIDE HEREOF. BY THE EXECUTION HEREOF THE LICENSEE AGREES TO COMPLY WITH ALL SUCH TERMS, CONDITIONS AND GENERAL PROVISIONS.

1. NAVAL ACTIVITY (Property location) <b>PACNAVFACENGCOM, CSO AGANA</b>	2. DATES COVERED (Inclusive) FROM <b>14 APR 97</b> TO <b>13 APR 98</b>
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3. DESCRIPTION OF PROPERTY (Include rooms and building numbers where appropriate)  
**AGANA POWER PLANT**

4. PURPOSE OF LICENSE  
**OPERATION, MAINTENANCE REPAIR AND REPLACEMENT OF AGANA POWER PLANT.**

5. LICENSOR <b>UNITED STATES OF AMERICA DEPARTMENT OF THE NAVY</b>	5a. LOCAL REPRESENTATIVE, DEPT. OF NAVY OFFICIAL (Title and address) <b>PACNAVFACENGCOM CARETAKER SITE OFFICE PSC 489, BOX 38 FPO AP 96536-0051</b>
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6. LICENSEE (Name and address) <b>GUAM POWER AUTHORITY P.O. BOX 2977 AGANA, GUAM 96910</b>	6a. LOCAL REPRESENTATIVE (Name and address) <b>GENERAL MANAGER GUAM POWER AUTHORITY P.O. BOX 2977 AGANA, GUAM 96910</b>
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7. CASH PAYMENT BY LICENSEE (Payable in advance)  
(If no cash payment is required, enter "None" under item 7a "Amount")

a. AMOUNT (Each payment) <b>SEE SPECIAL PROVISIONS</b>	b. FREQUENCY PAYMENTS DUE	c. FIRST DUE DATE	d. TO (Title and address of local representative of the Government)
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8. DEPOSIT FOR UTILITIES AND SERVICES (Payable in advance)  
(If no cash payment is required, enter "None" under item 8a "Amount")



a. AMOUNT (Each deposit) <b>AS REQUIRED BY THE FURNISHING ACTIVITY</b>	b. FREQUENCY PAYMENTS DUE	c. FIRST DUE DATE	d. TO (Mailing address)
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9. INSURANCE REQUIRED AT EXPENSE OF LICENSEE  
(If any or all insurance requirements have been waived, enter "None" in a, b, c, or d as appropriate)

TYPE	MINIMUM AMOUNT	TYPE	MINIMUM AMOUNT
a. FIRE AND EXTENDED COVERAGE	\$ 1,000,000	c. THIRD PARTY PERSONAL INJURY PER PERSON	\$ 1,000,000
d. THIRD PARTY PROPERTY DAMAGE	\$ 100,000	d. THIRD PARTY PERSONAL INJURY PER ACCIDENT	\$ 3,000,000

10. GENERAL PROVISIONS (See Reverse Side)  
**SEE SPECIAL PROVISIONS (ATTACHED)**

**II. EXECUTION OF LICENSE**

FOR	BY		DATE
	NAME AND TITLE (Typed)	SIGNATURE	
DEPARTMENT OF THE NAVY	J.M. LOFASO, CAPTAIN, CEC, USN TITLE: FORCE CIVIL ENGINEER (REAL ESTATE), COMNAVMARIANAS		4/10/97
LICENSEE	RICARDO S. UNPINGCO GENERAL MANAGER GUAM POWER AUTHORITY		4/7/97

If Licensee is a Corporation, Certification of signature is attached

a. The Licensor hereby grants to the Licensee the right to use the premises or facilities described in item 3, together with the necessary rights of ingress and egress.

b. This License shall be effective for the period stated in item 2 and is revocable at any time without notice at the option and discretion of the Licensor or its duly authorized representative.

c. The use shall be limited to the purposes specified herein.

d. This License shall be neither assignable nor transferable by the Licensee.

e. If utilities and services are furnished the Licensee for its use of the premises the Licensee shall reimburse the Licensor for the cost thereof as determined by the Licensor in accordance with applicable statutes and regulations.

f. The Licensee, at its own cost and expense, shall protect, maintain, and keep in good order, the premises or facilities licensed hereby. At the discretion of the Licensor this obligation shall include, but not be limited to, contribution toward the expense of long-term maintenance of the premises or facilities, the necessity for which accrued during the period of Licensee's use. The amount of expense to be borne by the Licensee shall be determined by prorating the total expense of the item of long-term maintenance on the basis of fractional use by the Licensee. This fractional part of the total expense shall be prorated further if the item of long-term maintenance did not accrue in its entirety during the Licensee's use. Upon a determination by the Licensor that the necessity exists for an expenditure of funds for maintenance, protection, preservation or repair, the Licensee shall pay to the Licensor its proportionate share, on demand.

g. No additions to, or alterations of, the premises or facilities shall be made without the prior consent of the Licensor. Upon revocation or surrender of this License, to the extent directed by the Licensor, the Licensee shall remove all alterations, additions, betterments and improvements made, or installed, and restore the premises or facilities to the same, or as good condition as existed on the date of entry under this License, reasonable wear and tear excepted.

h. The Licensee shall be liable for any loss of, or damage to, the premises or facilities incurred as a result of its use and shall make such restoration or repair, or monetary compensation as may be directed by the Licensor. The Licensee's liability for loss or damage to the premises resulting from risks expressly required to be insured hereunder shall not exceed the amount of insurance so required. The Licensee shall not be liable for loss of, or damage to, the premises arising from causes beyond the control of the Licensee and occasioned by a risk not in fact covered by insurance and not customarily covered by insurance in the locality in which the premises are situated. Nothing contained herein, however, shall relieve the Licensee of liability with respect to any loss or damage to the premises, not fully compensated for by insurance, which results from willful misconduct, lack of good faith, or failure to exercise due diligence, on the part of the Licensee. All insurance required of the Licensee on the premises shall be for the protection of the Licensor and the Licensee against their respective risks and liabilities in connection with the premises. Each policy of insurance against loss or damage to Government property shall name the Licensee and the United States of America, Department of the Navy, as the insured and shall contain a loss payable clause reading substantially as follows:

"Loss, if any, under this policy shall be adjusted with (Name of Licensee) and the proceeds, at the direction of the Government, shall be payable to (Name of Licensee), and proceeds not paid to (Name of Licensee) shall be payable to the Treasurer of the United States of America."

In the event that any item or part of the premises or facilities shall require repair, rebuilding or replacement resulting from loss or damage, the risk of which is assumed under this paragraph h, the Licensee shall promptly give notice thereof to the Licensor and, to the extent of its liability as provided in this paragraph, shall, upon demand, either compensate the Government for such loss or damage, or rebuild, replace or repair the item or items of the premises or facilities to lost or damaged, as the Licensor may elect. If the cost of such repair, rebuilding, or replacement exceeds the liability of the Licensee for such loss or

damage, the Licensee shall effect such repair, rebuilding or replacement if required so to do by the Licensor, and such excess of cost shall be reimbursed to the Licensee by the Licensor. In the event the Licensee shall have effected any repair, rebuilding or replacement which the Licensor is required to effect pursuant to this paragraph, the Licensor shall direct payment to the Licensee of so much of the proceeds of any insurance carried by the Licensee and made available to the Government on account of loss of or damage to any item or part of the premises or facilities as may be necessary to enable the Licensee to effect such repair, rebuilding or replacement. In event the Licensee shall not have been required to effect such repair, rebuilding, or replacement, and the insurance proceeds allocable to the loss or damage which has created the need for such repair, rebuilding or replacement have been paid to the Licensee, the Licensee shall promptly refund to the Licensor the amount of such proceeds.

i. The Licensee shall indemnify and save harmless the Government, its officers, agents, servants and employees from all liability under the Federal Tort Claims Act (62 Stat. 869, 982; 28 U.S.C. Sec 2671, 2680) or otherwise, for death or injury to all persons, or loss or damage to the property of all persons resulting from the use of the premises by the Licensee, and shall furnish the insurance specified in item 9. Each policy of insurance required in item 9 covering bodily injuries and third party property damage shall contain an endorsement reading substantially as follows:

"The insurer waives any right of subrogation against the United States of America which might arise by reason of any payment made under this policy."

j. All insurance required by this License shall be in such form, for such periods of time, and with such insurers as the Licensor may require or approve. A certificate of insurance or a certified copy of each policy of insurance taken out hereunder shall be deposited with the Licensor's local representative prior to use of the premises and facilities. The Licensee agrees that not less than thirty (30) days prior to the expiration of any insurance required by this License, it will deliver to the Licensor's local representative a certificate of insurance or a certified copy of each renewal policy to cover the same risks.

k. No member of or Delegate to Congress, or Resident Commissioner shall be admitted to any share or part of this License or to any benefit that may arise therefrom; but this provision shall not be construed to extend to this License if made with a corporation for its general benefit.

l. The Licensee warrants that it has not employed any person to solicit or secure this License upon any agreement for a commission, percentage, brokerage or contingent fee. Breach of this warranty shall give the Government the right to annul this License or in its discretion to recover from the Licensee the amount of such commission, percentage, brokerage or contingent fee in addition to the consideration herein set forth. This warranty shall not apply to commissions payable by the Licensee upon contracts or sales secured or made through bona fide established commercial or selling agencies maintained by the Licensee for the purpose of securing business.

m. In connection with the performance of work under this License, the Licensee agrees not to discriminate against any employee or applicant for employment because of race, religion, color, or national origin. The aforesaid provision shall include, but not be limited to, the following: employment, upgrading, demotion, or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Licensee agrees to post hereafter in conspicuous places available for employees and applicants for employment, notices to be provided by the Licensor setting forth the provisions of the nondiscrimination clause. The Licensee further agrees to insert the foregoing provision in all subcontracts hereunder, except subcontracts for standard commercial supplies or raw materials.

n. All activities authorized hereunder shall be subject to such rules and regulations as regards supervision or otherwise, as may, from time to time, be prescribed by the local representative of the Licensor as designated in item 5a.

**SPECIALS PROVISIONS  
FOR  
LICENSE N5704395RP00003**

**1. GENERAL**

1.1. This License is subject to the terms and conditions contained in both the General and Special Provisions. If there is any inconsistency or conflict between the General and Special Provisions which cannot be reconciled by reasonable interpretation, the Special Provisions shall control.

1.2 The Licensee understands, acknowledges and hereby agrees that this License is not, and does not, constitute a commitment by the Licensor to sell, give, convey, or otherwise transfer or dispose of the Premises, or any other property at NAS Agana, in whole or in part, to the Licensee. The Licensee further understands and acknowledges that it enters into this License and exercises the privileges granted under it solely at its own risk and expense.

**2. CONSIDERATION**

2.1 In consideration for use of the facilities listed in Exhibit "A" hereinafter collectively referred to as the "Premises", the Licensee agrees to protect, preserve, maintain and repair the electrical power plant which is the subject of this License.

2.2.1 MAINTENANCE. The degree of maintenance services to be furnished or caused to be furnished by Licensee hereunder shall be that which is sufficient to assure weather tightness, structural stability, and protection from fire hazards. The Licensor may inspect the Premises to insure Licensee's performance of the maintenance obligation set forth herein.

2.3 HOUSEKEEPING. Debris and useless materials shall be promptly removed from the Premises, and the area of work shall be kept reasonably clean and free of useless materials at all times.

2.4 SECURITY PROTECTION. License shall provide or cause to be provided security and safety of the Premises.

2.5 FIRE PROTECTION SERVICES AND PRECAUTIONS. Licensee shall be responsible to provide full fire fighting services to the Premises and shall be responsible to take, or cause to be taken, all reasonable and necessary fire protection precautions at the Premises.

2.6 GENERAL. Licensee shall be responsible, at its cost and expense, for obtaining or causing to be obtained and providing any and all

other services which may be required in connection with Licensee's use of the Premises.

### 3. CONDITION OF PREMISES/ENVIRONMENTAL MATTERS

3.1 Licensee shall not construct any alteration, additions, or improvements to, or installations upon, or otherwise modify or alter the Premises in any way which may adversely affect the Premises, human health, or the environment without the prior written consent of the Licensor. Except as such written approval shall expressly provide otherwise, and subject to the provisions of paragraph 10.g of the General Provisions, all such approved alterations, additions, modifications, improvements, and installations shall become Licensor's property when annexed to the Premises upon expiration of this License.

3.2 Licensee shall not conduct any subsurface excavation, digging, drilling or other disturbance of the surface for the purpose of expansion, modification or improvement to the existing utilities system without the prior written approval of the Licensor's authorized Agent, namely the Officer in Charge, Caretaker Site Office, Agana. However, Licensee is prospectively permitted to undertake subsurface excavation necessary for maintenance or repair of the existing utilities.

3.3 The Licensor is not responsible for any removal or containment of asbestos that currently exists in the Premises. If Licensee intends to make any plans and specifications for improvements and/or repairs said plans must be submitted to the Officer in Charge Caretaker Site Office Agana with a proposed asbestos disposal disposal. The said plan will identify the proposed disposal site for the asbestos, or in the event the site has not been identified, will provide for disposal at a licensed facility authorized to receive it.

3.4 Licensee shall not interfere with Navy's removal of the underground storage tank which is tentively scheduled for FYI 1997.